

Supreme Audit Institutions Performance Measurement Framework

Frequently Asked Questions



May 2020

Contact Details

SAI PMF Team , INTOSAI Development Initiative: SAIPMF@idi.no

Table of Contents

| | |
|---|----|
| Purpose of this Document..... | 4 |
| Key SAI PMF Principles | 4 |
| General Topics..... | 5 |
| Purpose for conducting the assessment | 5 |
| Scope of the assessment | 5 |
| The Assessment Team | 7 |
| Sampling of audit files for review..... | 8 |
| Other audit types..... | 13 |
| Scoring..... | 14 |
| Evidence | 17 |
| Ensuring the Quality of the Assessment Report..... | 21 |
| References to ISSAIs | 21 |
| Repeat Assessments – Pilot vs 2016 Version of SAI PMF..... | 23 |
| Field work | 23 |
| Assessment Report – Justification for excluding Recommendations | 23 |
| Publication of the Assessment Report | 24 |
| SAI PMF and other Performance Management Processes | 24 |
| Indicators..... | 27 |
| Domain A: Independence and Legal Framework | 27 |
| SAI-1: Independence of the SAI..... | 27 |
| SAI-2: Mandate of the SAI | 30 |
| Domain B: Internal Governance and Ethics..... | 30 |
| SAI-3: Strategic Planning Cycle | 30 |
| SAI-4: Organizational Control Environment | 33 |
| SAI-5: Outsourced Audits | 35 |
| SAI-6: Leadership and Internal Communication..... | 36 |
| SAI-7: Overall Audit Planning..... | 36 |
| Domain C: Audit Quality and Reporting | 37 |
| General Clarifications | 37 |

| | |
|--|----|
| SAI-8: Audit Coverage..... | 39 |
| SAI-10: Financial Audit Process | 42 |
| SAI-11: Financial Audit Results | 42 |
| SAI-12: Performance Audit Standards and Quality Management..... | 42 |
| SAI-13: Performance Audit Process..... | 43 |
| SAI 15: Compliance Audit Standards and Quality Management..... | 43 |
| SAI-16: Compliance Audit Process..... | 44 |
| Domain D: Financial Management, Assets and Support Services..... | 46 |
| SAI-21: Financial Management, Assets and Support Services | 46 |
| Domain E: Human Resources and Training | 46 |
| SAI-22: Human Resource Management | 46 |
| SAI-23: Professional Development and Training..... | 48 |

Purpose of this Document

The SAI PMF methodology is generally easy to follow and apply. However, there are some criteria and other methodological aspects of the framework which are susceptible to misinterpretation by assessors due to their nature.

This document has been developed to clarify on key SAI PMF methodological topics and issues that have, over the years, proven to be a challenge for many assessors. The topics covered in this document are based on questions the SAI PMF Team in the IDI has received from individual assessors, assessment teams and from participants at various SAI PMF training courses.

Assessment teams and individuals are encouraged to contact the SAI PMF Team in the IDI through email SAIPMF@idi.no for ad hoc questions and general guidance on any matters relating to the application of the SAI PMF methodology. This document will be revised periodically to ensure it captures any new methodological challenges which may arise with the continued use of the framework.

Key SAI PMF Principles

Professional Judgement – Applying knowledge, skills and experience, in a way that is informed by professional standards, laws and ethical principles, to develop an opinion or decision about what should be done to reflect a fair result and conclusion, taking into account the prevailing circumstances.

Substance Over Form – This means when considering a matter, for example assessing a criterion, assessors should be careful not to jump to conclusions that the way things appear is the way they really are (form) but should consider all other relevant conditions and/or arrangements surrounding that matter or criterion which may in fact depict a different status from that observed on face value (substance). Requirements in a criteria may be fulfilled in different ways from SAI to SAI.

Evidence Based Assessment – The descriptions and analysis in the report should be based on sufficient and appropriate documented evidence and not just based on theory.

Quality control – A check on the quality of the assessment carried out by the team leader at the time the assessment is being conducted.

Check on factual correctness of the report - is a second level quality control of the draft report conducted by a person(s) within the SAI, usually a senior member of staff who was not part of the assessment team. The purpose is to verify that the contents of the report are factually correct.

Independent review – A review of the draft performance report conducted by the IDI to ensure the report adheres to the SAI PMF methodology.

Stand-alone Document – Refers to the requirement that the SAI PMF report must be self-standing, meaning the findings, conclusions and analysis in the report must be wholly supported with sufficient and appropriate evidence to the extent that the user of the report does not need to refer to other materials or sources of information to have a full understanding of the content of the report.

General Topics

Purpose for conducting the assessment

1. Question: If we already have a strategic plan, is it necessary to conduct the SAI PMF?

Answer: Yes, it can be necessary to conduct a SAI PMF assessment even when the SAI has a strategic plan in place. The assessment results can be used to revise some sections of the strategic plan currently in place if that is deemed necessary. In addition, assessment results can be used for other purposes such as the following:

- Inform ISSAI-implementation
- demonstrate value and benefits to citizens
- to establish indicators and baselines to monitor SAI performance
- attracting donor support

It is however important to note that it is highly recommended to conduct a SAI PMF at the end of each strategic cycle (mostly after 3-5 years) to identify the strengths and weaknesses of the SAI. The results of the assessment can be used to inform the development of a new strategic plan.

Scope of the assessment

2. Question: Can an SAI limit the scope of the assessment to be conducted using the SAI PMF tool by, for example, assessing only one or two domains?

Answer: While the individual domains in SAI PMF provide useful information on their own, input from all the domains as well as the background information is required for conducting a comprehensive analysis of the performance of the SAI. It is therefore generally not recommended to limit the scope in order only to look at certain bits. The key strength of SAI PMF is that it allows for holistic assessment of the whole organisation. And especially important is that reasons for weak performance are often found in other domains than the one you are assessing – for example HR and internal governance (measured in domains B and E) affect the quality of the audit work (measured in domain C). If there are areas in SAI PMF that the SAI doesn't have the mandate to do (like outsourced audits (SAI-5), jurisdictional control (SAI 18 – 20) etc.), then those indicators should be scored as 'Not Applicable', i.e. not assessed. The indicators/dimensions, if any, that will be excluded from the assessment should be described in the ToRs, with an explanation for why they have been excluded. If the scope of the assessment has been significantly reduced without a suitable explanation, then an Independent Review statement can not be issued, or may be issued with significant limitations or qualifications.

But as SAI PMF is a global public good, SAIs may make use of the framework in various ways for their internal purposes. It has been observed that SAIs are increasingly using parts of the SAI PMF framework for purposes such as annual performance monitoring or a stand-alone assessment of performance in a specific

area. Specific guidance, awareness-raising and targeted training to ensure such applications of the methodology are done consistently and do not jeopardise the integrity of the tool will be provided in due course.

It is however important to note that if the scope is significantly reduced, such an assessment cannot be considered a full SAI PMF assessment.

3. Question: Our SAI's main output is an examination of the state budget implementation report. We do not examine in detail financial statements of public bodies, nor the government's consolidated statement but we give a conclusion about the report which we do not really regard as an audit opinion. The audit of the state budget implementation report consists of two main tasks: 1) assessment of the correctness of figures and 2) assessment of compliance with the legal framework. In practice, we have more focus on the assessment of compliance with the legal framework than on the correctness of the figures. This is in line with our mandate as both the constitution and the current law require us to perform a control of the budget execution report. Based on the details provided, can we apply financial audit indicators in our assessment?

Answer: The overall objective of an audit of financial statements is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.

In this case, since the financial statements of public bodies are not examined in detail and the audit is an examination of the state budget implementation report which does not result in the issuing of an audit opinion as required by ISSAI 200, the financial audit indicators cannot be applied. Therefore, it would be more appropriate to consider the audit of the state budget implementation report as a compliance audit rather than financial audit.

4. Question: Regarding the Scope of the evaluation, which period do we need to take into account when evaluating the criteria and indicators that are not scored on the basis of the Audit files? Do we need to always score on the basis of the same period as for the Audit files and additionally describe the current situation?

Answer: The rule is that you should always take the current situation and the approved norms, procedures etc that exist. This also applies for criteria that contain specifications such as "the last three years", for which the period would be the last three years as from the period of drafting the report (in some cases these may need to be complete years, e.g. when it comes to budget execution). See also next question.

5. **Question:** In relation to **Scope and period of the sample** of audit files – What should an assessment team do in a situation where a SAI adopts new audit standards, methodologies or guidance and yet the audits in the sample were conducted using the old standards, methodologies or guidance?

Answer: If the SAI has recently adopted new audit standards, methodologies or guidance and the assessment team discovers that the selected audits have been prepared according to the old methodology, it is better to change the sample and select new files that are done in accordance with the current methodology. If this is not possible as none have been finalised, it is important to evaluate both the old and the new standards. This would result in two sets of scores, with the score for the new ones being the official score, but the score for the old ones playing a critical role in determining performance based on the sample of “older” audit files : SAI-9(i), SAI-12(i), SAI-15 (i). Note that it is allowed to take a more extensive period for the performance audit sample because of the nature of performance audit. Performance audits take long to be completed as compared to financial or compliance audits.

6. **Question:** What do we do if an audit categorized as, say a **financial audit** does not meet the criteria for being categorized as such?

Answer:

- (a) If in the course of evaluating a sampled audit file you discover that for example, it does not satisfy the minimum criteria to be classified e.g. as a financial audit (as for example it is rather a compliance audit of budgetary execution) it is possible to reassign the audit to another type, and/or select a new audit for the sample.
- (b) Whenever a change in the sample of audit files is necessary, it is crucial to clearly explain and justify the reason in methodology chapter of the report. It is not necessary to amend the Terms of Reference but any deviation between the Terms of Reference and the Report should be explained in the latter.

The Assessment Team

7. **Question:** For purposes of a self-assessment, **which is the appropriate department** in the SAI to conduct the assessment using the SAI PMF tool? Is it the Quality Assurance Office or a composite team to be created every time an assessment is done?

Answer: A SAI PMF team should consist of staff from different departments within the organisation and with different backgrounds. . This helps to ensure that the team has the necessary variety of skills and knowledge required to conduct the assessment efficiently and effectively. In addition, this approach helps to ensure ownership and acceptance of the assessment results across the organization.

It is highly recommended that all members in the team should be trained in SAI PMF or to the minimum, the team leader should be trained in the application of the methodology.

8. **Question:** Since the SAI PMF may be conducted as an external assessment by consultants, donors, external auditors or other experts, which are those external entities who are qualified to do so, or what is the mechanism to get such a qualification?

Answer: SAI PMF is a global public good, so as a starting point it is possible for anyone to make use of it. However, we strongly recommend that the people who are involved in assessments have taken the SAI PMF training courses that IDI offers. The IDI maintains a database with details of all the people that have been trained in SAI PMF. It is not organisations, but individuals, who would be qualified to carry out assessments.

9. **Question:** How many **team members** should be included in an assessment team? Is there any minimum standard for participation, I have taken part in external assessments with teams of 3-4 people.

Answer: There is no standard on the number of people to be included in the assessment team as such. However, the ideal number for an assessment team is 3 to 4 members. The size of the SAI being assessed and the scope of the assessment are issues that need to be taken into account when determining the size of the assessment team. Even more important is the consideration of the competencies required in the team in order to conduct the assessment effectively. Most assessments that have so far been conducted were carried out by assessment teams comprising of 3 or 4 members. Ultimately, the appropriate number of team members depends entirely on the specific circumstances of each assessment.

Sampling of audit files for review

10. **Question:** Can you provide us with guidance on how we should **stratify** when sampling audits?

Answer: In accordance with the decision on which audit types to review, a sample needs to be drawn for each audit type. The samples should be selected to cover the main audit activities the SAI has carried out within the time scope of the assessment. The sampled audit files should be selected randomly and independently by the assessment team.

The sample should be stratified to cover different factors which might affect the quality of the audits, for example, different practices across the departments in the SAI, types of audited entities, locations such as headquarters versus regional offices. The size of the sample may vary across the audit types. It is normally not necessary to select a sample which is statistically representative, as a SAI PMF assessment is not designed to provide reasonable assurance. As conducting a performance audit normally takes longer than conducting financial and compliance audits, the population to draw from, for the period under review is likely to be smaller. As such, the sample of performance audits will often be smaller than the sample of financial and compliance audits. Similarly, regional or local offices or departments with specific responsibilities may also have limited activities, and this may affect the population size, and hence the sample size. In general, a reasonable sample of audits will be 5-6 audits for financial and compliance audits and 2-3 for performance audit.

11. Question: Must all audits in the sample meet a criterion for it to be considered met? This seems strict. For example, we now have a sample of 5 financial audits. If 4 out of 5 meet the criterion, should the criterion be assessed as met?

Answer: *“Unless otherwise specified, a criterion should be met in all audits in the sample for it to be considered met overall, though the assessor may disregard cases where a criterion was not met in a single audit within the sample if it is considered this was an exceptional case and there is convincing evidence that the criteria was generally met across most of the population.” (SAI PMF 2016, introduction to Domain C).*

12. Question: In addition to auditing the financial statements of single government entities, our SAI audits the **whole of government financial statements**. SAI 10 (ii) criterion (e) is then relevant in our case. Should we include this audit file in the sample?

Answer: *Yes, if the SAI conducts the audit of the whole of government financial statements, the audit file for this audit should be included in the sample and that sampled audit file would be the basis for assessing criterion (e). As the full process of assessing financial audit indicators across all the sampled audit files is performed, the audit of government financial statement is included in this process.*

13. Question: Is it appropriate to assess pilot audits, which are not official and are not published? The pilot audit teams are about 50% of the staff of our SAI. The pilot audit topics are not included in the implementation plan of the SAI.

Answer: *As a starting point, the assessment team should select the sample of audits to be reviewed from the list of audits included in the SAI’s annual overall audit plan for the period under review. However, it would still be acceptable to include in the sample pilot audits based on the prevailing circumstances - that the pilot audit teams are about 50% of the staff of the SAI. Although not explicitly stated, this may imply the amount of audit work being carried out through pilot audits is very significant. The justification for including the pilot audits in the sample should be highlighted in the Terms of Reference. The rationale behind assessing pilot audits will normally be more forward-looking, to see what is still needed in order to have audit functions that are in line with the ISSAIs. Even when such audits are done as pilots and are not yet published, it may be very useful to assess what is already happening and see what is still needed.*

However, the sample should be drawn randomly among all the audits the SAI completed in the period under consideration. The pilot audits may be included if they were randomly selected as part of that process. If one wishes to draw particular attention to the positive developments in the audit disciplines of the pilot audits, one may do an additional scoring of the relevant indicators only on the basis of the pilot audits and present the results of this in the narrative description of the indicators. This enables the assessors to demonstrate the prospects of improved performance. The “official” scoring in the assessment should however be done on the basis of the sample that is randomly selected from all the SAI’s completed audits. As already stated, pilot audits that are selected through the random selection process are then included as part of the assessment.

It is therefore extremely important to note that, in a case where the SAI conducts both regular and pilot audits, it is not advisable that the sample is drawn from pilot audits only, except for the specific purpose highlighted in the paragraph above (results are not part of the official score but included in the narrative to show prospects for future improvement). Pilot audits normally have a higher score which may not be representative of the performance at the organisation level.

See also question 15 for similar guidance.

As SAI PMF assesses current performance, the prevailing practices in the SAI as a whole should form the basis for the assessment. The aim is to provide an objective picture of the performance of the whole SAI. As the pilot audits have not been introduced throughout the SAI yet, they should not be specifically selected for the sample. The sample should be drawn randomly among all the audits the SAI completed in the period under consideration. The pilot audits may be included if they were randomly selected as part of that process. If one wishes to draw particular attention to the positive developments in financial audit methodology, one may do an additional scoring of the relevant financial audit indicators only on the basis of the pilot audits and present the results of this in the narrative description of the indicators. This enables the assessors to demonstrate the prospects of improved performance. The “official” scoring in the assessment should however be done on the basis of the sample that is randomly selected from all the SAI’s completed audits.

14. Question: My SAI has a total audit universe of 2,542 audit clients spread across the entire central and local governments as well as other public enterprises/agencies. We intend to select a sample of 50 audit files for the assessment. Will this sample of 50 audit files suffice for the SAI PMF assessment?

Answer: *A sample of 50 is certainly sufficient and most likely a very ambitious one. It is very important to note that when choosing a sample, the main aim is to have a representative sample and not necessarily a statistically significant sample. It is also important to take into account whether the SAI has the resources such as adequate number of assessors to be able to review the number of selected audits thoroughly well and complete the assessment report within a reasonable timeframe.*

For example, using the approach of stratification, you may consider including in the sample some audits of central government entities, local government (i.e considering the various levels such as provinces, municipal and city) and quasi-government institutions. The selected sample of audits should also cover all the audit types the SAI is mandated to carry out.

The selection of an appropriate sample size will obviously vary from SAI to SAI since SAIs will differ in size and complexity. Therefore, what will determine an appropriate sample size will often depend on the circumstances of an individual SAI. We re-emphasise that the main objective of selecting a sample of audits is to do a spot-check on how audit procedures and processes are applied in practice and whether the application is consistent across the organisation. It is always advisable for the assessment team to select a smaller sample size and allow itself enough time to study the sample in detail. We would however expect, even for a small SAI, a minimum of 3 audit files for each of the audit types to be selected in the sample as

this allows a better test of the consistency of the application of the audit methodology. Performance audits are normally an exception due to its nature that it takes long to complete a performance audit and so there may not be many audits from which to select the sample.

Also refer to Q 10 for an explanation on using stratification to select a sample of audit files.

15. Question: In our SAI, we are in the process of **introducing new methodology for financial audit**. The new methodology is much more in line with the ISSAI requirements for financial audit than the methodology we have used until now. So far, a small number of audit teams have piloted the new methodology by conducting audits using the new audit manuals. Can we include these pilot audits in the sample of audits to be reviewed in the assessment of the financial audit indicators?

Answer: *As SAI PMF assesses current performance, the prevailing practices in the SAI as a whole should form the basis for the assessment. The aim is to provide an objective picture of the performance of the whole SAI. As the pilot audits have not been introduced throughout the SAI yet, they should not be specifically selected for the sample. The sample should be drawn randomly among all the audits the SAI completed in the period under consideration. The pilot audits may be included if they were randomly selected as part of that process. If one wishes to draw particular attention to the positive developments in financial audit methodology, one may do an additional scoring of the relevant financial audit indicators only on the basis of the pilot audits and present the results of this in the narrative description of the indicators. This enables the assessors to demonstrate the prospects of improved performance. The “official” scoring in the assessment should however be done on the basis of the sample that is randomly selected from all the SAI’s completed audits. See also question 13 for similar guidance.*

16. Question: In selecting the sample of financial audits, we found that almost all the financial **audits are outsourced** and performed by external private firms. Only 3 financial audit reports were performed and approved by the SAI in question during 2013 and 2014. A fourth financial audit is the one performed on the Consolidated Financial Statements of the government. My concern is that we have not enough audit reports to sample since the total population is only 4. Should we select financial audit reports that are audited by external private firms? Further, can we as external assessors ask for their respective working papers? Is there any precedent in this regard?

Answer: *The legal framework usually (or should) make it clear whether the SAI retains responsibility for audits that are outsourced. Normally, the SAI does retain responsibility, e.g. for quality and for ensuring timely submission of audit reports. But it is possible that the legislation could be ambiguous in this area, or there may be another body that has responsibility in this area (e.g. if private sector audits are regulated by some other commission).*

- *If the SAI is not responsible for outsourced audits (unlikely), then it could be defined as outside the scope of the SAI PMF (depending on the purpose of the SAI PMF).*

- *If the legislation is unclear, then that should be reported as a finding. It would then be logical, based on good practice, to regard the SAI as being responsible for the quality and timely submission of outsourced audits.*

Assuming that the SAI retains responsibility for the results of the audits, the next question is whether the SAI has set up the outsourcing in such a way as to discharge these responsibilities. This is measured in indicator SAI-5 Outsourced Audits, which was introduced with SAI PMF 2016. A proper system for outsourcing requires that the SAI has access to audit working papers, and has a system in place to periodically review the quality of work by those conducting the audits. In turn, this means a review of the organizations carrying out the audits, including a sample quality assurance review of audits conducted on behalf of the SAI. Normally, some review would be done during the outsourcing process, supplemented by further review, on a risk basis, each year.

If the SAI does not have access to the audit working papers for outsourced audits, that is a major finding which is likely to result in low scores for SAI-5 (ii) and (iii). This finding will also affect the scoring of audit indicators in domain C, regardless of whether the audit type is fully or partially outsourced. The scoring of audit processes in SAI-10, 13 and 16 is usually based on samples. A good sampling approach would require that the assessor reviews some of the outsourced audits if these are significant. If the percentage of audits that are outsourced is high, and the SAI doesn't have access to the working papers, this should be explained in the narrative. In addition, the SAI will score 0 also in the relevant audit indicators in domain C, as the lack of working papers, would mean criteria are not met. This should be noted in the narrative for these indicators.

If the case were that the SAI has access to working papers for outsourced audits, it would be advisable to include these in the population from which the sample of audits is drawn, and stratify the population on that basis, i.e. if half the audits are outsourced, half the sample should be of outsourced audits. The sample of outsourced audits can in addition, be used to assess the quality control of outsourced audits in SAI-5 (ii). If the SAI has access to such working papers but is not able or willing to produce them, the criteria would be scored as not met.

17. Question: If a SAI does **not conduct financial audit because they are outsourced**, where do we assess SAI efforts to follow up audit recommendations issued in audit report prepared by external auditors? (eg. Our SAI outsourced financial audit; Domain 5 does not assess "follow-up" of audit recommendations issued by external (outsourced) auditors.

Answer: *In situations where the legal framework mandates a SAI to outsource financial audits, the SAI will normally retain responsibility for the results of the audits including ensuring a follow up on the audit recommendations presented in the reports. The SAI efforts to follow up on audit recommendations issued in audit reports prepared by contracted (external) auditors can be assessed and reported under SAI 11 (iii), 14 (iii), and 17 (iii).*

Other audit types

18. Question: Our SAI is interested in assessing **IT audit and environmental audit** as part of the SAI PMF assessment process, but there are no separate indicators specifically for this in the framework. Are there still ways to accommodate this?

Answer: *IT audit and environmental audit are not recognized as separate audit types in the ISSAIs, hence there are no specific indicators for these in the SAI PMF. IT and environmental audits are rather considered as audit topics that can be covered under compliance audits and/or performance audits. In a case like this, it is recommended to score the indicators on FA, CA and PA as normal based on random samples of audit files (these may or may not include IT audits and environmental audits although inclusion of these audits could also be achieved through stratification during sampling).*

If the SAI is very interested in learning specifically about its performance in these areas (for example if it has capacity development projects in these areas), and there is time and resources available for the assessment team, it may be recommended to conduct a separate small assessment of a sample of IT audits and one of a sample of environmental audits - against the indicators in the audit discipline they are closest to. This requires that one determines whether the audits can be considered as compliance or performance audits. If the audits are, for example, close to CA, one can apply the CA indicators, and present the results separately in a text box in the report, but not incorporate the results in the overall score for compliance audit. That can help highlight and demonstrate performance for that specific audit type.

One could also consider creating additional/localized criteria based on the relevant specific INTOSAI Guidance (GUIDs) on IT audit and environmental audit.

19. Question: In our SAI, **pre-audit** (or ex-ante control) of government transactions is an important activity on which we spend considerable resources (the task is prescribed by our legal mandate). There are no separate indicators specifically for this in the framework. What do you advise that we do?

Answer: *Pre-audit is not recognized as a separate audit type in the ISSAIs, hence there are no specific indicators for it in the SAI PMF. In your case, where this activity is part of your mandate and you spend considerable resources on it, it may seem relevant to include in the assessment. In that case, it may be advisable to develop a small number of localized indicators to accommodate such an assessment. For guidance on that, please confer section 2.2 in SAI PMF 2016, in the sub-section "Chapter 4". Development of localized indicators has not been a common feature among the assessments conducted so far. Where the development of new localized indicators is inevitable, it is important to ensure that the new indicator follows the same structure as those in the SAI PMF 2016 Guidance document. It is advisable to consult the SAI PMF Team in the IDI for guidance if a SAI has decided to develop a new localized indicator.*

I would advise you to consider whether the indicators on jurisdictional control can be applied or amended. In addition, pre-audit done by SAIs raises questions about the SAI's independence, which will be measured in SAI-1 and should also be dealt with in the narrative report.

Scoring

20. Question: Some criteria include the phrase “where relevant” or “where appropriate” (e.g. in SAI-24 (ii) f) and g)). How does the No Score methodology apply to such criteria? As it is implied that these may often be Not Applicable, should we also in such cases consider the whole dimension Not Applicable if more than two criteria are Not Applicable? For example, in SAI-10 (ii), there is a long list of criteria, of which two contain the phrase “where relevant”. Will it be fair to score the whole dimension Not Applicable if these two criteria and one other are Not Applicable?

Answer: *Yes, as a rule, such criteria should be considered Not Applicable like other criteria if they are considered not relevant or not appropriate in the context of the SAI in question. But since SAI PMF is an evidence-based assessment, it is the responsibility of the assessors to justify why something is considered Not Applicable. If the conclusion is that they are not applicable, then they should be counted when applying the basic rule that more than 2 cases of Not Applicable should lead to the whole dimension being scored Not Applicable. However, we realize that such counting may sometimes have some inappropriate effects on the scoring, so SAI PMF 2016 introduced an opening for the assessor to apply their professional judgment. If the list of criteria is long, like in SAI-10 (ii), and you have three N/A criteria, including such “where relevant” criteria, it would be advisable to score the dimension normally anyway because you consider that you have enough information to give a meaningful score (i.e. simply count the criteria as met). In that case, you should explain in the report that you have deviated from the basic rule of the ‘No Score methodology’ and the reason for the deviation.*

21. Question: If a dimension has only 4 criteria such as SAI 5 dimension (ii) and SAI 21 dimension (iii) and when assessing the dimension, 2 out of the 4 criteria are rated as not applicable. Using the ‘No score methodology’ it means the two criteria that are rated as not applicable have to be counted as met when determining the score for the whole dimension. If this is done, then a score of 4 would be allocated to the dimension (given that the other 2 remaining criteria are scored as met). Is the score of 4 correct considering that half of the criteria for the dimension are not applicable?

Answer: *In cases where the impact of NA scores seems to significantly increase the dimension score to a level that seems inappropriate, the assessors may apply their professional judgment and rate the dimension as NA instead of giving it a misleading score. Also, in cases where the dimensions have many criteria (for example, audit dimensions where there can be at least eight and up to 19 criteria), assessors should consider awarding a dimension score, even if the number of criteria rated NA is more than two. In such cases, assessors need to use their professional judgment.*

In particular reference to your question, it may be reasonable to score the whole dimension as NA since scoring half of the criteria as not applicable tends to significantly increase the dimension score to a level that seems inappropriate.

22. Question: In some indicators (SAI-10, SAI-13, SAI-16) there is a requirement for the score of 4 that “an independent assessment has confirmed that **the INTOSAI Accounting Standards and Guidance** (Level 4 ISSAIs in old framework)¹ relevant to this dimension”. How do I determine what ISSAI requirements are relevant to the dimension I am assessing?

Answer A: *SAI-10, SAI-13 and SAI-16 are each divided into three dimensions: (i) planning, (ii) implementing, and (iii) Evaluating Audit Evidence, Concluding and Reporting. It is suggested that, where an SAI has a recent, evidence-based independent assessment of its compliance with the relevant INTOSAI Accounting Standards and Guidance (formerly level 4 ISSAIs), the assessor should review this independent assessment, and especially the assessor’s overall conclusion. If the assessment concludes that the SAI is ISSAI-compliant in all material respects, then a score of 4 can be awarded to each of the three dimensions. Where the review notes specific areas in which the SAI is materially non-ISSAI compliant, the assessors should apply their judgement to decide whether the non-compliant matters impact on (i) planning, (ii) implementing or (iii) Evaluating Audit Evidence, Concluding and Reporting, and hence score the dimensions accordingly. The non-compliant matters can be compared to the relevant SAI PMF criteria and such criteria assessed as not met. Based on this, a SAI PMF dimension score can be calculated.*

23. Question: Why is it that the **scoring system does not aggregate to the Domain and SAI Level?**

Answer: *It would be very challenging to aggregate scores at the level of the Domain and SAI level, for instance, there would be need to determine the weighting of the domains and indicators which would practically not be easy to do. Also, an aggregated score at these levels would not really convey useful information. For instance, if a SAI receives a 3 at SAI level, what would that in fact mean.*

It should be noted that scoring at Indicator, dimension and criteria levels is only one part of the SAI PMF assessment. Even more important is the integrated analysis and the root cause analysis that is based on the scores at indicator, dimension and criteria levels. These scores help the SAI to look into how performance in one domain affects performance in other domains and the overall impact at the organisation level.

The main objective of the assessment is to establish the gaps between the best practice and the current practice in an SAI. Through this process, the SAI is able to identify strategic issues which must be addressed in order to improve its performance. SAI PMF, therefore, does not put emphasis on the scoring but rather on the factors that explain the scores, and this is what the assessment team endeavours to do in the integrated assessment section of the performance report.

¹ New ISSAI Framework refers to the INTOSAI Framework of Professional Pronouncements (IFPP)
Old ISSAI Framework refers to the ISSAI Framework prior to the adoption of the new IFPP.

24. Question: In a condition where there is **not enough evidence**, how can one decide to score between Not Met and Not Applicable?

Answer: A score of not applicable is used when the indicator, dimension or criteria being assessed is outside the control of the SAI. In addition, not applicable can also be used when there is insufficient information on which to base the scoring and the required information is not something the SAI might be expected to have in place. An example is SAI 22 on human resources or some criteria under this indicator which are not within the sphere of the influence of the SAI. Another example is, if the SAI does not have the jurisdictional function, then indicators SAI-18, SAI-19 and SAI-20 will be non-applicable. It could also be elements that are not relevant for the SAI, for instance if the SAI does not outsource audit work, SAI-5 that assesses outsourcing of audits will be non-applicable.

However, for evidence the SAI is expected to have in place, the criterion should be scored as 'met or not met' based on the available evidence. Examples of such cases are, if the SAI does not have a strategic plan, a budget for a specific audit, or a relevant audit manual which you ordinarily expect them to have in place. See SAI PMF Guidance document 2016, pg 35 for more guidance on No Score methodology.

25. Question: What happens if a criterion is **only partially met**? Is it met or not met?

Answer: In general, it is not met. The SAI PMF methodology requires that a criterion should be wholly fulfilled for a score of 'met' to be allocated. There is no option for 'partially met' in the scoring methodology in SAI PMF. The significant improvements the SAI has recorded on a criterion that has been scored 'not met' can be fully acknowledged and included in the relevant narrative section of the performance report.

However, there are two situations in which a partially met criterion may be considered met when applying professional judgement:

- (a) For those criteria in Domain C that are assessed on the basis of the sample of audits, each criterion should first be assessed for compliance separately for each sampled audit file, while the aggregate score is formed on the basis of the criteria met for all audit files in the sample. So if in a sample of three audits there is one criterion met for two audits and not met for one, it is not met. Nevertheless, if the sample of audits is larger (4+ audits) and there is only a minor deviation observed for a criterion within those, you can apply professional judgement. Consider the following example: In a sample of 5 compliance audits, to score SAI-16 (ii) – e ("All planned audit procedures were performed, or where some planned audit procedures were not performed, there is an appropriate explanation retained on the audit file and this has been approved by those responsible for the audit"), in the case that for one audit in the sample of 5 there is one minor audit procedure (from the perspective of the SAI PMF assessor) that was not performed, then professional judgement can be applied and the criterion can be considered met at an aggregate level if no issues were found on this criterion in the remaining 4 audit files. The narrative should clearly reflect the deviation and the fact that professional judgement was exercised. However, with smaller sample sizes, e.g. 3 audits, the same approach may not be acceptable.

(b) *In the case of composite criteria that comprise different elements, such as SAI-4 (i) – h (Have an approved and applied organizational structure and “ensure that responsibility is clearly assigned for all work carried out by the SAI.”, the emphasis should be placed on the element that is underscored, in this case the organizational structure. It does not mean to say that the clear assignment of responsibilities should not be assessed, but if the evaluator is satisfied with the organizational structure, they may consider the criterion met even in the case that there are some weaknesses in the assignment of responsibilities.*

26. Question: There are some criterion **which list a number of requirements**, for example, SAI 10 dimension (iii) criterion (g) lists a total of 9 sub criteria that should be in an auditor’s report. If only one or two of the sub criteria are missing, is it correct to score criterion (g) as met?

Answer: No, the SAI PMF scoring methodology requires that all the sub criteria must be met for the criterion to be scored met. The assessment team may apply professional judgement if the situation demands so.

Evidence

27. Question: How much **evidence** should be included in the SAI PMF Report (the methodology is not very clear about this point)?

Answer: *Sufficient and appropriate evidence is required when scoring the indicators, dimensions and criteria in Chapter 4 of the SAI PMF report - Assessment of the SAI’s Environment, Capability and Performance. In the narrative for each dimension, reference can be made to the key evidence that supports the fulfilment of the criteria. The SAI PMF methodology does not prescribe a structure for the presentation of the supporting evidence in the report (The SAI PMF Team has however produced a Template for a Performance Report as a guide). It is the responsibility of the assessment team to ensure the narrative for each dimension is presented in a manner that enables a reader of the report to see and convince themselves that the findings are supported by sufficient and appropriate evidence.*

Since there can be several criteria under each dimension for some indicators under Domain C, one way of presenting the evidence is the use of tables indicating all the criteria under each dimension. For each criterion, the assessment team can indicate whether the criterion is ‘met’ or ‘not met’ with a brief summary (e.g bullet points) of the reasons/evidence why the criterion is scored as such.

For the indicators in other domains, a table in which a summary of the criteria met or not met is also recommended. This table can indicate the criteria met, not met (or not applicable) without indicating details of the evidence in support of the criteria. A short statement that summarises the findings on the dimension as a whole can also be included in the table. The details of the evidence in support of each criterion should be included in the narrative of each dimension.

However, in cases where the assessment team has very little or no experience in writing the performance report and it is expected that a lot of detail in terms of the supporting evidence would be missed from the narrative for each dimension, it would be easier and necessary that the team includes details of the evidence in support of the criteria met or not met in the tables (e.g as bullet points). If the assessment team chooses to do it this way, then the summary tables will have both details of the criteria scored as met, not met (or not applicable) as well as details of the evidence in support of the criteria (or reasons why criteria are scored 'not met' or 'not applicable'). The narrative for the dimension, however, should still as far as possible, include the evidence in support of the findings.

Another practical way of making reference to the evidence in the report is by using footnotes. The source of evidence in support of the findings can be presented as footnotes e.g citing a document or referring to an interview that was conducted with an official from the SAI. Footnotes are particularly very important for Chapter 3 (Country and SAI Background Information) as the assessment team is required to indicate the source documents for the information contained in this section of the report e.g World Bank reports, PEFA Assessments, IMF and OECD databases and publications, National Strategic Plans etc.

An assessment team needs to ask themselves whether, on the basis of the facts and evidence cited in the narratives, an independent reviewer or indeed any other user of the report can satisfy themselves that the findings in the report are well supported by sufficient evidence. To a large extent therefore, what will be regarded as sufficient evidence to be included in the SAI PMF report is a matter of professional judgement on the part of the assessment team.

28. Question: Our SAI has **quality control policies and procedures**, but they are not written anywhere. However, in our law, we have something included on the board member's quality control responsibilities. In SAI 4 dimension (iii) can we indicate that all the criteria are met, although we cannot provide the evidence?

Answer: *The SAI PMF methodology is evidence based in nature, implying that the findings in the assessment report must be supported by sufficient and appropriate evidence. Therefore, as a general rule, if the SAI has no evidence indicating that it has policies and procedures for quality control in place, the related criterion under SAI 4 (iii) should be scored as 'not met'.*

Since policies and procedures are not written down, then you cannot evaluate the specific criteria a) and d) of SAI 4, Dimension (iii) as met. The point behind these criteria is that policies and procedures should be clear and known to everybody in the organization. If they are not written down anywhere, then it is difficult for example, for a new auditor to know the systems and rules to apply. Note that while SAI-4 looks at the overall system of quality control, you will be assessing the application of quality control and quality assurance also in Domain C on the basis of the audit sample. There, you have more scope to evaluate based on the existing practice (your sampled audit files being the evidence).

But since in the law there is a reference to the responsibilities of the board members with respect to quality control, you could evaluate as met criterion:

b) Quality control policies and procedures are clearly established and “(...) the Head of the SAI (...) retains overall responsibility for the system of quality control.” ISSAI 40: pg. 5. Even though this criterion also mentions policies and procedures, the emphasis is on the responsibility of the Head of SAI.

29. Question: SAI 6 dimension (ii). As a SAI, we have good communication between the board members and audit teams, and also between Chairman of the board and auditors, **but we cannot provide evidence** for that. We don't have any protocol or documents. We have email communications, but that emails are our own, personal emails and not formal. How do we proceed?

Answer: The key feature of the SAI PMF methodology is that it is evidence based, implying that the findings in the assessment report must be supported by sufficient and appropriate evidence. Therefore, as a general rule, if the SAI can not produce evidence to support the fulfillment of the criteria under SAI 6(ii), the criteria should be scored as ‘not met’. However, although emails are not formal as stated in the question, they can count as evidence (they are not per se personal, if they are exchanged between colleagues and on work-related topics) and some criteria may be scored as ‘met’ on this basis.

It is generally expected that a SAI will keep documents such as minutes of meetings, circulars, emails, newsletters etc that should provide the evidence for most of the criteria under this dimension. Without such evidence, the assessment team should be inclined toward scoring the related criteria as ‘not met’ especially if it is established that the SAI does not have good reasons for not having the required evidence in place.

30. Question: In a few months, the **legal framework that governs the operations of the SAI will be changed**. It is expected that there will be significant changes in some key areas of the SAI’s operations such as organisational and financial Independence. Since the draft provisions awaiting approval by the relevant authorities are already in place, the assessment team has decided to assess SAI 1 – Independence of the SAI and SAI 2 – Mandate of the SAI based on the new legal framework. Is this approach correct?

Answer: According to the methodology, a SAI PMF assessment is carried out based on the current situation. Developments such as new changes in the legal framework that are expected in future cannot be included as part of the assessment when scoring indicators, dimensions and criteria. Therefore, domain A and indeed any other section that may require the application of the legal framework, should be assessed and scored based on the current situation and legal framework. At the same time, in the narrative, the assessment team can explain what the implications of the new Constitution (legal framework) would be and which criteria would be measured differently as a result. The team can also explain in the narrative how the scores would change as a result.

31. Question: Can the SAI PMF use results of an assessment conducted by other parties using performance tools that have a methodology and approach that is different from the SAI PMF?

Answer: Yes, the results of other performance assessments conducted using performance tools other than SAI PMF can be used to inform the SAI PMF assessment. For example, results of quality assurance reviews and reviews based on iCAT can be used as a source of evidence for scoring the relevant criteria in the SAI PMF. However, the supporting evidence should be collaborated to arrive at concrete conclusions.

32. Question: There are various instances in which criteria ask whether a person or a team have the appropriate knowledge, experience etc. How can we prove this? For example in SAI- 21, dimensions (i) and (ii), SAI -22 (i) a. Also in Domain C for (SAI-9 (ii) a, b, c, d; SAI-12 (ii) a, b, c, d, e; SAI-14 (ii) a, b, c, d; SAI-17 (ii) a, c, b, d.

Answer:

- (a) In general, it is not expected that the SAI PMF assessment team proves professional experience through requesting CVs, university diplomas and grades, and attendance of professional development courses. What is expected however is to meet audit teams, heads of, for example IT, HR and financial departments and ask them regarding their background and experience. The professional judgement of the team based on what they obtain from the interview determines compliance with such criteria.
- (b) In the case of those criteria that are part of Domain C, it is important to note that they are part of the examination of a system that assigns auditors to specific audits based on their knowledge and experience. Therefore, you need to first examine if there are written procedures on how to determine the composition of audit teams based on, for example the type of audit, the complexity of audited entity and the experience of the auditors in relation to this. After that, you need to bring in the evidence from the audit sample as to whether this system is consistently applied in practice and the teams that did the sampled audits had the skills, experience and manpower (e.g. senior vs junior auditors) to do the work as expected. The assessment team can also examine the information submitted by auditors regarding their qualifications and experience through working papers such as the competency matrix.

33. Question: Is it correct to include as an annex to the report, the scoring sheets, the minutes of meetings etc.?

Answer: No, you should not annex such information to the report. However, you should clearly identify the source of evidence when justifying the assessment of any single criterion. As far as possible, such sources of evidence should also be referenced in the indicator or dimension narratives. Alternatively, the sources of evidence can be shown as footnotes.

Ensuring the Quality of the Assessment Report

34. Question: What is the distinction among the following processes of ensuring the quality of the assessment report: (i) **Quality control**, (ii) **check on the factual correctness of the report** and (iii) **independent review**?

Answer: *Quality control* entails control that is undertaken by the team leader within the team during the time the assessment is being conducted. At this stage, the team leader is required to review the working papers, the work of the team, supervise and monitor the progress of the assessment.

A **check on the factual correctness** of the report is a review of the draft report conducted by one or two staff from the SAI who were **not** part of the assessment team. Usually, the ToR for the assessment should identify the person (or persons) responsible for the quality check of facts. The objective of the quality check is not to duplicate the work of the assessment team, but to do a second-level quality control based on checking correctness of facts and consistency of issues. It is important to note that the person(s) doing the quality check must have a thorough knowledge of the SAI so that they can identify any potential errors the assessment team may have made in arriving at their conclusions. It is therefore preferred that this task is performed by a senior member of staff in the SAI.

Independent review of the draft performance report is conducted by the IDI. The IDI offers to conduct, or arrange other SAI PMF experts to conduct independent reviews of all SAI PMF assessments to ensure adherence to the SAI PMF methodology. An IDI statement of independent review is issued for all reports that have been subjected to an independent review arranged by the IDI.

References to ISSAIs

35. Question: Some criteria contain references to INTOSAI Auditing Standards (level 4 ISSAIs in the old framework), in the format “See also: ISSAI 3000:x”. To what extent should we assess performance against the criteria in those ISSAIs?

Answer: Performance should be measured against the criteria in SAI PMF. The references are included for traceability and as an opportunity to look at the underlying ISSAI for guidance. In cases where the principles in ISSAI 300 are the same or very similar to requirements in ISSAI 3000, double references have been included just for information.

36. Question: The following is the requirement for allocating a score of 4 for SAI 10 (i), SAI 13 (i) and SAI 16 (i).

"Score = 4: An independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI's financial audit practice has confirmed that the SAI complies with all the INTOSAI Auditing Standards (Level 4 ISSAIs in the old framework) relevant to this dimension (including all the above criteria)".

The scoring criteria stated above refers to compliance with INTOSAI Auditing Standards. Does SAI PMF assessment include the **requirements of the INTOSAI Auditing Standards and Guidance** (level 4 ISSAIs in old framework)²?

Answer: Generally, the detailed criteria in SAI PMF (for audit quality indicators) are based on the INTOSAI Accounting Principles 200, 300 and 400 (level 3 in the old ISSAI framework). There are however a few exceptions which refer to compliance with the INTOSAI Accounting Standards (level 4 ISSAIs in old framework). The scoring criteria for allocating a score of 4 for SAI 10 (i) SAI 13 (i) and SAI 16 (i) was formulated to establish a link between SAI PMF and the iCATs, and also to link SAI PMF to the definition of ISSAI implementation. The idea behind this definition for a score of 4 was to say that if you have already done a robust assessment of your ISSAI compliance (using iCAT or similar), and found you are (generally) in compliance, then there should be no need to re-assess performance using the SAI PMF.

The definition is also to encourage SAIs to put in place robust quality assurance (QA) arrangements over each audit discipline, and it recognises that a SAI PMF alone – reviewing a sample of audits against the INTOSAI Accounting Principles – is not deep enough to provide assurance of full ISSAI implementation (since it does not review everything contained in the INTOSAI Auditing Standards).

The alternative solution – to base SAI PMF on the INTOSAI Auditing Standards and the Guidelines (level 4 ISSAIs in old framework) – would have produced a tool that would be too complicated and resource intensive to apply, and would largely have meant replicating the iCAT tool.

(See explanatory notes in SAI PMF 2016 Guidance Document under SAI 10, 13 and 16).

37. Question: In some criteria such as SAI-6 (i) there is a reference to the “SAI PMF Task Team”. What does this reference mean as it is not from the ISSAIs or any document?

Answer: *The SAI PMF Task Team was formed in the SAI PMF Development Phase to develop and test criteria for such aspects of SAI performance where no reference in ISSAIs or other INTOSAI guidance documents could be found. In terms of interpretation of criteria, we recommend that before a team tries to study the underlying sources, they should contact the SAI PMF team with a request for support on the interpretation of a certain criterion given their context.*

² Old Framework refers to the ISSAI Framework prior to adoption of the new INTOSAI Framework for Professional Pronouncements (IFPP)

Repeat Assessments – Pilot vs 2016 Version of SAI PMF

38. Question: We understand that the results of an assessment conducted using the earlier versions of the SAI PMF such as **the Pilot version** are not comparable with the results of an assessment based on **the 2016 version of the SAI PMF**. Should we only take the results of the assessments conducted using the 2016 version as a baseline for future comparisons?

Answer: *Although the majority of the content of the SAI PMF pilot version are similar to the content of the 2016 version, some changes made to the structure of the tool in the 2016 version are significant and pose a challenge on comparability of the results for monitoring purposes. As far as possible, SAIs can use the results of the assessments conducted using the pilot version as a baseline for monitoring the progress recorded over a period of time. However, caution must be taken as there are areas where direct comparison between the pilot version and the 2016 version will not be appropriate due to differences in the structure of indicators, dimensions and the criteria.*

The SAI PMF Team has produced a Guidance Document on conducting repeat assessments. In this document, you will find specific guidance on how you can conduct the comparison between assessments carried out using different versions of the SAI PMF. The document also includes a tracking between indicators, dimensions and criteria in the 2016 version and the corresponding indicators, dimension and criteria in the pilot versions.

Field work

39. Question: Does the assessment have to be **conducted in a sequence** from Domain A to F? Can I start with B, C, D, F, E, A, for example.

Answer: *The assessment does not have to be undertaken in a logical sequence. In practice the assessment of the different indicators and domains would be divided within the assessment team where the team members would assess these simultaneously. However, there is need for team discussions to ensure the findings in the different Domains are well collaborated. This is important for a coherent flow of facts in the qualitative analysis section of the SAI Performance Report.*

Assessment Report – Justification for excluding Recommendations

40. Question: If SAI PMF does **not give any recommendations**, how can a SAI improve its performance?

Answer: *The SAI PMF assessment enables a SAI to identify its key strengths and weaknesses. It is the responsibility of Management to map out the actions they will take to address the observed weaknesses and also how they would capitalize on the identified strengths. In many instances, the SAI would not be able to address all the weaknesses identified at once. It is therefore Management's responsibility and not the assessment team, to make decisions on how to address the results of the SAI PMF assessment.*

Prioritisation of the actions to be undertaken is a preserve of Management since the decisions to be made normally involve taking into account available resources and other stakeholder expectations. In addition, Management will always have to refer to the requirements of the ISSAIs and other best practices which is the basis upon which the SAI PMF is founded. A repeat SAI PMF assessment which is recommended at the start of every new strategic cycle provides information regarding the improvements a SAI is making in aligning its operations with the requirements of ISSAIs and other international best practice.

Publication of the Assessment Report

41. Question: In Domain F, is it acceptable if SAI PMF assessment results are **not made public to other stakeholders?**

Answer: INTOSAI-P 12: “Value and benefits of SAIs – making a difference to the lives of citizens” requires SAIs to be model organisations that should lead by example. Leading by example means the SAI must promote transparency and accountability in its own operations; this should include being able to publish reports on its internal operations such as its financial statements as well as the results of a SAI PMF assessment, among others. The IDI encourages SAIs to publish their assessment Performance Reports as a way of demonstrating the requirements of INTOSAI-P 12

Publication of the performance report is however a decision that should be made by the head of the SAI. It is acceptable if the SAI PMF assessment results are not made public to some stakeholders if the head of the SAI has compelling reasons to do so. The SAI PMF Team is in the process of developing a Guidance document on the publication of the SAI PMF Report.

SAI PMF and other Performance Management Processes

42. Question: How can we link the SAI PMF results with **existing performance management systems** in our SAI?

Answer: SAI PMF is very well placed for monitoring the implementation of a SAI’s strategic plan, in the following ways: Firstly, to establish baselines based on the performance observed and the scores achieved in a SAI PMF assessment that informs the development of a new strategic plan. And secondly, to measure the implementation of that strategic plan after the end of the strategic period (every 3-5 years), through a repeat SAI PMF assessment. A SAI PMF assessment is too comprehensive to be carried out every year. However, for annual monitoring, it is possible to pick a small number of indicators or dimensions from the SAI PMF and include those into the SAI’s performance management system for annual measurement. Such indicators/dimensions should be relevant to the SAI’s strategic priorities and measure things that can be expected to see improvements on an annual basis (for example, measuring the legal framework annually will probably not provide much interesting information).

43. Question: What is the difference between the **QA review process** and the assessment through the SAI PMF? Are they similar? Should one be eliminated in favor of the other to avoid duplication?

Answer: *The QA review process and the SAI PMF will often have slightly different purposes, so while there may be similarities in part, one will normally not replace the other. While a QA review process normally will cover the audit work, SAI PMF is a much wider, holistic assessment which also looks at performance within the context the SAI operates, and identifies reasons for performance limitations. It includes an assessment of the QA process in the SAI. SAI PMF is also a standardized assessment with pre-defined criteria and measurement scales. The audit file review work in SAI PMF may have similarities with QA reviews (depending on how they are done in the SAI), but in SAI PMF it is based on requirements of the INTOSAI Accounting Principles (not the INTOSAI Accounting Standards, which QA reviews sometimes are). SAI PMF is a comprehensive assessment which should be done only every 3-5 years approximately, whereas QA reviews should be done more often. So while QA reviews will provide annual feedback to the SAI on the quality of the audit work and to what degree the quality control procedures have been followed, the SAI PMF assesses the whole organization and identifies the main strengths and weaknesses and its value and benefits to society.*

44. Question: What is the difference between **SAI PMF** and **GUID 1900**?

Answer: *GUID 1900 provides general guidelines on how a peer review should be conducted. What this means is that the actual assessment can be undertaken using various assessment tools and the scope of a peer review can vary substantially. Not all peer reviews will have the holistic approach of SAI PMF.*

45. Question: What is the difference between SAI PMF and **iCATs (ISSAI Compliance Assessment Tool)**?

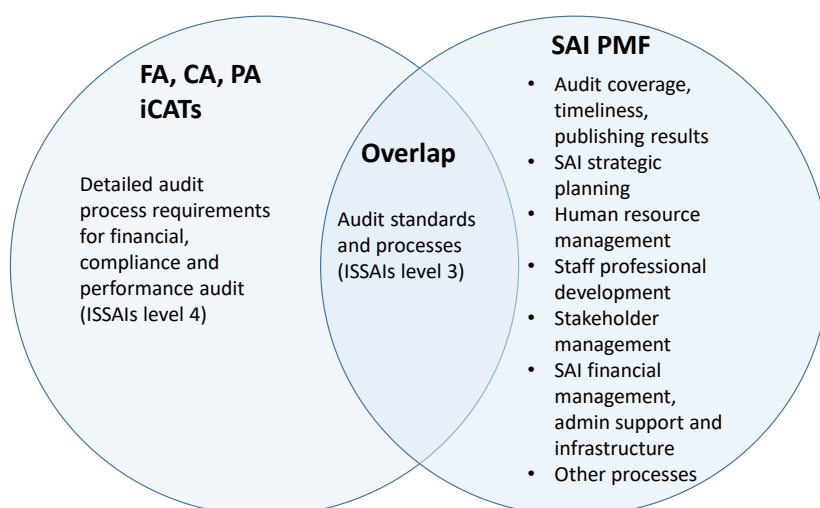
Answer: *The iCAT is a detailed tool to assist SAIs in mapping their current audit practices to ISSAI requirements, so that they can identify their needs for ISSAI implementation. The tool was developed by the IDI as part of its 3i program for ISSAI implementation, and iCAT mappings constitute an important component of that program, where the iCATs are applied through a facilitated approach which includes training and peer review mechanisms. The iCATs do not apply scores, but marks each requirement as met/partly met/not met, and the findings are summarised in an iCAT report.*

By contrast, SAI PMF has a different purpose, and also a wider scope. SAI PMF provides the SAI with an overview of the whole organisation, including support services, stakeholder management etc. in addition to the audit work, and it helps identify the root causes of any observed weaknesses in audit performance. Furthermore, it looks at the SAI's outcomes and its contribution to impact on society - its value and benefits. The SAI PMF takes a holistic view at the SAI and its current situation, and assessments are particularly useful for preparing a strategic plan, i.e. identify what areas to focus on improving. Within the audit domain, SAI PMF measures the SAI's performance against the INTOSAI Accounting Principles (mainly ISSAI 200, 300 and 400). The iCATs on the other hand assess the SAI's compliance with the more detailed audit process requirements as outlined in the INTOSAI Accounting Standards (ISSAI 2000-series, 3000-series, 4000-series). They therefore provide more detailed information about the SAI's audit processes than SAI

PMF, particularly in financial audit, where the difference in detail between INTOSAI Accounting Principles and INTOSAI Accounting Standards is substantial.

If the SAI wants to acquire more detailed information about its current performance and needs in the audit disciplines than SAI PMF can provide, using the iCATs for the three audit disciplines will be useful. If iCAT and SAI PMF assessments are carried out in an SAI, it is important to see the assessments in connection with each other and make use of the synergies that arise. As can be seen in the figure below, there is a certain overlap in the coverage of the two tools, related to the assessment of audit processes and audit standards and guidance material. In these areas, the SAI can save time and efforts by making use of the results of one assessment when completing the relevant parts of the other. However, before deciding to rely on the results of another assessment, the SAI needs to consider the quality and timeliness/relevance of the other assessment. It may also be possible to make use of the same evidence for parts of the assessments, including the sample of audit files which is reviewed.

For further information on the iCATs, see www.idi.no



Indicators

Domain A: Independence and Legal Framework

46. Question: Which is the **evidence base** for assessing the indicators in this domain?

Answer: Take into account that the indicators SAI-1 and SAI-2 ask for various sources of evidence:

- (a) The Constitution (SAI-1 (i));
- (b) The entire legal framework, which can be the Constitution, the law of the SAI, the public finance law etc. (for example SAI-1 (iii) a, c, e);
- (c) The practice (for example SAI-1 (i) f, g).
- (d) In several cases the dimensions include some criteria that assesses the legal framework and some criteria that assesses the practice, for example, SAI-1 (ii). Criterion c *“The SAI is free to propose its budget to the public body deciding on the national budget without interference from the executive”*. Here it is important to assess if this freedom is guaranteed in the law. Whether the SAI has this freedom in practice is assessed under criterion g: *“During the past 3 years there have been no cases of undue interference from the Executive regarding the SAIs budget proposal or access to financial resources”*. If in practice the SAI proposes its budget first to the executive, and after changes are done, to the public body deciding on the budget, then criterion g should be not met even if the law provides for the right to bypass the executive.

SAI-1: Independence of the SAI

47. Question: Is there a way to consider **political independence** when measuring SAI independence? Although political independence is not included in the Lima and Mexico declarations, for countries where decisions affecting public sector in general are permeated by political considerations, I see this as a limiting factor for SAIs to perform independently. Sometimes the legal framework seems to ring-fence SAIs heads from political consideration; however, informally, politics are the most important element when deciding on the SAI’s leading positions. In fact, political dependence is a contributing factor for not having robust SAIs in many countries, irrespective of having formal budget and operating independence.

Answer: *This is an aspect which can be very important in some contexts. It may also be challenging to measure, especially if the independence of the SAI is accommodated for de jure in the legal framework, but is not happening in practice. But there are several criteria in SAI PMF that aim at measuring independence in practice. In addition, one should also discuss the issue in the narrative report if relevant. With regard to the appointment of the Head of the SAI, there are several criteria that measure that this happens through a process that ensures independence from the Executive, also in practice. Notably, criterion e) of SAI-1, dimension (iv) measures whether the last appointment or re-appointment of the Head of the SAI was done through a transparent process that ensured his/her independence. If for example the criteria for the*

selection of candidates to the post as Head of SAI were not clear or not disclosed, one would not consider the process to be transparent, and thus the criterion would not be met. Similarly, criterion f) in the same dimension measures the process of removing the Head of SAI. In addition, SAI-2, dimension (i) measures in criteria d), e) and f) whether there has been interference with regard to the selection of audit topics, and SAI-2 (iii) looks at whether there has been interference regarding the SAI's audit reports. Together, these criteria will provide important information about the actual independence of the SAI. The issue may however also be dealt with in the qualitative assessment, if there is evidence available. In the chapter on Country and SAI Background Information in the SAI Performance Report, one should also include information about the political system and culture and level of transparency, corruption etc. And against this background information one should then analyze the SAI's performance within its context in section c) Observations on the SAI's Performance and Impact.

48. Question: SAI 1 dimension (i) criterion 'c' states that "The independence of Supreme Audit Institutions provided under the Constitution and law also **guarantees a very high degree of initiative and autonomy (...)**." INTOSAI-P 1:8. Can we score criterion 'c' as met when the SAI has a low score on either dimension (ii) – financial independence/autonomy or dimension (iii) – Organisational Independence/autonomy? What does it mean by 'the Constitution guaranteeing a very high degree of initiative and autonomy'?

Answer: *The requirement for a high degree of initiative and autonomy in the constitution and law as reflected in SAI 1 (i) criterion (c) will in many instances refer to a scenario where the Head of the SAI is not subject to the direction or control of another person or an authority in the performance of the functions of the office. For example, in the context of the core mandate of the SAI, this means that the Head of the SAI is free to decide on the selection of audit clients, audit topics and the content of the audit reports without any interference from another person or any authority outside the SAI. The head of the SAI is also free to submit audit results to appropriate authorities in charge of considering the reports and can freely publish the audit results in accordance with the existing legal requirements.*

In addition, a high degree of initiative and autonomy is inevitably connected to the head of the SAI's freedom to decide on key financial and organisational matters that affect the operations of the SAI. The extent to which the assessment of dimension (ii) – Financial Independence/Autonomy and dimension (iii) Organisational independence/Autonomy will affect the score of criterion (c) dimension (i) will always be a matter of professional judgement on the part of the assessment team. For some SAIs for example, the legal framework allows the Head of SAI to make decisions on several key issues on financial and organisational management of the SAI such as: deciding on how to allocate the financial resources received from the central government, directly appealing to the legislature if the resources provided are insufficient to allow it fulfil its mandate, deciding on the organisation structure, recruiting own staff and determining the terms and conditions of service for the staff. The Head of the SAI however, would in many cases be required to exercise such powers within the existing legal provisions that are applicable to other public sector entities. These examples do certainly provide an additional basis upon which the assessment team can decide whether in totality, it can be said that the Constitution and Law guarantee a very high degree of initiative and autonomy.

Therefore, if a SAI has a low score in either dimension (ii) or (iii) or in both, say a score of 0 or 1, it would be highly likely that criterion (c) of SAI 1 (i) is not met. Again, the assessment team needs to consider the totality of the surrounding circumstances and use professional judgement to come to a reasonable conclusion.

49. Question: SAI-1 (i) b: Does **Independence** mean the same as **autonomy**? Our Constitution only speaks of autonomy.

Answer: It really depends on the context. You have to determine if the Constitution provides for the same degree of autonomy to the SAI as for example for the Judiciary or the Legislature. Consider the principle of substance over form – the term is not as important as the content.

50. Question: What is the **evidence** for SAI-1 (i) f, g?

Answer: These criteria apply when the SAI does not have an adequate degree of autonomy and initiative (criterion c of the same dimension). You need to examine and describe evidence that the SAI has informed its stakeholders over whatever issue that may impede its ability to deliver its mandate and that it has put efforts in promoting the need for more Independence, for example through including relevant objectives in its strategic plan, carrying out consultations and media events on the topic, etc

51. Question: SAI-2 (iii), criterion a: *The Supreme Audit Institution shall be empowered and required by the Constitution to report its findings annually and independently to Parliament*". Is it important to be required, or to have the right by the Constitution (which can be silent)?

Answer: It can be both, but in both cases it is crucial to also mention what happens in the practice. Be careful that the basis for the evaluation here is the Constitution and not additional laws. Also, there is a link to SAI-3 (iv).

52. Question: Our SAI scored a 3 for indicator SAI-1 due to receiving a score of 1 for dimension (i), although our score for the other dimensions of this indicator was 4. This is because dimension (i) of this indicator requires the independence of the SAI to be enshrined in the country's constitution. Our country **does not have a written constitution** however the independence is established through other laws considered to be as strong as possible within our constitutional context. Is it not acceptable to score SAI 1 (i) based on other laws and not the constitution?

Answer: The general guidance is that if an SAI does not have a constitution you would need to look into the legal framework and see whether basic provisions are enshrined in the legal framework within laws that have sufficient protection against being repealed. So, if the country does not have a Constitution, the assessment team should apply professional judgement in determining whether the available laws have

sufficient protection which could be equated to that under a constitution. The dimension would then be scored accordingly.

53. Question: Criterion (g) under SAI-1 (i) which states, “SAIs should strive to promote, secure and maintain an effective, constitutional, statutory or legal framework” What could be **the examples of actions that SAIs can take** in order to meet this criterion?

Answer: *The evidence for this criterion could broadly be considered in the context of what proactive steps the SAI has taken in an effort to promote and secure an effective constitutional, statutory or legal framework which, when achieved, would enhance its independence to a status required by the INTOSAI Principles, ISSAIs and other international good practices. Such measures could include sensitizing the Legislature, the Executive and other key stakeholders on international standards that guarantee the independence of an SAI, submitting to relevant authorities proposals on amendments to the existing legal framework to strengthen the independence of the SAI, strategies to enhance communication with relevant key stakeholders and any other proactive initiatives embarked on by the SAI.*

SAI-2: Mandate of the SAI

54. Question: SAI 2 dimension (iii) criterion ‘a’ states: “The Supreme Audit Institution shall be empowered and required by the Constitution to report its findings annually and independently to Parliament.” INTOSAI-P 1:16 (i.e. body of public representatives). In the case of our SAI, this requirement is stated only in the **subsidiary law (audit act) but not in the Constitution**. Is it correct to score the criterion as met?

Answer: *Criteria ‘a’ dimension (iii) of SAI-2 is specifically about the Constitution. The reason is that reporting of audit findings to a body such as Parliament is considered so important that it should be guaranteed to the SAI in a law that cannot easily be changed, i.e. the Constitution. To change the constitution usually requires, for example, a ¾ majority in parliament, whereas regular laws can be changed more easily, which makes the SAI’s protection through such laws less robust. Therefore, it would be wrong to score criterion ‘a’ as met in the given scenario. The criterion should be scored as ‘not met’.*

Domain B: Internal Governance and Ethics

SAI-3: Strategic Planning Cycle

55. Question: In SAI 3 dimension (i) we have to evaluate the strategy of SAI but our SAI's strategy plan covers the period 2011 - 2016. For 2017, which is the year being assessed, we **have a draft strategic plan which has not yet been approved and not in use currently**. The reason why we have not submitted the draft, is the expected legislative changes concerning the SAI and we have also decided to hold on with the approval of the strategic plan so that we can take into account the results of the

SAI PMF assessment. So how can we evaluate SAI 3 dimension (i)? Can we accept that we have a strategic plan? Or do we have to evaluate this as 'Not applicable'?

Answer: A SAI PMF assessment is based on the current status of the SAI. Although the SAI has a draft strategy in 2017, the strategy is awaiting approval and is not in use. If the SAI will wait for the new changes in the law, then it is even more uncertain when the strategic plan will be finalised. In this case, a score of '0' must be given on all criteria for SAI 3 dimension (i) since a reasonable conclusion is that there is no strategic plan in place. It is important to note that a score of '0' is not necessarily be viewed in very negative terms as it only depicts the absence of features required by the criteria. Hence, the score of '0' will indicate the absence of a strategic plan and this can be different from the score of 'Not Applicable' which may suggest that there is no need for a strategic plan in the SAI. A score of N/A is not correct in this case.

In addition, although the idea of conducting a SAI PMF assessment is good as the findings would be considered in formulating the new strategic plan, it appears the SAI would still have to operate without a strategic plan for a considerably longer time since the process of conducting a SAI PMF assessment can take time. There is therefore every good reason for allocating a score of 0 to this dimension based on the available evidence and circumstances.

Alternatively, the SAI can proceed to assess the dimension based on the draft strategic plan but the result would be included only in the narrative part of the SAI PMF report. The "official" score would still be 0. The assessment would be included just to provide the users of the report with a clearer picture of the situation on the ground. This however is a decision that the SAI/assessment team would have to make.

56. Question: SAI-3 (i) c: What is a **manageable number of indicators**?

Answer: This depends on both the complexity of the plan and the frequency of measurement of indicators. A key indication of whether the number is manageable is to determine whether in practice the SAI has the capacity to measure all it has set in its strategic plan.

57. Question: SAI-3 (ii) Is the **annual plan the same as the annual audit plan**?

Answer: No, the annual plan may include the annual audit plan, but it should be broader and include also corporate, operational, logistical, financial and routine tasks as well.

58. Question: According to SAI-3, dimension (ii), criterion g), an effective **annual plan should contain "Baselines of current performance and milestones for major indicators"**. We have such baselines and indicators, and they are measured as part of our regular monitoring of the annual plan, but the baselines and indicators are not included in the plan document itself. So, strictly speaking, we do not comply with this criterion, because that information is not in the plan, even though it exists and is used. Are we being too rigorous in our assessment?

Answer: In applying the SAI PMF, the assessor should always apply the principle of ‘substance over form’, in other words look at what is achieved in practice, rather than the exact way in which it is done. There are many valid ways of doing something. It is alluded to in the introduction to SAI-3 (ii), where it says that the annual plan may take different forms. What SAI-3 (ii) g) is getting at, is whether the SAI has a system to measure and monitor delivery of the annual plan, i.e. being able to see whether the plan is successfully implemented and if not, to be able to notice and take corrective action. What is important to consider, is whether a monitoring system exists and is functioning and not that it is necessarily documented in the annual plan document. As the system appears to be functioning in your SAI, it is reasonable to consider the criterion as having been met.

The principle of ‘substance over form’ is relevant for other indicators as well. For example, SAI-22 (ii) asks for a Human Resource strategy in the SAI. If for example human resource aspects are covered in the strategic plan, but not in a separate document called “human resource strategy”, the criterion can still be considered met. The task for the assessor would be to apply his/her professional judgement to see if the actions and documentation fulfill the intention of the indicator.

59. Question: SAI-3, dimension (iii) looks at the **development of the strategic plan and the annual plan**. Does it mean that each of the criteria must be met in both the strategic planning process and the annual planning process to be considered met? In our SAI, we consulted external stakeholders in our strategic planning process, but not directly as part of the annual planning process. Should we then consider criterion c) as not met?

Answer: As a rule, both processes must be in accordance with the criteria for the criteria to be considered met. Some of the criteria in SAI-3 (iii) also specify which of the processes it measures. As for SAI-3 (iii) c) about consultation with external stakeholders, assessors must apply some professional judgment, taking into account the context of the SAI. Normally, one would definitely expect external stakeholders to be consulted in a strategic planning process. For the annual planning process it is not relevant to do so. Please note however that such consultation should not entail that the stakeholders can decide on the SAI’s activities, that should be up to the SAI alone.

60. Question: SAI-3 (iii) What is the **evidence** for the planning process?

Answer: It is important to have written procedures for the development of both the strategic and the operational plans. It is not enough if the responsible staff only describe the process to the team during the meeting without presenting written evidence.

61. Question: In SAI-3 (iv), criterion c) it says that "SAIs **may** use performance indicators...." For us the use of the word "may" does not make it very clear what the requirement is. As it does not say "you have to", is there an obligation to use performance indicators to fulfil this criterion?

Answer: In this case, the word ‘may’ is used because it is a direct quote from INTOSAI-P 20, and care is being taken not to reword the INTOSAI Principles and Standards (and potentially, re-interpreting them). While the quote includes the word ‘may’, our advice is that the criterion is only met if the SAI fulfils the

requirement in question. So the INTOSAI Principle says the SAI may do it, but SAI PMF scores it as met only if the SAI fulfils it. Through measuring performance, the SAI PMF seeks to establish the SAI's compliance with the ISSAIs and other internationally accepted good practices.

62. Question: SAI-3 (iv) f) asks that **results of peer reviews should be published**. How should the criterion be scored when there hasn't been a peer review?

Answer: *If there hasn't been a peer review, then the criterion should be scored Not Applicable, and the No Score methodology should be followed. Whether or not the SAI has considered having a peer review carried out is measured in SAI-4 (iv) h).*

SAI-4: Organizational Control Environment

63. Question: SAI-4 (i): We comply with all criteria except for (g), implementation of an **ethics control system**. Is it correct that the score is 0?

Answer: *Yes, this is a minimum requirement for a score of 1 in this dimension. The SAI PMF places a lot of weight on criteria a, d and g of SAI 4 dimension (i). This is because of the significance of these requirements in ensuring an internal control environment which guarantees ethical behaviour and integrity among the staff. In a situation where any of the three criteria a, d, and g are not met, the score for the dimension is automatically 0. However, the current status taking into account the other criteria that have been scored as met can be highlighted in the dimension narrative.*

64. Question: SAI-4, dimension (i), criterion c) asks that the SAI's **Code of ethics** be reviewed at least every ten years to ensure it is in line with ISSAI 130. Our SAI introduced a Code of ethics only five years ago. How should we score this criterion?

Answer: *In that case, the criterion should be considered Not Applicable (N/A).*

65. Question: In SAI-4, dimension (i), criterion e), the question is whether staff who carry out work on behalf of the SAI are required to commit to the SAI's ethical requirements. What is meant here – audits that are completely outsourced to a firm, or does it, for example, also apply to technical consultants who carry out certain examinations as part of performance audits?

Answer: *It also applies to consultants who carry out limited investigations etc. as part of a larger audit that the SAI carries out. SAI-5 covers the ethical requirements of audits that are completely outsourced.*

66. Question: To meet SAI-4 (i), criterion k) a SAI should have assessed its vulnerability and resilience to integrity violations, through the use of tools such as **IntoSAINT** or similar, in the past five years. What does it mean when it says "through the use of tools such as IntoSAINT or similar?" Further, what does it mean when the criterion says: "Have assessed its vulnerability and resilience to integrity violations"?

How do you assess the vulnerability and resilience to potential violations of integrity? What is IntoSAINT?

Answer: *A bit of background on IntoSAINT is probably useful here. See <http://www.courtfaudit.nl/english/Publications/Topics/IntoSAINT>. The following extract summarizes: “IntoSAINT is a self-assessment tool that SAIs can use for analysing their integrity risks and assessing the maturity of their integrity management systems. The self-assessment is conducted during a structured two-day workshop moderated by a trained facilitator. The tool is targeted at preventing corruption and generates a list of management recommendations for supporting the integrity of the organisation in question. It is a management tool enabling the user to design a tailor-made integrity policy and at the same time to raise integrity-awareness among its staff.”*

IntoSAINT goes beyond having a code of ethics and trying to monitor compliance with the code. It is a management tool to assess risks of corruption within the organization and recommend actions to manage those risks, whilst the code of ethics is more directed at the behavior of individual staff members. There are other similar tools used by other organisations, and potentially SAIs, to tackle these issues. It is not an automated or software tool, rather a set of principles and techniques, along with forms and guidance that can be used by a trained facilitator to help an SAI design and implement an integrity policy. Think of IntoSAINT as a process that helps an SAI conduct an assessment of risks of corruption within the SAI, and respond to these. Any other activity which does this would meet the criterion.

67. Question: Ethics, including topics like **code of ethics and integrity**, are covered in several places in the SAI PMF (SAI-4 (i), SAI-10 (i), SAI-13 (i), SAI-16 (i) and SAI-19 (i)). Will this not lead to the same aspects being measured several times?

Answer: *No. SAI-10, SAI-13, SAI-16 and SAI-19 measure the implementation of ethical requirements at the audit engagement level. These may lead to different scores for the different indicators (or if the audit types are combined, then most likely the same scores). SAI-4 measures this at the organizational level.*

68. Question: Due to its size, our SAI doesn't have an **internal audit** unit or person in charge. Does this mean that SAI-4 (ii), criteria f), g) and h) shall be scored as Not Applicable (N/A)?

Answer: *No, it shall be scored as not met. The functions and system for internal auditing should be in place even if it is a small SAI, but of course on a smaller scale. The responsibility for internal auditing can be placed with someone who has other responsibilities as well. Or the internal audit function can be outsourced.*

69. Question: Quality control and quality assurance are covered in several places in SAI PMF (SAI-4, SAI-9, SAI-12, SAI-15; SAI-18). Will this not lead to the same aspects being measured several times?

Answer: No, they measure different aspects of this broader topic. First of all, it is important to remember the difference between quality control and quality assurance. A SAI's system for quality control of audit processes is the sum of all measures taken to ensure high quality of each audit product – before they are finalised. It is carried out as an integrated part of the audit process, and needs to be part of each SAI's strategy, culture, policies and procedures to be effective.

On the other hand, quality assurance is a process of assessing and monitoring the system of quality control, to ensure that the system of quality control is working effectively. This includes whether completed audits were carried out in compliance with established standards, rules, practices and procedures. The quality assurance process should include a review of a sample of completed work across the type of audits carried out by the SAI, and should be carried out by individuals who have not taken part in the audit process they are reviewing. The aim may also be to learn about the degree to which agreed procedures are implemented consistently across the organization.

As to the specific indicators in SAI PMF, SAI-4 measures the SAI's system for quality control at the organizational level, for audit work and other work in the SAI, including for example procurement processes. On the other hand, SAI-9, SAI-12, SAI-15 and SAI-18 measure how quality control is carried out in the various audit disciplines / jurisdictional control, by looking at evidence in a sample of audit files. SAI-4 also measures the SAI's system for quality assurance (at the organizational level).

SAI-5: Outsourced Audits

70. Question: Can you provide some advice on **sampling of audit files for review** when parts of the audit work is outsourced?

Answer: Please see answer under “Sampling of audit types for review” under General Topics – page 7.

71. Question: In SAI-5 (ii), criterion c), it is required that all the **documentation** (including audit work papers) from an audit that has been outsourced to a firm should be the property of the SAI. Would it be sufficient that the SAI has access to this documentation (but not ownership)?

Answer: The criterion is based on ISSAI 140, which specifically emphasizes ownership of the audit working papers. This of course includes unrestricted access to look at the files, but is more than that. The thinking behind it is that the head of the SAI is the statutory auditor and has chosen to subcontract when engaging a firm to carry out audit work on their behalf. It has a real practical edge where, for example, an audit is moved from one firm to another firm. With clear ownership by the SAI of previous years' files the SAI can require the firm that is being replaced to make their files available to the firm that is taking over the work. This reflects that audit work in the public sector is being carried out on behalf of the head of the SAI and that although the firm may be replaced, the statutory auditor (the head of the SAI) continues. It is normal for the firm to have ownership of audit files, this is the situation with all of their private sector audits. What

ISSAI 140 proposes is that through the SAI's contract with the firm, ownership is transferred to the SAI. In the absence of a clear contractual term it is likely that the ownership would remain with the firm. So in effect, ISSAI 140 is requiring a positive action by the SAI to ensure that it does in fact have ownership of the audit files, through its contract with each firm that it uses to carry out public sector audit work.

SAI-6: Leadership and Internal Communication

72. Question: SAI-6 (i) criterion d: How can we provide **evidence** for the delegation of authority?

Answer: *For example through the existence of an organizational structure, description of competence and job profiles including description of responsibilities at the level of SAI management.*

73. Question: SAI-6 (i) criterion a: How do we **evidence** the existence of regular management meetings?

Answer: *Those need to be scheduled in advance and be periodical, for example every two weeks or every month. There can be additional ad-hoc meetings but this criterion asks whether there is clarity as to when important issues will be discussed and management tasks such as performance monitoring will be done. The team can also ask to review the minutes of meetings held.*

SAI-7: Overall Audit Planning

74. Question: How is overall audit planning different from **annual planning** (measured in SAI-3)?

Answer: *SAI-7 exclusively measures the planning of audit work for a financial year, i.e. the total plan for the SAI's audits in the coming year. On the other hand, the annual plan that is measured in SAI-3 covers other activities in the SAI, like for example internal management and development projects (capacity development, IT projects, etc.). To distinguish between the two, one should in the assessment of SAI-3 not assess how the actual audit work is planned. In this regard it is important to apply the principle of substance over form (see answer under SAI-3).*

75. Question: SAI 7 dimension (i) Criterion (c) states, “the audit/control planning process follows a risk-based methodology. (E.g. a systematic risk-assessment as part of the basis for selecting audit entities and approach)” may be challenging for some SAIs like ours to apply as **legislation requires all accountable government entities to be subject to audit**. How can our SAI be rated based on this criterion?

Answer: *If your SAI is required by the legislation to audit all accountable government entities and the SAI has the capacity to audit all the entities in a particular financial year, then in that case there is no need to follow a risk based methodology as a basis to selecting audit entities. This is simply because the audit is on a 100% basis – all entities are audited regardless of their risk status. Therefore, criterion (c) would be regarded as met. However, for SAIs that are mandated to audit government entities and are unable to*

audit all the entities in a particular financial year due to lack of capacity, a risk based methodology to selecting entities to be audited must be in place failure to which the criterion would be scored as not met.

However, the risk-based approach is very relevant to the SAI in other contexts such as the approach to resource allocation, for example, allocation of the resource between the different audit types.

Domain C: Audit Quality and Reporting

General Clarifications

76. Materiality: SAI-13 (i) criterion c; SAI-13 (ii) criterion i; SAI-13 (iii) criterion f; SAI-16, (i), criterion c).

All these criteria refer to evidence for the consideration of materiality at a certain stage of the audit process or throughout. In the case of financial audits, the criterion only asks about materiality at the audit planning stage, while for performance audits there are three different criteria regarding evidence for consideration of materiality at each of the three stages of the audit process. In the case of compliance audits, there is a single criterion on materiality placed among those concerning audit planning. However, the criterion says that “*Auditors should consider materiality throughout the audit process.*” ISSAI 400:47. See also ISSAI 4000:94. (I.e. including consideration of materiality by value, nature and context”. Therefore, it is important to consider whether the sample of compliance audits has considered materiality (and the specific types of it) at each stage of implementation.

77. Quality Control: SAI-9 (iii), SAI-12 (iii), SAI-15 (iii)

The evidence base for these dimensions is the sample of audit files. It should demonstrate that quality control has been carried out in a consistent and appropriate way as part of the audit process (before the sign off of the audit). Quality control should be done in a written form, for example through comments on the draft report or on the working papers. A review meeting without any documented evidence is not enough. Neither is sufficient to merely describe the quality control procedure as foreseen in the audit methodology.

78. Indicators SAI-11, SAI-14, SAI-17: Audit Results

- (i) Timely submission:** The calculation is done on the basis of all audits finalised during the year of the review within the foreseen timeframes. It is not sufficient to just use the audits from the sample. You need information about the dates of the receipt of the financial statements and the dates of the finalization of each audit (not the sign off date but the date when it is actually sent to the appropriate authority) for each audit.

In some instances where a SAI consolidates the individual audit reports into one Report of the Auditor General, the timely submission may be determined by considering whether the SAI has submitted the consolidated Annual Audit Report to an appropriate authority such as

Parliament, within the established legal timeframe (where such a legal provision is in place) or agreed timeframe.

- (ii) **Timely publication** Also here, the calculation is made on the basis of all finalized audits during the year under review and share of those that have been published within the stipulated timeframes. In the case of external circumstances that may prevent or delay publication, you need to consider their permission as the starting point for the period during which the SAI has to publish (So, if the SAI submits the report in June but Parliament only tables it in November, then within 15 days of tabling the SAI should publish). In the case of Jurisdictional SAIs, where some audits cannot be published because they have led to a judicial process and are thus covered by confidentiality, they need to be excluded from the base of the calculation. So, if out of 100 finalised compliance audits during the year, 20 have resulted in court cases and 50 have been published within 15 days after the SAI is permitted to publish, the calculation is $50/(100-20)$ or 62% or a score of 1.
- (iii) **SAI follow-up of audit observations and recommendations:** This dimension examines the existence of a proper system within the SAI and not just the follow up done in the posterior audit report.

79. Question: Some criteria are not clear. In such cases, **we cannot be sure whether to look for all relevant paragraphs and requirements of an ISSAI or just the phrase included in the criterion.** For instance, in SAI-9 (i) criterion c, the criterion reads as ‘The auditor should apply the concept of materiality appropriately when planning and performing the audit’. This criterion does not explicitly say anything for ‘performance materiality’. In SAI-10 (i) criterion b, a similar criterion is framed as ‘The auditor should determine materiality for the financial statement as a whole (...), the materiality levels to be applied to (...) particular classes of transactions, account balances or disclosures’, and ‘should also determine performance materiality’. This criterion explicitly mentions performance materiality. So, for the example given, when performance materiality is not explicitly mentioned in SAI-9 (i) criterion c, but it is explained in the ISSAI under the relevant heading, do we need to consider the criterion in a narrower or broader perspective?

Answer: SAI-9 (12 and 15) assesses the standards/audit policies on the audit methodology adopted by the SAI. SAI 9 (i) criterion c, requires the auditor to apply the concept of materiality appropriately when planning and performing an audit. The criterion is phrased at a high level and it is implied that the materiality referred to includes all the forms of materiality detailed in ISSAI 200; provided the approach is relevant for the type of audit under execution.

If the SAI PMF was assessing all aspects of ISSAIs, it would be too comprehensive and hence difficult to apply. The general rule is that what is being assessed is that which is explicitly mentioned in the criteria. However, the assessment team can use professional judgement to determine the extent of a criterion requirement in relation to the other relevant details highlighted in the ISSAI. SAI 10 (i) criterion b, is more

explicit on the materiality types since at this stage, the assessment is about planning and actual implementation of the financial audit. In Principle, there is no difference in the materiality being referred to under SAI 9 (i) criterion c) and that in SAI 10 (i) criterion b) except that SAI 9 (i) c) considers the subject at a high level in the context of requirements in the guidance documents and SAI 10 (i) b) provides more details on the type of materiality to be determined at the audit execution stage. We also see that, SAI 9 (i) criterion s, highlights the same materiality details as those in SAI 10 (i) criterion b. The former considers the requirement from the standards/policies point of view and the latter considers the requirement from the planning and implementation perspective.

SAI-8: Audit Coverage

80. Question: Our SAI does not have jurisdictional functions. It also doesn't have a mandate to carry out performance audit (though this is under discussion). In this case, if we follow the No Score methodology, we will consider dimensions (ii) and (iv) of this indicator **Not Applicable**, and since more than one dimension is N/A, consequently give the whole indicator N/A. But that means that we don't get a score for our financial and compliance audit coverage.

Answer: *In this indicator, which is the only one that combines the different audit/control types in one indicator, we allow a special interpretation of the No Score methodology: In cases where the SAI doesn't have jurisdictional functions, one should disregard dimension (iv) when applying the No Score methodology, and aggregate the score as if the dimension had three dimensions only ((i), (ii), (iii)). In your case it would then mean that only one dimension (for performance audit) is considered Not Applicable, and the indicator score will be kept. The approach should be explained in the narrative.*

81. Question: Dimension (i) Financial Audit Coverage: The entities that our SAI audits do not automatically send their **financial statements** to the SAI. Instead, we obtain them when we go out to do the audit. How should we then measure this dimension (percentage of financial statements that are audited)?

Answer: *In such cases the assessor could base the scoring on the number (or value) of conducted financial audits compared to the total number (or value) of audit agencies that should be subject to financial audit. Provide an explanation in the text for why you have chosen a different approach.*

82. Question: SAI-8 dimension (i) – **Financial Audit Coverage**, do we take the audit sample as the basis for the calculation?

Answer: *No. To calculate financial audit coverage you need to obtain information from the SAI's systems for the year defined as the scope of the evaluation (the last year in which the SAI has received a complete or almost complete set of financial statements) about (a) the number of completed financial statements that the SAI has received within the determined period (in the case the SAI has instant access to the systems this equals the number that were foreseen in the plan, minus those financial statements that were not ready by the time the SAI had foreseen) (b) the number of financial audits finalized within the timeframe*

specified by the law, or in the absence of such the timeframes provided in the criteria. The % is calculated by dividing: b/a

83. Question: SAI 8 dimension (iv), Coverage of the Jurisdictional Control, does "**stock of accounts**" refer to the volume of transactions audited? Our SAI performs an adjudicatory function whereby we audit transactions (revenues, collections, disbursements etc.) and determine whether or not these are in accordance with laws, rules and regulations. If not, we issue a Notice of Charge or a Notice of Disallowance and we determine persons liable for these transactions. I guess the latter represents the "accounts judged" as mentioned in criterion (c).

Answer: *Stock in SAI 8 (iv) criterion (a) refers to the number of accounts to be judged under the SAI's authority. It is correct in the case presented that this will mean transactions. The word 'stock' is used as there may be some accounts/transactions carried over from the previous year. Criterion (b) is based on the financial value while criterion (c) is based on the work done as compared to the work scheduled.*

84. Question: Audit coverage, SAI 8 dimension (ii) criterion 'h' (performance audits): "During the past five years, the SAI has issued reports covering at least six of the following sectors/topics." and dimension (iii) criterion 'd' (compliance audits): "During the past three years topics addressed through audits have included at least one of the following: " We have decided to **score as 'not applicable'** these criteria since it is only last year that we started implementation of the new audit methodologies and we have therefore not covered the number of topics required by the criteria due to limited time. Is it correct to score these criteria as N/A based on the fact that we have just started implementation of the new audit methodology?

Answer: *As a starting point, the SAI must score the criterion on the basis of completed audits where the Auditor General or President of the SAI has signed off the reports, otherwise some of the criteria could not be scored, for example on reporting, and even evaluating evidence depending upon how complete the audits are. The fact that the SAI is in the first year of implementing a new audit methodology is not in itself good justification for scoring SAI 8 dimension (ii) criterion 'h' and dimension (iii) criterion 'd' as 'not applicable'. It is advisable that, in addition to the audits conducted on the basis of the new audit methodology, the SAI should consider other performance and compliance audits conducted using the old methodology as long as such audits were carried out within the period referred to by the criteria. Alternatively, the SAI could re-define the criteria by reducing the number of topics required in each case for the two types of audit. For either option, the SAI should clearly explain the calculations performed in arriving at the score for the criteria.*

85. Question: SAI 8 (ii), criterion a) “The SAI has set priorities for performance auditing based on the notion that economy, efficiency and effectiveness are audit objectives of equal importance to the legality and regularity of financial management and accounting” What is the **evidence** we can provide here?

Answer: You need to demonstrate that relative to financial and compliance audits, performance audits are of no less importance. Since the number of performance audits will usually be lower than those of financial and compliance audits as they take longer to complete, you need to look for other evidence. For example, the number of performance auditors vs. Financial and compliance auditors, the trend in the number of reports, or strategic objectives of the SAI related to improving performance audits. You can also consider whether performance audit is planned for and budgeted for at the organisational level in the same way compliance and financial audit disciplines are. A tendency by a SAI to re-allocate performance audit staff to either financial or compliance audit may be an indication that the SAI does not consider performance audit to be of equal importance to financial or compliance audits.

86. Question: SAI-8 (iii) c) “The process of selecting entities ensures that all entities within the SAI’s mandate are audited during the course of a reasonable period of time.” Many of our compliance audits are **transversal** and cover more than one entity under topics such as IT procurement etc. How can we demonstrate that this criterion is met?

Answer: It is important that each entity in the SAI’s mandate is subjected to compliance audit every couple of years. Entities with a higher risk rating could be audited every year. A transversal audit that covers more than one entity can be a way of ensuring coverage. The assessment team may request to review a long-term audit plan or another document that presents the SAI’s approach.

87. Question: SAI-8(iii), criterion a) “The selection of entities to be audited was based on a **systematic and documented assessment of risk and materiality**, and took into account the SAI’s available resources.” Can we base the assessment on the criterion developed and used by audit directors, or do we need a general selection process?

Answer: The SAI needs to have a formal and consistent approach for determining and assessing risks for the various entities that is written down.

88. Question: The term ‘audited’ used in SAI-8 needs further clarification. **Does ‘audited’ mean ‘fieldwork has been completed’ or ‘report has been published’?** In our case, reporting phase may take a considerable amount of time and in some cases, it may drag into the next audit cycle for reasons beyond our control.

Answer: The term ‘audited’ as used in SAI 8 (for example, in dimension i) means an audit that has been completed and a report produced and submitted to the authority charged with the responsibility to consider its findings. The authority referred to could be management of the audited entity or a body such as Parliament.

SAI-10: Financial Audit Process

89. Question: SAI-10 (i) k [and SAI-13 (i) m), SAI-16 (i) k), SAI-19 (i) f)] asks for a system to be in place in which it is ensured that auditors **comply with the SAI's ethical requirements in every audit**. If the SAI has a system to sign an ethical requirements check list for every audit, can the criterion be considered as met then?

Answer: *Yes, if they do this consistently, and have a system to monitor and keep a record of these. This also applies for the indicators on performance audit, compliance audit and jurisdictional control.*

SAI-11: Financial Audit Results

90. Question: Is it ok to score SAI-11 (i) (**timely submission** of financial audit results) on the basis of a sample of audit files? There is no system for recording the dates of submission of audit reports for the whole population in the SAI. The size of the sample of financial audits is however only 3, so not sure if that is representative enough to give a statement on the percentage of audits being timely like the indicator requires?

Answer: *The calculation is done on the basis of all audits finalised during the year of the review within the foreseen timeframes. It is not sufficient to just use the audits from the sample. You need information about the dates of the receipt of the financial statements and the dates of the finalization of each audit (not the sign off date but the date when it is actually sent to the appropriate authority) for each audit. The sample of 3 financial audits is not representative. The dimension would be scored 0 based on the fact that the assessment team can not obtain sufficient evidence on which to base their conclusion.*

It should however be noted that, for some SAIs, timely submission of audit results can also be in the context of the final consolidated Annual Audit Report. Under this arrangement, the legal framework will normally prescribe a specific time of the year when the final audit report should be submitted to a to a body such as Parliament (Public Accounts Committee) for consideration. Timely submission will thus be determined by finding out if the consolidated annual audit report was submitted to the appropriate authority within the timeframe stated in the legal framework or the agreed time. (See also guidance on Q 73).

SAI-12: Performance Audit Standards and Quality Management

91. Question: SAI 12 dimension (i). Do we need to **provide quotes for each criterion**? Sometimes those are very long.

Answer: *You don't need to provide quotes if those are too excessive, but you need to point to the relevant sections and pages in the standards and other guidance documents, and you need to assess for yourselves whether the content in those meets the criterion. Please use a table to clearly provide evidence for each criterion. It is not enough to say that the standards are in line with the ISSAIs.*

SAI-13: Performance Audit Process

92. Question: Dimension (iii) Reporting on Performance Audits states in criterion a) that “the auditors report their findings on the **economy and efficiency [of the use of resources] and the effectiveness** with which objectives are met”. To fulfill this criterion, is it necessary that the SAI, in its reports, explicitly mentions at least one of the E’s (economy, efficiency or effectiveness)? Or should we stick to the nature and main focus of the audit to check if it is targeted to induce improvement towards those E’s?

Answer: *Within the sample of performance reports they should have assessed aspects of economy, efficiency and effectiveness. It is more important to look at the content of the audit report - whether they are actually looking at aspects of economy, efficiency and effectiveness - instead of the words that are used. There are cases where the E-words can be mentioned in the reports and have been included as audit questions, but that they still haven’t really answered and looked at the three E’s in the report itself.*

93. Question: SAI-13 (ii), criterion e) “*The audit evidence “(...) should be placed in context, and all relevant arguments, pros and cons and different perspectives should be considered before conclusions can be drawn, reformulating the audit objective(s) and questions as needed”* If in one of the sampled audits we find that evidence has been placed in context, and besides that the audit team has decided to change one of the audit criteria in the process to better reflect this context, does this provide sufficient evidence for the entire criterion?

Answer: *As this is a composite criterion, you need to also examine whether all arguments, pros and cons have been reflected.*

94. Question: SAI-13 (ii), criterion g) “*“A high standard of professional behaviour should be maintained throughout the audit process (...).”* What document should we use to prove this?

Answer: *As in the supporting text to the criterion, you need to exercise your professional judgement as to whether auditors have worked systematically, with due care and objectivity. The basis will be the audit file and working documents.*

SAI 15: Compliance Audit Standards and Quality Management

95. Question: We have a criteria in SAI 15, Dimension (iii) Quality Control in Compliance Audit, criterion c) “Where difficult or contentious matters arise, SAIs should ensure that appropriate resources (such as technical experts) are used to deal with such matters” ISSAI 140: pg 11, and this criteria we also have in Financial and performance audit sections. **Please explain the meaning of technical expert.** Is it an expert, who will help auditors to understand some issues or is it an expert, who will do some parts of that audit?

Answer: Yes, it can be both. The technical expert in this context means a person(s) who can provide an expert opinion on an issue referred to them by the audit team or they can take part in conducting part of the audit depending on the agreement between the SAI and the expert. An expert will not always have to be hired from outside the SAI. There are situations in which a very experienced auditor in some field of audit and from another audit team would be called in to assist the audit team with specific audit issues for which they are technically well acquainted. What is important is that there are channels and mechanisms to ensure that the audit team can count on some expert support whenever they are in need.

96. Question: SAI 15 (i) criterion e) “Auditors should maintain effective communication throughout the audit process” ISSAI 400:49. We have good communication between board members and audit teams, and also between the Chairman of the Board and auditors, but **we cannot provide evidence** for that. We don't have any protocol or documents. What do we do?

Answer: SAI 15 (i) criterion e) is about communication between the audit team responsible for a specific audit, and the audited body (ministry, agency or such). This criterion does not refer to communication between management of the SAI and the auditors as suggested in the question. When gathering evidence for scoring the criterion, the assessment team should consider, among other factors, whether the SAI has policies in place that govern communication between the audited entity and the auditors and how this communication is done in practice., For example, is there a formal letter sent to the auditee at the beginning of the audit or an entry meeting between the auditors and the auditee to inform them about the audit process? In the end, it may be the assessment team’s professional judgement how this criterion is scored based on the available evidence. For example, the assessment team may obtain overwhelming feedback from all audit teams interviewed on the communication process, each team separately but consistently describing the same process, then the assessment team may consider the oral evidence although this would only supplement the documentary evidence in place for the criterion to be scored as met.

SAI-16: Compliance Audit Process

97. Question: Criterion j) of SAI-10 (i) states that “Auditors should plan the audit by developing an **audit strategy and an audit plan** (...) both the audit strategy and audit plan should be documented in writing. ISSAI 400:56”. The ISSAI here makes explicit mention of two documents, audit strategy and audit plan. What should be the content of each of those two documents? Here we have only one formal document to wrap up our planning phase, named “Matrix of Planning”. Maybe its contents cover the same points that should be covered in the aforementioned documents. We tried to find a description of them in the ISSAI 400 and in the ISSAI 100, but we did not succeed.

Answer: ISSAI 200, para. 80-84 appears to give the best description of audit strategies and audit plans. It would be advisable to use this as the basis, and adapting it if appropriate for the other audit types. ISSAI 100 and 400 do not provide much guidance on the content of the two, while ISSAI 300 is silent on the matter. The principle of substance over form is key here. There may not be two separate documents called

audit strategy and audit plan. It is also possible that some of the content related to audit strategy (at the engagement level) is covered in the SAI's overall annual audit plan (or similar document) at the organizational level.

98. Question: SAI-16, i) and iii), criteria d) and d) “Auditors should maintain effective communication throughout the audit process” and “the auditor should also inform the responsible party of the audit criteria” and d) “Auditors should maintain effective communication throughout the audit process”, and during the audit “instances of material non-compliance should be communicated to the appropriate level of management or those charged with governance.” What is the **focus** of each of those, and what **documents do we need as evidence**?

Answer: In the first case SAI-16(i) d) you need to have written evidence, for example in the form of a letter or minutes of a start-up information meeting with the audited entity where the specific audit criteria have been made clear to the auditee. In the second case SAI-16 (iii)-d, you need to see official communication such as a letter where the audit team has informed the management of the audited entity about instances of non-compliance. This can also be done in relation to requests for additional information and evidence.

99. Question: SAI-16 (i), criterion h) “Auditors should understand the control environment and the relevant internal controls (...)” While most of the understanding of the control environment and controls is done as part of the audit planning (which is the dimension of this criterion), during implementation there is additional understanding and study of internal controls. If the audit file shows significant such posterior study at the implementation stage, do we consider the criterion met or not?

Answer: Even though the criterion is referring to the audit planning stage and thus also to the expectation of certain preparatory work before the filed phase of the audit, of course the situation described is possible. As long as there is evidence of sufficient preliminary knowledge of the control environment that has allowed for planning audit procedures correctly, the criterion is met.

100. Question: SAI-16 (ii), criterion b) “If the auditor comes across instances of **non-compliance which may be indicative of fraud**, he or she should exercise due professional care and caution so as not to interfere with potential future legal proceedings or investigations” What document do we need to use to demonstrate the non-existence of fraud?

Answer: If in the audit no indications were found on the existence or possibility of fraud, this criterion does not apply and should be scored as not applicable. However, the assessor should consider if dimension (i) criterion i) which requires the auditor to assess the risk of fraud is met. If dimension (i) criterion i) is not met, it would be reasonable to score SAI 16 (ii) criterion b) as not met since the prerequisite for identification of the risk of fraud was not carried out in the first place.

101. Question: SAI-16 (iii), criterion c) “Auditors should evaluate whether **sufficient and appropriate audit evidence** is obtained and form relevant conclusions... so as to reduce audit risk to an acceptably low level... the evaluation further includes considerations of materiality... [and] the assurance level of the audit”. How can we prove that the evidence is sufficient, and conclusions are relevant?

Answer: *It is the professional judgement of the assessors based on the study of the audit report. This indicates the importance of the balance of expertise and skills required in the assessment team. It is recommended that the persons allocated to conduct the assessment of each audit type is an expert in that audit discipline. That way, the assessor can come to a reasonable conclusion based on their expertise and experience in the subject matter.*

Domain D: Financial Management, Assets and Support Services

SAI-21: Financial Management, Assets and Support Services

102. Question: What is meant by having “a functioning **Management Information System** which includes financial and performance information”? How is the fulfilment of this criterion seen from the practical point of view, is the emphasis put on the IT tool that is being used in accumulation and analysis of financial and performance measurement indicators?

Answer: *In line with the principle of substance over form, the focus is not on having an IT tool. A basic system in which financial and performance indicators are established, baselines are set and actual performance is monitored on a regular basis, is sufficient. The point is that these elements of performance are seen and analysed together, not just separately.*

Domain E: Human Resources and Training

SAI-22: Human Resource Management

103. Question: Dimension (ii) asks for a **human resource strategy**. Our SAI has no specific document that depicts our HR strategy. So, taking this wording literally, we would automatically score zero. However, our Strategic Plan comprises a section about HR. Can we use this as well to do our scoring?

Answer: *Yes, follow the principle of substance over form, as long as the strategic plan clearly covers the HR aspects required by the criteria.*

104. Question: To score “met” on criterion c) of dimension (iii), the SAI’s recruitment process should promote diversity. What is the precise meaning of “**promoting diversity**”? Is it to make sure that genders/races/minorities are proportionally considered? In our system, we recruit through a formal public contest, and everyone that fulfills the legal requirements can enter the process, and the ones who achieve the best grades in the tests are hired, following the order of classification. There are no legal provisions to ensure proportionality of gender or race.

Answer: As you suggest, “promoting diversity” is to make sure that e.g. gender, minorities are considered for positions and that recruitment processes allow this. If e.g. one gender or minority group is underrepresented and the SAI does not do anything in their procedures to promote diversity in the recruitment process, the criterion is not met, even though they are not discriminating them in the recruitment process (e.g. they can still apply through the formal public contest). In countries where promoting diversity in this way is illegal, then such actions are outside the control of the SAI, and the criterion would be scored as N/A.

105. Question: Our SAI is part of the civil service and the **human resources are centrally managed by the civil service authorities** in charge of human resource for the whole government. However, the SAI has some limited influence on some issues. For example, the SAI has three members sitting on the civil service team responsible for interviewing candidates during the recruitment process. Also, the SAI can propose to the civil service authorities when it needs to recruit or create a new position and the civil service authorities decide whether or not to grant the SAI such permission. Based on this information, should we assess SAI 22 or we should consider it as not applicable?

Answer: In evaluating an SAI’s human resource management, assessors should establish which functions are under the control of the SAI. Indicator, dimensions and criteria which relate to functions and processes determined outside the SAI should be considered not applicable, and the no score methodology should be applied. However, human resource management functions and processes should still be explained in the narrative description of the indicator.

Based on the information provided, it appears that the SAI has some significant influence on the human resource issues covered by the indicator. Therefore, we recommend that SAI 22 must be scored and not considered as ‘not applicable’. However, as stated in the guidance material, the dimensions and criterion under SAI 22 which relate to functions and processes outside the control of the SAI should be scored as ‘not applicable’.

106. Question: SAI-22 (i) criterion a: Does the SAI have to assign **HR responsibility** to an individual or a department?

Answer: Both are possible, what is important is that responsibilities and tasks are clear. In the case of an HR unit or department, this must be headed by a qualified individual.

107. Question: SAI-22 (i) criteria b-g (Assigning of responsibility to HR for various topics). What is the required evidence?

Answer: You need to determine whether there are clear written documents, such as a job profile or a charter of unit responsibilities that clearly assigns to the HR person or unit those specific tasks. However, you are not evaluating whether or not the task is actually done and with what quality. For example, criterion (b) asks if the responsibility for drafting an HR strategy and policy lie with the HR unit (or similar), but the measurement of the quality of those aspects is done in dimensions (ii) and (iii).

108. Question: SAI-22 (iii) criterion d: “In recent recruitments, the decision-making process involved more than one person”. How should we interpret this?

Answer: The criterion examines if the selection process for new recruitments has involved more than one person and thus has avoided being perceived as non-transparent and unjust. The criterion does not refer to the formal act of hiring where the contract is likely signed by the Head of SAI (usually one person).

SAI-23: Professional Development and Training

109. Question: To score “met” on g) of dimension (i), the SAI should have mechanisms in place to monitor and evaluate the result of professional development and training of staff. Does the expression “the result of professional development and training of staff” refer to the impact of training/development on the work performed by the trained staff or does it refer to the impact on the results of the organization?

Answer: Yes, it is correct that evaluating the results of professional development and training refers to the impact of the training/continuous professional development, on the work performed by the trained staff. The quality of the work performed by staff ultimately has an impact on the results of the organisation. The criterion aims to establish if the SAI has some routines/practice to monitor the progress it is making in this area of its operations. If such mechanisms, routines/practices are in place, the criterion is ‘met’.

110. Question: When calculating the score of a criterion with several sub-criteria, like in SAI-23: Do we consider the overall criterion not met if only one sub-criterion is not met? And what if one sub-criterion is Not Applicable, how should the scoring be done?

Answer: As a rule, all sub-criteria need to be met for the overall criterion to be considered met. In cases where a sub-criterion is not applicable, it should be considered as met for the purpose of assessing the overall criterion. See further guidance on no-score methodology in SAI PMF 2016, section 3.2.4.