

## Using SAI PMF for annual monitoring and partial assessments

# Guidance



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## A. Introduction

The current guidance is aimed at Supreme Audit Institutions (SAIs) that consider using the SAI Performance Measurement Framework (SAI PMF) for the purpose of annual monitoring or for partial assessment of only certain features of SAI performance, for example at the domain or indicator level.

The key strength of SAI PMF is that it allows for holistic assessment of the whole organization. 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. This is because the reasons for weak performance in one domain or indicator are often found in other domains than the one you are assessing – for example Human Resources and internal governance (measured in domains B and E) affect the quality of the audit work (measured in domain C).

At the same time, SAI PMF is an INTOSAI Global Public Good, which SAIs can make use of as they deem fit. There is evidence 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. Despite the caveat of a partial assessment not able to capture the key factors of performance holistic manner, there are instances when such annual monitoring or partial application of SAI PMF domains, indicators and/or dimensions may be worthwhile.

The aim of this guidance is to provide SAIs with specific advice on how to use the SAI PMF framework for the purposes of annual monitoring or partial application in terms of principles and scoring methodology, while at the same time preserving the integrity of the tool.

The guidance consists of two documents. The document at hand outlines the general principles and the methodology that should govern the use of SAI PMF elements for partial application. It also suggests a non-exhaustive list of combinations of domains and indicators that may yield meaningful results and identify to a good extent main reasons for performance observed. The second document specifies in the form of Excel-based tables which domains, indicators and dimensions are suitable for annual or partial assessment and what is the evidence base for assessing those.

## B. General Principles

- 1. Use SAI PMF for monitoring only after a fully-fledged SAI PMF assessment has been done:** A complete SAI PMF assessment provides the best and most thorough picture of SAI performance. The scoring of indicators and dimensions, while focused on the specific area that is assessed, also considers interlinkages and findings from other domains. Therefore, such scores present the most accurate picture of SAI performance. When applying a partial assessment or using indicators for monitoring purposes, the original SAI PMF scores will provide a reliable baseline, while the report will point to important interlinkages and additional findings in relation to those. It also establishes the requirements for the evidence base of a certain indicator. If the indicator is reassessed after a full SAI PMF assessment, the same level of rigor and type of evidence should be used. In addition, a complete SAI PMF report will include a background section that will

provide crucial information about the SAI's context and potential explanatory factors of performance stemming from its environment. Those will need to be considered and possibly updated when analyzing the findings of a partial assessment.

- 2. The analytical value of a partial assessment is more limited:** The biggest value of the SAI PMF assessment lies in the combination of an evidence-based assessment and a holistic scope across all key areas of SAI performance, such as audit coverage, quality and timeliness, as well as stakeholder management. This allows for a cross-cutting analysis of the root causes of SAI performance. Such analysis is more difficult with a partial assessment focused on a single domain. Therefore, it is important to invest efforts into interpreting the findings and scores and consider explanations of performance that go beyond what is strictly measured in the dimension or indicator.
- 3. The starting point for determining which SAI PMF domains, indicators or dimensions to measure with what frequency should be the strategic plan and the performance goals and related timeframe set there:** There can be two different scenarios of application of the SAI PMF framework beyond a full assessment: (a) Annual monitoring and (b) One-off assessment of domains or indicators to measure improvements across a broader performance area. Annual monitoring can be applied whenever the SAI expects significant year-on-year changes as a result of its capacity building efforts. A partial assessment could be done for example as part of mid-term review of the strategic plan, to support a more in-depth measurement of performance where changes would have required several years to manifest and be reflected in a change of score.
- 4. SAI PMF-related measurement can only form a part of an SAI's monitoring system:** A set of performance measures taken from the SAI PMF indicators, dimensions or criteria that are suitable for in-year monitoring needs to be combined with other suitable indicators to form a comprehensive monitoring system of the SAI's strategic plan. With that, principles of selecting Specific, Measurable, Attainable, Realistic and Time-Bound (SMART) indicators, as well as considering if performance indicators are economical, should be observed.

## C. Methodology and Evidence Base

- 5. The process should be done preferably by people trained and experienced in the SAI PMF methodology:** To ensure the reliability of the scores and findings, it is recommended that any partial assessment or annual monitoring is done by a person or a team of SAI staff that has been at least trained in the SAI PMF methodology. Ideally, they should also have practical experience from applying the methodology, for example from being part in the preceding assessment of their own SAI. It is important that tasks and responsibilities related to monitoring using SAI PMF measurement is an integral part of the SAI's monitoring system.
- 6. The SAI PMF evidence requirements should always be observed:** This guidance explains the main evidence sources for each indicator and dimension in the framework. Those are the same for annual monitoring or a partial assessment of performance in a certain area as they would be for a complete assessment. The guidance provided in the SAI PMF framework itself, as well as in supplementary documents such as the Frequently Asked Questions, should be considered as well.

- 7. Using the SAI PMF scoring sheets is strongly recommended:** The SAI PMF scoring sheets are designed as a tool to support the assessment process and ensure that evidence is collected and assessed rigorously for each criterion. They can be a valuable help for ensuring a systematic and easy to follow process. In addition, whenever used for annual monitoring of certain indicators, the scoring sheets can provide a useful tool for comparison of findings year-on-year.
- 8. Scores should be supported by an analysis of findings, considering SAI context:** If applied as a partial assessment at the domain, audit type or indicator level, the scoring should be supplemented by a narrative to analyze the findings. For annual monitoring, it is expected that the analysis would be included as part of the SAI's annual performance report. Aspects not measured by the criteria, such as SAI context or cross-cutting factors like leadership should be brought into the analysis.
- 9. The SAI PMF requirements and process for quality control should be observed:** Findings should be quality-checked in terms of factual correctness, completeness and adherence to the methodology. This means that there should be clear responsibility assigned for quality control of the assessment process. The IDI will not carry out an independent review of partial assessments or annual monitoring exercises. The IDI, will, nevertheless, be able to provide guidance on the monitoring process, scoring and methodological issues.
- 10. For scoring an entire indicator, where the aggregate score is based on the dimension scores, all dimensions should be assessed again:** It is not possible to assess only some dimensions and then use the "old" SAI PMF scores for others to calculate the indicator score. This would provide an inaccurate picture of performance.
- 11. Sample of audits:** For a partial assessment of Domain C, a sample of audits will be necessary. The requirements for the scope, size and selection of the sample described in section 1.6.4 of the SAI PFM document should be fully observed.
- 12. Repeat assessments:** Scoring certain parts of the SAI PMF does not replace a full repeat assessment, which is recommended after a period of around 3-5 years, or towards the end of a strategic plan's period.

## D. Suitability of Indicators and Dimensions for Annual Monitoring

- 13. Only few SAI PMF indicators and dimensions are suitable for the purposes of a regular annual monitoring exercise.** Most of the indicators and dimensions are constructed in such a way that it would not provide any value to monitor every year. It would take a longer time period for changes to materialize which would be reflected in a change of score. Except for specifically mentioned indicators, SAI's should therefore rather consider one-off assessments at a time when they would realistically expect changes or have planned for changes to have taken place. For specific performance goals in an SAI's strategic plan, it may be possible to use individual criteria for annual monitoring of those.

- 14. Domain A** covers the legal mandate of the SAI and its independence. Its evidence base is mostly the country's constitution and legal framework, and to a certain extent how the aspects regarding the SAI's independence and autonomy are applied in practice. Since changes in the legal framework are not frequent and take several years to come into effect, annual assessments of this domain are not advised. SAIs should rather consider performing a one-off assessment of the whole domain after changes in the legal framework have taken place. Often, those changes influence the mandate as well as independence of the SAI. Hence, assessing either of the two indicators individually would render less meaningful results.
- i. SAI-1** measures the degree of independence enjoyed by the SAI along four dimensions: (i) Appropriate and Effective Constitutional Framework, (ii) Financial Independence/Autonomy, (iii) Organizational Independence/Autonomy, and (iv) Independence of the Head of SAI and its officials. All of these are mainly assessed based on the legal framework but also include specific criteria that assess the actual practice. This particularly is the case for several criteria of dimension (ii). If the holistic SAI PMF assessment has demonstrated practical interference in the SAI's financial independence despite the legal framework, the SAI could consider monitoring this dimension annually in order to document the infringements and subsequent changes. The indicator has a significant influence on other indicators. Financial independence (SAI-1 ii) is strongly intertwined with the financial management function as measured by SAI-21. In a similar fashion, the SAI's organizational independence as measured in SAI-1 (iii) is linked with the measurement of the SAI's human resource management (SAI-22.) It may thus be sensible to assess those in combination.
  - ii. SAI-2** assesses the mandate and powers of the SAI. Since the evidence base regularly is the same legal framework as for SAI-1, it is recommended to assess both indicators together. The indicator naturally has a very strong influence on Domain C: SAI-8 (Audit Coverage) will depend on dimension (i) Sufficiently Broad Mandate. Weaknesses in dimension (ii) Access to Information may lead to weaknesses in the scores of the actual audit practice in Domain C. Similarly, the Right and Obligation to Report measured in dimensions (iii) determines timely submissions and publication of audit reports.
- 15. Domain B** assesses the overall internal governance structure of a SAI. The five indicators of the domain are very diverse and have only limited interconnectedness. The evidence base is also different for every indicator. Nonetheless, the domain could be suitable for a partial assessment, while keeping in mind that the findings of such an assessment are best to be used in relation to audit performance.
- i. SAI-3** assesses the content of the strategic and annual operational plans of the SAI as well as the planning process. It also assesses the SAI's monitoring and reporting on its own performance. Due to the different timeframes of processes measured in the different dimensions of this indicator, it is better to consider the case for using it for one-off taking stock at the dimension level unless the SAI has addressed shortcomings across various dimensions, in which case the entire indicator could be assessed. Dimensions (ii) Content of the Annual Plan / Operational Plan and (iv) Monitoring and Reporting on Performance are suitable for annual monitoring, while the longer-term changes of the Content of the Strategic Plan (dimension i) the Organizational Planning Process (dimension iii) are best left to one-off assessments after changes have taken place.

- ii. SAI-4** measures the performance of the SAI's organizational control environment along the dimensions (i) Internal Control Environment, (ii) System of Internal Control, (iii) Quality Control System, and (iv) Quality assurance system. Since all dimensions in this indicator require not only the existence of procedures, but also the implementation of said procedures, changes will take considerable time to have an effect. The indicator and any of its dimensions are thus only suitable for one-off assessments after procedures have been implemented. Dimension (iii) has a significant influence on the quality control for the various audit streams, which is measured in dimension (iii) of indicators SAI-9, SAI-12, SAI-15 and SAI-18 and the quality control of outsourced audits, SAI-5 (ii). It may be beneficial for the SAI to assess those in combination.
  - iii. SAI-5** measures the SAI's performance in outsourcing audit on the dimensions of (i) the Process for Selection of Contracted Auditors, (ii) the Quality Control, and (iii) the Quality Assurance of Outsourced Audits. This indicator may be assessed after wider-ranging changes in this area. It is not advisable to assess any of the dimensions individually, SAI should rather take stock of the overall practice. Since the evidence base for this indicator is not only a set of policies but also the actual practice, it may take significant time for changes to have an effect. This should be considered when choosing the time for the assessment.
  - iv. SAI-6** assesses (i) Leadership based on practices and initiatives, and (ii) Internal Communication based on principles, tools, systems and practices of the SAI. Due to its cross-cutting nature, the indicator is not suitable for a stand-alone assessment. However, the second dimension could be assessed once, if the systems and practices of internal communication have experienced a broader overhaul.
  - v. SAI-7** measures the SAI's overall audit planning, both from the perspective of process and from the perspective of the content of the annual audit plan. This indicator may be suitable for annual monitoring if the SAI PMF assessment has yielded poor results in this area. Annual measurement and related reporting can help emphasize the need for high-quality annual audit planning. The indicator should be measured as a whole since the process and content are closely interlinked. Both dimensions on their own only have limited telling power. The indicator has several important links to other areas of the SAI PMF framework. Firstly, the annual audit planning will be reflected in the performance on audit coverage, and the subsequent audit planning on the engagement level. The annual planning process, specifically its resourcing, has important interlinkages with criteria on time management and the staff recording system, as measured by SAI-21 (i).
- 16. Domain C** assesses the quality of the SAI's audit work including its various aspects and steps: audit coverage, the prerequisites for auditing like standards and manuals, the audit process, and its results. The evidence base ranges from general information on the volume and extent of the SAI's audit work through the standards and manuals used to a sample of audit files. Some of the indicators in this domain are well-suited for annual monitoring, while those based on a sample of audit files may be too resource-demanding to apply every year. Therefore, it is recommended to consider a one-off measurement per audit type based on a sample for indicators SAI-10, 13, 16, 19, having allowed enough time from the SAI PMF assessment to be able to expect reasonable performance changes in audit practices.

- i. SAI-8** measures the SAI's audit coverage in four dimensions, one per audit stream. The indicator as a whole or each of its dimensions can be applied annually for monitoring. SAIs should be aware of the linkage to SAI-2 (the mandate) and SAI-7 (audit planning), and the degree to which these influence the audit coverage. Dimension (i) Financial Audit Coverage and (iv) Coverage of the Jurisdictional Control are particularly suitable since the evidence base is the percentage of financial statements audited annually, and data on the ratio and value of the stock of accounts, respectively. It is important to choose the right moment for annual monitoring of those dimensions, i.e. a time when the audit year has been completed and fresh data is available. Dimensions (ii) Coverage, Selection and Objective of Performance Audits and (iii) Coverage, Selection and Objective of Compliance Audit on the other hand consider audit topics over several years and the selection process, rather than numbers. Annual changes in the scores may thus be negligible. It is suggested that any one-off assessment of one of the dimensions is carried out in combination with an assessment of the audit practice of the relevant audit stream.
- ii. SAI-9, SAI-12, and SAI-15** assess the SAIs Audit Standards and Quality Management in the three main audit types. The indicators comprise various dimensions with different requirements for evidence and different expectations about year-on-year changes. Therefore, it is not recommended to apply the whole indicators or any of its dimensions for annual monitoring purposes. However, they could be measured as part of a taking stock exercise, together with the rest of the audit indicators per audit type. The exception to this is dimension (iii) Quality Control. It assesses the quality control procedures at the engagement level as evidenced by audit files. Under circumstances where this is a main development area for the SAI and the SAI expects to see changes, the SAI may consider measuring this dimension annually based on a sample of audit files. If the SAI has a reliably functioning quality assurance system, the assessment of the strength of quality control using the respective SAI PMF dimensions can also be captured there in order to avoid duplication of work. However, be aware that the requirements for this dimension expect compliance with ISSAI 40 n terms the scope of quality control.
- iii. SAI 10, SAI-13 and SAI-16** assess the SAI's audit practice in the three main audit streams through the phases of (i) Audit Planning, (ii) Audit Implementation, and (iii) Evaluating Audit Evidence, Concluding and Reporting. The indicators are measured based on a sample of audit files which takes significant resources to undertake (see p.10 above). It is not advisable to measure either dimension (i) or dimension (ii) on its own, since the telling power of the three indicators lies in showing the connection of performance observations in the different stages of the auditing process. Dimension (iii) could be assessed annually with significantly less effort since that would be done based on the final audit reports only, without the need to review working files. However, all assessments of specific indicators or dimensions should be carried out only if there is reasonable expectation about changes and with due consideration of whether such measurement is economical and beneficial. In the usual case, it is recommended to apply the whole indicator as part of a taking stock exercise, together with the rest of the audit indicators per audit type.





indicator together with an assessment of the different audit streams in Domain C, to highlight the effect of professional development and training on audit quality. Dimension (i) is specifically influenced by the overall strategic planning and the human resource strategy as measured in SAI-3 (i) and SAI-22 (ii). The other dimensions, in turn, possibly have an influence on the audit team management and skills, as measured by dimension (ii) of indicators SAI-9, SAI-12, and SAI-15 as well as on the quality of the audits as such, as measured by SAI-10, SAI-13, and SAI-16.

**19. Domain F** measures the SAI's performance in Communication and Stakeholder Management. It assesses the SAI's communication strategy (SAI-24 i) and its specific communication practices with a range of institutional and non-institutional stakeholders. It is best suited to be assessed as a stocktaking exercise for the whole domain to get an overview of the communication practices of the SAI. Year-on-year changes of performance are likely to be minimal and annual monitoring is not advised.

**i. SAI-24**, which is assessing the communication strategy (dimension i) and the communication with legislature (ii), executive (iii), and judiciary (iv), has some strong linkages to other indicators. Thus, partial assessments of various combination are possible. Dimension (i) could be assessed in connection with SAI-3 Organizational Planning and SAI-22 (ii) Human Resource Strategy, to get an overview of all the different plans in the SAI. Dimensions (ii) and (iii) could form part of an assessment of the SAI's audit follow-up efforts, as measured by dimension (iii) of SAI-11, SAI-14, and SAI-17, depending on the audit type. Additionally, communication with the executive as measured in dimension (iii) of this indicator is linked to audit implementation (SAI-10, SAI-13, and SAI-16). Finally, dimension (iv) Communication with the Judiciary could form part of an assessment of the jurisdictional control practice of the SAI (SAI-18, SAI-19 and SAI-20).

**ii. SAI-25** measures the SAI's Communication with the Media, Citizens and Civil Society Organizations. It is best assessed in combination with SAI-24. SAI's should be aware of the link with SAI-2 (iii) the Right and Obligation to Report which may enhance or limit the SAI's ability to communicate.

**20. Every Domain can be assessed on its own.** SAI's should pick the most relevant indicators for a partial assessment between full assessments. That may mean picking a specific domain that reflects the areas the SAI would like to investigate in more detail. Still, caution is advised when considering if an entire domain should be measured. Domain B and C are voluminous, and it may be beneficial to pick the most pertinent indicators. For Domain E, an assessment of the domain is not strongly advised since the two indicators are very distinct, and each have very strong links to other indicators.

## E. Suggested Combinations of Indicators for Partial Assessments

- 21. The most suitable combinations of indicators for partial assessments reflect the SAI's development challenges, its strategic priorities, and recent changes in its organizational structure and products.** There are, though, several combinations that are suitable to follow-up on specific aspects of an SAI's performance:
- a. An assessment of the SAI's independence and its practical consequences.** Many SAIs face independence challenges, particularly when it comes to financial and operational independence. This often has an adverse effect on the financial and human resource management of the SAI. In such cases, an assessment shedding light on the practical consequences of a lack of independence may be advised. This is provided by combining SAI-1 Independence with SAI-21 Financial Management, Assets and Support Services and SAI-22 Human Resource Management.
  - b. An assessment of the SAI's ability to deliver on its mandate.** Changes in the legal framework of a SAI regularly affect its mandate, either expanding or curtailing it. In such cases, SAIs may wish to reassess its mandate against international standards. Changes in the mandate provide further challenges for a SAI, changing the requirements for annual audit planning and changing the definition of audit coverage. After changes in the mandate, it is beneficial to assess how the SAI has coped with them in its annual audit planning and in how far those changes have improved or worsened audit coverage. This can be done by combining SAI-2 Mandate with SAI-7 Audit Planning and/or SAI-8 Audit Coverage.
  - c. An assessment of the SAI's organizational planning practices.** Within a strategic period, SAIs often change parts of their organizational planning processes to reflect strategic priorities. Strategic and annual operational plans rightly influence the SAI's annual audit planning, human resource strategy, communication strategy and professional development plan. After a new strategic plan has been introduced, or after any of the other plans of the SAI have been significantly changed, it is useful to assess the plans' quality and the alignment between the plans and their underlying processes. This is done by combining SAI-3 Organizational Planning Cycle with any of or all the following indicators: SAI-7 Annual Audit Planning, SAI-22 (ii) Human Resource Strategy, SAI-23 (i) Professional Development Plans and SAI-24 (i) Communication Strategy.
  - d. An assessment of the SAI's approach to integrity and the quality of its work.** A key part of a well-functioning SAI is its organizational control environment, enhancing ethics and quality. Both is supported by strong leadership, setting the tone at the top. The overall approach of the SAI, from leadership initiatives to the systems and practices can be assessed by combining SAI-4 Organizational Control Environment with SAI-6 Leadership and Internal

Communication. SAI-6 to a large extent assesses whether SAI leadership has demonstrated its commitment to integrity and quality with relevant initiatives. To make the assessment meaningful, a critical and objective approach based on previously defined evidence is necessary.

- e. An assessment of the SAI's audit work and its prerequisites.** The goal of a partial assessment may be to assess the quality of audits and possible improvement for a certain audit type. The quality of audits is supported by and depends on the mandate, standards and guidelines, team management, quality control, and training and professional development. To assess all aspects of audit quality for each audit stream the following combinations are advisable:

Financial Audit	Performance Audit	Compliance Audit
<b>SAI-2</b> Mandate of the SAI	<b>SAI-2</b> Mandate of the SAI	<b>SAI-2</b> Mandate of the SAI
<b>SAI-9</b> Financial Audit Standards and Quality Management	<b>SAI-12</b> Performance Audit Standards and Quality Management	<b>SAI-15</b> Compliance Audit Standards and Quality Management
<b>SAI-10</b> Financial Audit Process	<b>SAI-13</b> Performance Audit Process	<b>SAI-16</b> Compliance Audit Process
<b>SAI-11</b> Financial Audit Results	<b>SAI-14</b> Performance Audit Results	<b>SAI-17</b> Compliance Audit Results
<b>SAI-23 (ii)</b> Financial Audit Professional Development and Training	<b>SAI-23 (iii)</b> Performance Audit Professional Development and Training	<b>SAI-23 (iv)</b> Compliance Audit Professional Development and Training

Due to the high number of indicators and because SAI-10, SAI-13, and SAI-16 are evidenced by a sample of audit files such a partial assessment requires significant human resources to complete. Focusing on one audit stream is thus advisable.

- f. An assessment of the SAI's audit follow-up efforts.** The follow-up of audit results is specifically measured by dimensions in domain C. However, an SAI's efforts often go beyond the follow-up activities and reports in a stricter sense and may include communication with the legislature and the executive (often in form of the audited entity), as well as the judiciary in the case of jurisdictional controls. To get a complete picture a combined assessment of SAI-11 (iii) SAI Follow-Up on Financial Audit, SAI-14 (iii) SAI Follow-up on Performance Audit, SAI-17 (iii) SAI Follow-Up on Compliance Audit, SAI-24 (ii) Communication with the Legislature, and SAI-24 (iii) Communication with the Executive can be useful. SAIs with a jurisdictional control function could add SAI-20 (iii) Follow-up on Jurisdictional Control and SAI-24 (iv) Communication with the Judiciary, Prosecuting and Investigating Agencies.



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