

## Terms of Reference (ToR)<sup>1</sup>

### Supreme Audit Institution Performance Measurement Framework (SAI PMF) Assessment in [SAI], [year]

#### 1. Background and Context

- *Confirmation of decision to undertake SAI PMF assessment*
- *Identification of the assessment owner/steering committee*
- *Brief background about the SAI and the country context (SAI type and reporting lines, mandate (mandatory and non-mandatory tasks), audit types performed, structure of the SAI, brief description of country governance, public financial management and public sector audit arrangements)*
- *SAI PMF version to be used*

#### 2. Purpose of the Assessment

- *Purpose of assessment*
- *Choice of assessment approach (linked to purpose)*
- *Planned use of the assessment results*

#### 3. Scope of the Assessment

- *Time period to be covered by the assessment (e.g. one given fiscal year)*
- *What audit types the SAI conducts (e.g. financial, compliance, performance audit, jurisdictional control), how these are combined in audit engagements (where relevant), and what audits will be assessed using which audit indicators in SAI PMF.<sup>2</sup>*
- *Whether the SAI outsources audit work*

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<sup>1</sup> Please note that this is a template only – the contents must be adapted to the circumstances of each individual assessment. Furthermore, the Terms of Reference apply to the whole assessment and can be regarded as a plan for the assessment. It is relevant for all assessments, including self assessments. If the assessment is carried out as an external assessment, it may be necessary to prepare additional Terms of Reference for a consultancy assignment, but those two documents are not the same and do not serve the same purpose.

<sup>2</sup> Experience shows that it is very important to define this early on in the process. As the audits SAIs carry out do not always correspond completely with the ISSAIs (in labeling or in nature), the assessment team must consider the main purpose of the various types of audit that the SAI carries out and decide whether it in fact carries out financial, compliance or performance audit as they are defined in the ISSAIs. Then the ToRs should make note of which types of the SAI's audit it is that will be examined when assessing the financial, compliance and performance audit indicators, respectively.

- *Which of the SAI's offices/departments will be covered by the assessment*
- *Any unusual responsibilities of the SAI, and whether and how these will be addressed in the assessment (e.g. pre-audit/control tasks, responsibility for financial statement preparation)*
- *Justification for any exclusions of indicators or dimensions from the assessment (including whether or not the jurisdictional control indicators will be applied)*

#### **4. Methodology and Reporting**

- *Confirmation that the assessment will follow the SAI PMF methodology as described in the SAI PMF document*
- *Confirmation that this will be an objective and evidence based assessment*
- *Main sources of evidence, including whether there are recent quality assurance reviews that may be relied on for evidence*
- *Description of the size of and methodology for identifying sample of audit files for review (independent decision by assessment team, random sample, stratification, etc.)*
- *Any confidentiality issues and arrangements*
- *Language of the report and any arrangements to handle any language barriers*

#### **5. The Assessment Team and Involvement of Stakeholders in the Assessment**

- *Identification of the team leader, and confirmation that the team leader has the necessary skills*
- *Experience and qualifications of the members of the assessment team (demonstrate that the team collectively has sufficient knowledge of SAI PMF and the types of audit performed by the SAI as well as knowledge of the ISSAIs)*
- *Description of the resources available to the assessment team (approximate no. of days, full time/part time work)*
- *Identification of key stakeholders for the assessment and what input is requested from them, including interviews with external stakeholders as part of the assessment*

#### **6. Responsibilities and Tasks of the Assessment Team**

*Division of responsibilities between the assessment team members, for example using the following table, that may be adapted as required:*

Task	Lead [name]	Support [name]
Team leader		
ToRs and planning		
Dialogue with SAI		
Quality control of draft report		
SAI Performance Report		
Foreword		
a) Executive summary		
b) Independent review statement	IDI	-
c) Observations on the SAI's performance and impact		
d) SAI management use of assessment results	SAI	-
1 Introduction		
2 Methodology		
3 Country and SAI background information		
3.1 Description of country governance arrangements...		
3.2 Description of public sector budgetary environment...		
3.3 Description of the SAI's legal framework, org. structure etc.		
5 SAI capacity development process		
4 Assessment of the SAI's environment, capability and performance [indicator report]		
4.1 Domain A: Independence and legal framework (SAI-1, SAI-2)		
4.2 Domain B: Internal governance and ethics (SAI-3, SAI-4, SAI-5, SAI-6, SAI-7)		
4.3 Domain C: Audit Quality and Reporting		
<i>Financial audit indicators (SAI-8 (i), SAI-10, SAI-11, SAI-12)</i>		
<i>Performance audit indicators (SAI-8 (ii), SAI-12, SAI-13, SAI-14)</i>		
<i>Compliance audit indicators (SAI-8 (iii), SAI-15, SAI-16, SAI-17)</i>		
<i>Jurisdictional control indicators (SAI-8 (iv), SAI-18, SAI-19, SAI-20)</i>		
4.4 Domain D: Management and support structures (SAI-21)		
4.5 Domain E: Human resources and training (SAI-22, SAI-23)		
4.6 Domain F: Communication and stakeholder management (SAI- 24, SAI-25)		

## 7. Key Steps in the Assessment Process

- Time period for the assessment
- Timeline (see below)<sup>3</sup>

<sup>3</sup> Provided as examples only - to be adapted to the circumstances of each individual assessment.

## Planning phase:

When	What	Who
	Approval for conduct of SAI PMF assessment	
	Identification of assessment owner/steering committee	
	Identification of assessment team	
	Prepare draft ToRs and share with IDI for independent review	
	Prepare background document request and interview schedule	
	Revise ToRs after comments from independent review	
	Discussion and agreement on ToR with SAI/assessment owner	
	Background documents received	
	Information sessions and other information activities for SAI management and staff who are not involved in the assessment	
	Interviews with SAI staff set up	
	...	
	...	

## Implementation phase

When	What	Who
	Preliminary review of background documentation	
	Sampling of audit files for review	
	Field work (interviews, document analysis, review of sample of audit files)	
	Discussion with SAI leadership on assessment progress and preliminary findings	
	...	
	...	

Note – a detailed time for the in-country field work and requested interview schedule may be developed separately.

## Reporting phase

When	What	Who
	Drafting of report sections	
	Drafting of section (iii) Observations on the SAI's Performance and Impact and Executive summary	
	Quality control within team (of draft report sections)	

	Prepare full draft report	
	Draft report sent to SAI for quality control of facts	
	Revisions to draft report based on comments from quality control in SAI	
	Draft report sent to IDI for independent review	
	Revisions to draft report based on comments from independent review	
	SAI performance report to SAI	
	SAI write section (ii) SAI Management Use of Assessment Results	
	Report sent to IDI for final independent review and issuance of Independent Review Statement	
	Report finalized and shared with the SAI	

## 8. Quality Control and Independent Review

- *Choice and design of quality control and independent review processes*
- *Timelines and responsibilities of different stakeholders in those processes, including the involvement of providers of financial support to the assessment, where relevant (see also table above)*

## 9. Use of the Assessment Results

- *How the SAI (and other stakeholders where relevant) plan to make use of the assessment results*
- *Ownership of the assessment report (the Head of the SAI should have responsibility for decisions on sharing and any publication of the assessment)*

## 10. Key Contacts

Name	Organisation	E-mail	Phone