Supreme Audit Institutions
Performance Measurement Framework

Frequently Asked Questions
Version 3

International Organization of Supreme Audit Institutions

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General Topics

Scope of the assessment

1. **Question**: Can an SAI **limit the scope** of the assessment to be conducted using the SAI PMF tool?

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 not recommended to limit the scope in order only to look at certain bits. A 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 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 etc.), then those indicators may be scored 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. If the scope is significantly reduced, or the methodology has not been followed, then it will however not be considered a full SAI PMF assessment.*

The assessment team

2. **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: *We recommend creating a new team with people from different departments and with different backgrounds every time an assessment is done. This will help ensure that the necessary variety of skills and knowledge is present in the team, and it also helps ensure ownership and acceptance of the assessment across the organization. Another thing is that the quality management processes in the SAI are also assessed, so it would pose some challenges for the independence and objectivity of the SAI PMF assessment if the QA office was always carrying out the assessment, as they would in effect evaluate their own work. The SAI PMF assessment should only be carried out every 3-5 years.*

3. **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. We keep a list of all those who have completed the training*

(including consultants), and can share this with those interested. It is not organisations, but individuals, who would be qualified to carry out assessments.

Sampling of audit files for review

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

Answer: As a rule there should be one sample of audit files for each audit type that is assessed. The samples should be selected randomly and stratified to cover different factors which may cause deviations in the quality of the audits, e.g. different departments in the SAI, the nature of the audited entities, locations such as HQ versus regional offices.

5. **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 criteria, should the criteria 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).

6. **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 objective 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.

7. **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. I would then suggest citing good practice as the SAI 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. It will result in low scores for SAI-5 (ii) and (iii). In these circumstances, it may be impossible to obtain working papers, and I think the SAI PMF team should not attempt to do so, but note it in the report. 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 review 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, I would include these in the population from which the sample of audits is drawn, and I would stratify the population on this 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, I would score the criteria as not met.

Other audit types

8. **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 at level 3, hence there are no specific indicators for it in the SAI PMF. IT and environmental audit would rather be considered audit topics that can be covered in compliance audits and/or performance audits. In a case like this I would have scored 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). And then, if the SAI is very interested in learning specifically about its performance in these areas (for example if it had capacity development projects in these areas),and there is time and resources available, I would in addition have made 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 looks at them and sees whether they are rather compliance or performance audits. Then if they are 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 on the basis of ISSAI 5310 on IT audit and ISSAI 5110 on environmental audit.*

9. **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 advice that we do?

Answer: *Pre-audit is not recognized as a separate audit type in the ISSAIs at level 3, 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 best 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". 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

10. **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, I would be inclined 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 make explain in the report that you have deviated from the basic rule of the No Score methodology and the reason why.*

11. **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 **SAI complies with all the level 4 ISSAI requirements** 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 level 4 ISSAIs, the assessor review this independent (level 4) assessment, and especially the assessor's overall conclusion. If it 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.

References to ISSAIs

12. **Question**: Some criteria contain **references to ISSAIs at level 4**, 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.

SAI PMF and other performance management processes

13. **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).*

14. **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 in ISSAIs level 3 (not level 4, 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.*

15. **Question**: What is the difference between SAI PMF and **iCATs (ISSAI Compliance Assessment Tool)**?
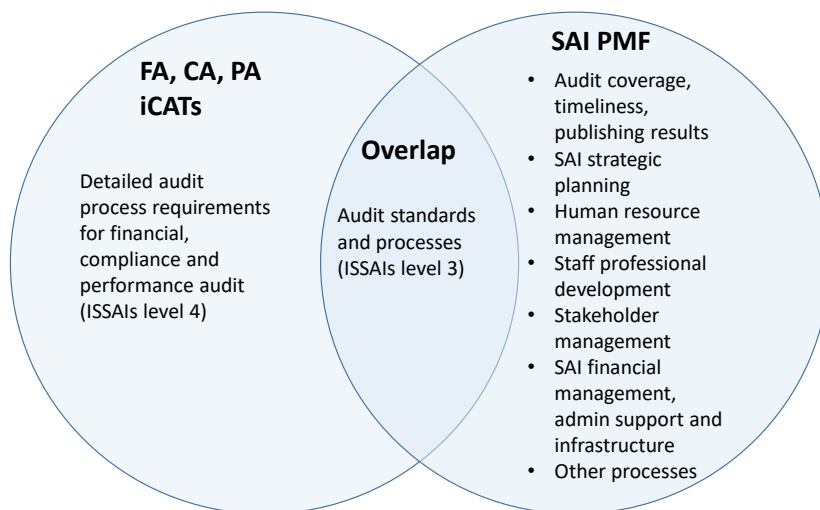
Answer: *The iCAT is a detailed tool to assist SAIs in mapping their current audit practices to ISSAI requirements, so that they can identify their needs for ISSAI implementation. The tool was developed by the IDI as part of its 3i program for ISSAI implementation, and iCAT mappings constitute an important 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 its 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 audit principles defined in the ISSAIs at level 3 (mainly ISSAI 200, 300 and 400). The iCATs on the other hand assess the SAI's compliance with the more detailed audit process requirements in the ISSAIs at level 4 (ISSAI 1000-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 level 3 and 4 ISSAIs 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

FA, CA, PA iCATs

Detailed audit process requirements for financial, compliance and performance audit (ISSAIs level 4)

Overlap

Audit standards and processes (ISSAIs level 3)

SAI PMF

- Audit coverage, timeliness, publishing results
- SAI strategic planning
- Human resource management
- Staff professional development
- Stakeholder management
- SAI financial management, admin support and infrastructure
- Other processes

Indicators

Domain A: Independence and Legal Framework

SAI-1: Independence of the SAI

16. **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 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.*

Domain B: Internal Governance and Ethics

SAI-3: Strategic Planning Cycle

17. **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. The important thing is whether a monitoring system exists and is functioning, not that it is necessarily documented in the annual plan document. As the system appears to be functioning in your SAI, I would consider the criterion met.

The principle 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.

18. **Question**: SAI-3, dimension (iii) looks at the **development of the strategic plan and the annual plan**. Does that 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.

19. **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 ISSAI 20, and we have been careful not to reword the ISSAIs (and potentially, re-interpreting them). While the quote includes the word 'may', our advice is that the criterion is only met if the SAI does the thing in question. So the ISSAI

says the SAI may do it, but SAI PMF scores it as met only if the SAI does do it. This because SAI PMF is not a tool for assessing ISSAI compliance, but for measuring performance of an SAI.

20. **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

21. **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 30. 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).

22. **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.

23. **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.courtofaudit.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.

24. **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.

25. **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.

26. **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* <u>completed</u> *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

27. 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.*

28. **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 40, 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 40 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 40 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 our public sector audit work.*

SAI-7: Overall Audit Planning

29. **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).*

Domain C: Audit Quality and Reporting

SAI-8: Audit Coverage

30. **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.

31. **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.

SAI-10: Financial Audit Process

32. **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

33. **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: Scoring this on a sample basis is acceptable. It is quite common that there is no system for recording the dates of submission of audit reports for the whole population. However, as this is a small sample size, include a footnote explaining the small sample size, in order to help explain performance changes if/when there is a repeat assessment.

SAI-13: Performance Audit Process

34. **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.

SAI-16: Compliance Audit Process

35. **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. I would suggest using that 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.*

Domain D: Financial Management, Assets and Support Services

SAI-21: Financial Management, Assets and Support Services

36. **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

37. **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.

38. **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 trough 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.

SAI-23: Professional Development and Training

39. **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: If they do one of the alternatives you mention the criterion is met: they are having some routines/practice that can monitor if there is an effect of the training provided.

40. **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.