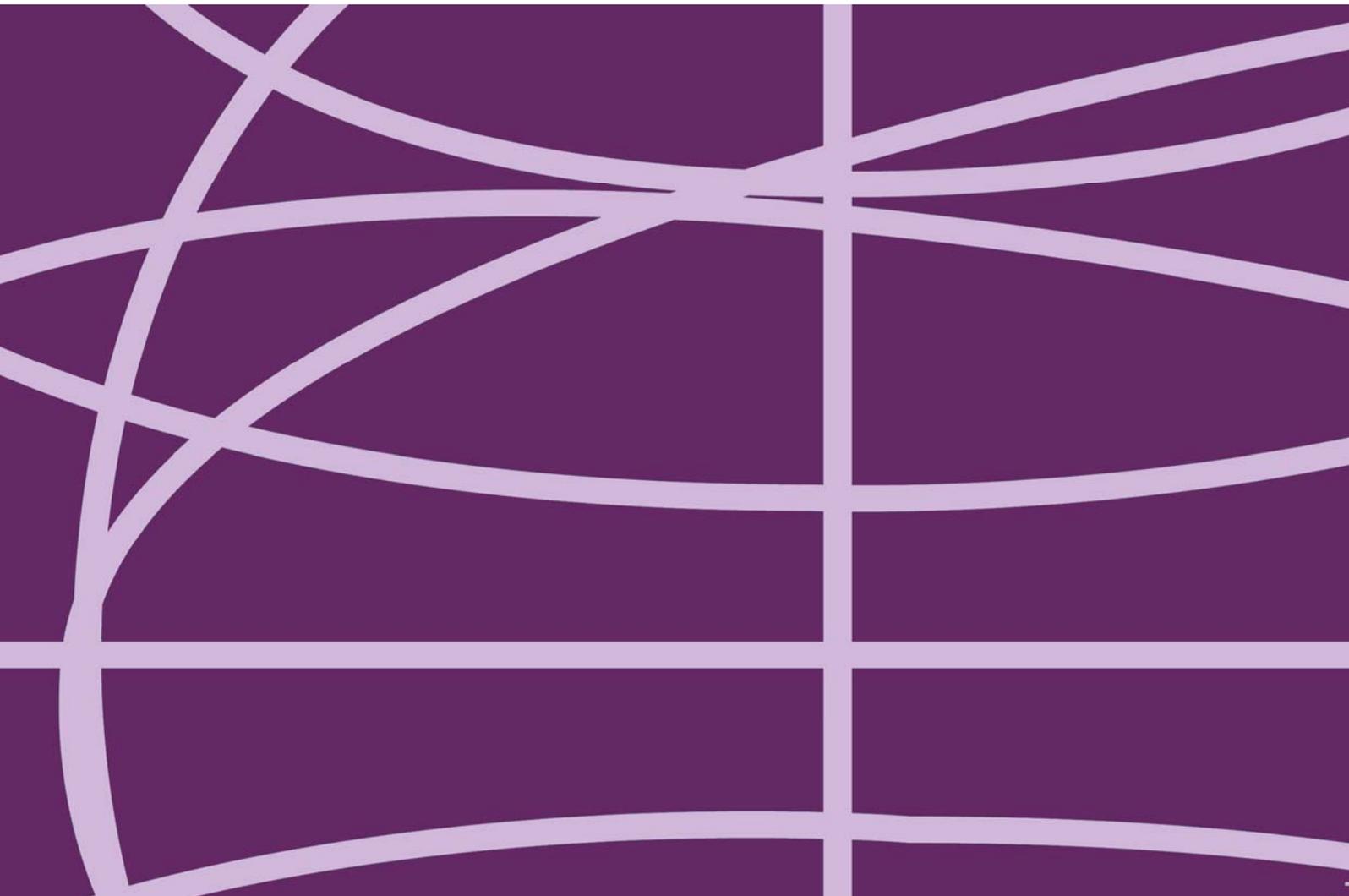


Peer Review Checklist

Appendix to Peer Review Guide

Endorsement version as of May 2010



This Checklist has been written by the members of the Capacity Building Sub-Committee 3 “Promote Best Practices and Quality Assurance through voluntary Peer Reviews” chaired by the German Bundesrechnungshof as an appendix to the Peer Review Guide.

This Checklist relies to some extent on the “Guidelines on audit quality” which have been developed by several SAIs in liaison with Sigma (OECD) and was approved by the VII EUOSAI Congress in 2008. These Guidelines are available at <http://www.eurosai.org/docs/AQGuidelines.pdf>

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Introduction

The following pages are designed to serve as a framework regarding issues that might be addressed in the course of a peer review. They include a checklist of questions. This checklist furnishes a catalogue of issues that may be covered in a peer review. It is neither a prescriptive list of issues that should or must be included nor is the checklist exhaustive. A peer review might certainly also cover other topics which are not mentioned in the checklist.

Against the background of the manifold differences in SAIs' audit mandates and tasks, not all of these questions will be applicable to all SAIs and the reviewed SAI might wish the peer review to be limited to or focus on selected specific items. An excellent tool / basis to decide on what an SAI wants the peer review to be limited to or focus on is a self-assessment, in order to identify areas for improvement. The self-assessment may also be based on this checklist. The peer review can then take place once the measures taken upon the results of this self-assessment are implemented in order to assess them.

The main function of the checklist is to ensure that the framework of the SAI's audit function can be reviewed comprehensively and to draw the reviewers' attention to issues which merit particular regard. It is also intended as a tool by which to compare the practical audit work with generally accepted standards. Therefore, the checklist is based on internationally accepted standards and compiles information for example from the "Guidelines on Audit Quality"¹ as well as from the International Standards of Supreme Audit Institutions (ISSAI), especially the Lima Declaration (ISSAI 1), the Mexico Declaration on SAI Independence (ISSAI 10), the ISSAI 20 and 21 on Transparency and Accountability and the ISSAI 40 on Quality Control for SAIs. There is also a strong international consensus on three fundamental elements of the legal base that are critical to the quality of an SAI's work:

- assured independence of the SAI, preferably by appropriate provisions in the country's constitution;
- a clear audit mandate, specified in legislation and coupled with the legal powers needed to implement that mandate; and
- assurance that the SAI will perform the audits that are expected of it in accordance with internationally accepted standards or other professional standards with which the SAI must comply.

¹Developed by several SAIs in liaison with Sigma (OECD) and approved by the VII EUROSAI Congress in 2008. These Guidelines are available at <http://www.eurosai.org/docs/AQGuidelines.pdf>.

1 Understanding the general framework

Accountability for the use of public funds is a cornerstone of good public financial management. SAIs are the national bodies responsible for scrutinising public revenue and expenditure and providing an independent opinion on how the executive branch has used public funds. These fundamental objectives guide the work of all SAIs, though their individual structure and management vary to a large extent. These depend on the constitution, tradition, history and a number of other reasons. The main types generally identified are

- the auditor general model,
- the board system and
- the court model.

Whereas the legal provisions governing the work of SAIs worldwide vary to a great degree, there is also strong international consensus that the principles laid down in the Declarations of Lima and Mexico should be adhered to if SAIs wish to perform their tasks efficiently and effectively. In comparing the institutional framework with the postulates expressed in these declarations, reviewers should bear in mind that their task is not to attempt to implement a model (their model), but rather to examine if the provisions provide for an adequate fulfilment of an SAI's tasks.

The following paragraphs deal with questions that may be asked by reviewers when they gather background information; from the reviewed SAIs' perspective, they may also hint at what to expect. The checklist may also serve as a yardstick for self-assessment practices.

1.1 Legal independence

The peers may gain an understanding as to how the Declaration of Lima's postulates regarding independence are met. Experience has shown that the legal provisions on independence are the key element of the general framework and understanding them is a key element of a successful peer review. Thus, they might wish to see how the establishment of the SAI and the necessary degree of their independence is laid down in the Constitution and/or applicable legislation; how the independence of its members and officials is guaranteed and what provisions are in place with a view to financial independence and relevant INTOSAI guidelines.

Special consideration should be given to freedom of outside influence on the audit opinions.

Independence should not only be guaranteed in the constitution and legislation, but also be guaranteed in the auditors' daily work.

- Does the SAI provide parliament with independent, objective and reliable information on Government performance?
- How is the head of SAI appointed?
- How long is his/her term of office?

1.2 Financial independence

- Is the SAI's financial independence guaranteed legally and evidenced in practice?
- Does the SAI receive sufficient funds to achieve its mandate, including accessing funds to buy in external advice and support if needed?
- Does the SAI present its budget to the parliament directly or indirectly – after discussion with the Treasurer?
- Is the SAI authorised to use the funds allotted to it under a separate budget heading as it sees fit or is the budget subject to any interference by the executive power or parliament?

1.3 Organisational independence

- Is the SAI's organisational structure (court system, auditor general or board system, etc.) set forth in legal provisions or in some other way formally approved?
- Is the organisation structure suitable to fulfil the SAI's mandate?

1.4 Audit mandate

- Are the powers of action open to the SAI laid down in the constitution and/or applicable legislation and do these specify its missions, powers and responsibilities? This chiefly concerns its right to freely to decide upon the selection, implementation, reporting and follow up on audits.
- Does the SAI's mandate describe the procedures for reporting audit findings and auditee's obligation to fully cooperate with its auditors by giving them free access to all the information or documents they seek?

1.5 Audit functions and approach

- What precisely are the audit functions of the SAI?
- May the SAI exercise its audit functions at its own discretion or are there also mandatory audits to perform?
- Do they cover the central government level or do they also extend to regional

and local government as well as to state owned enterprises or other entities?

- Do they encompass private entities as well, for example if they receive public funds?
- Does the SAI's audit cover all government operations and transactions that have a financial impact?
- Are the SAI's basic audit powers, duties and reporting responsibilities embodied in the Constitution or other legislation?
- Are rules in place that define the relationship with internal auditors and with other government entities and with private audit firms that carry out external audits in the public sector?

1.6 Strategy

- Has the SAI imposed upon itself a performance standard that it strives to achieve?
- Are those standards adhered to by its staff and do key stakeholders perceive the SAI to be working to sound professional standards?
- Has the SAI developed strategic goals based upon this self-imposed standard, which govern the achievement of its aims, (for example its advisory functions, real-time audit etc.), its focus on audit standards (financial and performance audit etc.) and the proper and effective use of public funds as well as the development of sound financial management?
- May employees participate in the definition of the SAI's strategic goals?
- Does the SAI have, and implement, an audit strategy and performance indicators that constitute guidance allowing it to address its tasks and evaluate the impact for the audited bodies as well as for public finances?

1.7 Internal governance

- Does audit legislation authorise the SAI to issue rules and regulations for the internal governance of the organisation, including such matters as selection, training, functions and promotion of staff?
- Has the SAI developed an ethics code describing what is expected of staff and formalising processes to avoid conflicts of interest and other improper actions?
- Does the SAI effectively formalise and implement the values of ethics and integrity based on the principles generally accepted by the INTOSAI community?
- Does the SAI encourage the development of an auditor's behaviour that is consistent with these values?
- Does a policy exist to monitor compliance to ethics and independence requirements?

- Does the SAI regularly review its working methods, manuals and practices to improve its effectiveness?

1.8 Accountability

- To whom does the SAI report on its activities and performance?
- Is this done by means of periodic public reporting?
- Is the SAI subjected to periodic external scrutiny and/or audit? Is it ensured that the scope of this audit does not interfere with the SAI's independence?
- Are the processes for selecting the external auditors transparent?
- Are the results of the external scrutiny process made publicly available and are agreed recommendations acted on by the SAI?
- Does the SAI report regularly on how its resources have been used and what results have been achieved?

1.9 Legal / administrative recommendations

- Is the SAI authorised to propose recommendations for amendments to draft laws and administrative procedures when it notes room for improvement?
- Is the SAI authorised to draw attention to audit findings that have a bearing on the rationale for policy decisions or on the impact of such decisions?
- Is the SAI authorised to recommend legislative amendments, if it has found evidence that applicable legal provisions have or may have effects not desired by the Legislature or if the SAI finds that the Legislature's objectives can be achieved more efficiently?
- Does the SAI make use of these authorisations?

2 Internal standards and regulations / quality control procedures

2.1 Audit types

- What types of audit does the SAI perform?
- How does the SAI balance the different types of audit, i.e. regularity/compliance, financial and performance audit, and combinations thereof?

2.1.1 Financial and regularity/compliance audit

- Does the SAI have a mandate for auditing the adherence to regulations providing the basis for disbursements, collection of revenues and commitment of funds?
- Does the mandate cover the accuracy with which revenues and expenditures are calculated, supported by vouchers and stated in the accounts as well as compliance

with applicable financial management, provisions and principles?

- Does the SAI have jurisdictional functions? What are the procedures and sanctions applied?

2.1.2 Performance audit

- Does the SAI carry out various methods of performance audits such as: process based studies, organisational studies, impact and outcome studies, cost benefit analysis, specific service and quality management studies, environmental and IT audits?
- Are provisions in place with regard to looking into whether the optimum ratio between the objectives pursued and the resources utilised has been sought and obtained?
- Does the SAI examine the economy, efficiency and effectiveness of measures?
- Does the audit cover the effectiveness of government operations and transactions including the extent to which agreed targets have been achieved (effectiveness)?
- Does the audit cover the examination of the extent to which the input of resources was kept to the minimum necessary to achieve the preset objectives (efficiency)?
- Does the audit also imply a need for evaluating programme results?
- As a matter of principle, such an evaluation should address the following aspects:
 - target achievement;
 - outcomes;
 - performance (efficiency of implementation and efficiency of the programme itself?); and
 - the impact on the general public.

2.1.3 Exceptions and materiality of findings

- Is it laid down that the SAI should avoid audit gaps whenever possible, i.e. is it ensured that the widest possible overview over public financial management is achieved?
- Especially, is the avoidance of audit gaps that impose a material risk laid down?

2.1.4 Real-time audit

- Are there any rules authorising the SAI to perform audit work at an early stage of a project or programme, e.g. once a decision has been taken but expenditure has not yet been incurred and any potential damage might still be avoided?

2.2 Audit standards

- Does the SAI use audit standards which clearly set out how audit work has to be performed?
- Do these standards align with the audit tasks, INTOSAI standards (ISSAIs) as well as other guidelines and professional standards?
- If yes, how does the SAI make sure that these standards are implemented?
- If the auditors follow international / external standards – do they need to give a reason when they decide not to adhere to them in an individual case?
- Does the SAI conduct audit missions in accordance with its own standards?
- Does the SAI see to it that its standards are regularly updated?
- Are the standards easily available for all auditors (e.g. in libraries, in the form of electronic records or via the Internet)?
- Is there a procedure in place to verify that all auditors know the standards?
- Are the audit standards disseminated?
- Are the standards clearly authorised and are SAI staff obliged to adhere to them when carrying out their audit work?
- How are auditors encouraged to master and widely use the standards?
- Has the SAI, as a first step, defined and decided upon the appropriate standards and level of quality for its outputs and then established comprehensive procedures designed to ensure that this level of quality is attained?
- Does the SAI have a role in (national) standard setting for (..)government(..) accounting and auditing standards?
- If not, is the relationship between the SAI and the entity responsible for developing government accounting standards defined?
- Is the SAI involved in legislation concerning audit procedures?

2.3 Quality control

- Do the audit standards provide for reviews of quality control?
- Are there systems and procedures in place to:
 - confirm that integral quality assurance processes have operated satisfactorily;
 - ensure the quality of the audit report;
 - ensure improvements and avoid repetition of weaknesses;
 - make sure that there is a good communication flow;
 - make sure that there is a feedback process;
 - implement the principles of ISSAI 40.
- Has the SAI also established its own quality control arrangements regarding audit planning, conducting and reporting?
- May audits be reviewed in depth by suitably qualified SAI staff not involved in

those audits and is this actually done?

- Is there a guarantee that audit work is performed by one official and authorised by another?
- Are there processes in place to identify generic lessons from these quality reviews and to disseminate these within the SAI?
- Does the SAI have a quality assurance manual in compliance with international standards?
- Does the manual set up the goals and demand of audit quality?
- Does the manual describe responsibilities, processes, methodologies as well as the means to measure the quality of SAIs audits?
- Does the SAI have a detailed plan of each audit it plans to deliver that sets clearly as to how the audit will be conducted?
- Does the team of each audit report regularly about the development of audit work and compliance with the planning as well as with the quality assurance manual?

2.4 Internal / external review

- Has the SAI instituted its own internal audit function with a wide charter to assist it to achieve effective management of its own operations and sustain the quality of its performance?
- Does this internal audit function report directly to the head of the SAI?
- Is there a formal process for ensuring that the recommendations of the internal audit function are acted on, once the SAI has accepted them?
- Does the SAI set an internal review to prevent risks and provide a reasonable assurance to fulfil in good conditions the missions it is assigned according to its objectives, strategy and performance criteria (see also point 3.2.3 Efficiency)?
- Does the SAI seek the views of auditees regarding the quality of its audit reports?
- Has a team of quality assurance auditors been formed to carry out these tasks?
- Does the SAI periodically evaluate its work methods by self assessments in order to implement a process of continuous improvement?
- Does the SAI undergo periodic external evaluation, e.g. peer reviews, of its work as part of a commitment to a continuous improvement process?

2.5 Relations to other public entities

- Is the relationship between the SAI and Legislature and also Government clearly defined by law according to the conditions and requirements of the national situation, with SAI independence as the guiding principle?

2.6 Security of information

- Does the SAI have clear standards in place to assure that information is treated with due confidentiality?
- Does the SAI ensure that privileged information acquired is made available only to the addressee and not to third parties?
- Does the SAI ensure the communication of these standards among the auditors as well as their application?

3 Structural aspects

3.1 Formal rules

3.1.1 Structure and responsibilities

- Does the SAI possess an organisational structure that enables it to fulfil its tasks in good conditions of effectiveness, economy and efficiency?
- Are functions and responsibilities defined clearly and transparently for all staff and are overlaps avoided?
- On the other hand, is the full coverage of all SAI tasks ensured?
- Does the SAI have an efficient system of internal reporting and communication?
- Does the SAI have a mechanism in place to ensure quality control and quality assurance within the overall structure?
- Is there a commitment on the part of the SAI's top executive to promote and ensure that quality control is practised?

3.1.2 Alterations in the audit tasks

- Is the SAI able and flexible enough to respond to changes in its audit tasks in a timely manner, provided the law permits?

3.2 Functional areas

3.2.1 The audit process – structure and documentation

- Is the entire audit process clearly structured and are the roles of all those involved defined clearly and transparently?
- Is there a clear procedure for resolving differences of opinion?
- Is the audit process adequately and continuously documented?
- Does the SAI have a wide field of attributions to evaluate and decide on all aspects that are essential for the accomplishment of its missions?

3.2.2 Technical and administrative requirements

- Does the SAI possess the technical and communicational means needed to fulfil its tasks?
- Is the IT equipment adequate?
- Does the SAI foster the use and the development of information technologies, including the use of computer based auditing methods?
- Have training events on computer-assisted auditing been held?

- Does an audit manual on IT assisted audit exist?
- Does this include an (electronic) archiving function and the internet/intranet?
- Are there administrative units within the SAI which support the work of audit teams by carrying out clerical, IT and publishing tasks?

3.2.3 Economy, efficiency and effectiveness

- Are there provisions (e.g. financial and human resources, logistical and transport provisions) to ensure that the SAI performs its tasks in an economic, efficient and effective way?
- Does the SAI have benchmarks to monitor its performance and does it address weaknesses?
- Is information about weaknesses in the SAI's performance reported to senior management and consistently acted upon?

3.2.4 Human resources

3.2.4.1 General strategy

- Has the SAI established a clear strategy providing adequate assurance it has the necessary staff, both in numbers and skills, to address its tasks (workforce plan)?
- Are there clear policies in place covering such human resource issues as staff entitlements to training and development, staff appraisals, pay and remuneration, dealing with conflicts of interest, and staff rotation?
- Does the SAI have a policy in place to identify the staff having the skills currently needed by the SAI?
- Does the SAI provide for maintaining know-how of staff leaving the organisation?
- Does the SAI lay stress on personal/social skills as well as technical skills?

3.2.4.3 Recruitment strategy

- Has the SAI established a clear strategy for recruiting and selecting new staff members?
- Does the SAI seek excellence and anticipate it's future needs according to the type of work the SAI expects to perform in the future?
- Is the recruitment strategy separated from the general strategy?
- Does it provide for education objectives and programmes, or are these drawn up in a separate document?
- Can the SAI access persons with specialised knowledge such as engineers, architects or IT specialists?

- Does the SAI use adequate ways of recruiting (e.g. assessment centres etc.) and is it independent in selecting new staff?
- Does the SAI ensure that its staffing needs are publicly known so as to make the hiring process transparent and generally open to applicants, thus providing for equal opportunities?
- Does the SAI place adequate emphasis on professional education and experience when recruiting staff?

3.2.4.3 Initial and induction training

- Does the SAI provide initial training and induction training designed to help new arrivals? This concerns (among other things) such matters as organisational structure, internal and external working relationships, ethical standards, performance standards, etc.
- Does induction training include a trial period and a period of practical field work?
- Does the SAI prefer recruiting skilled/experienced staff or does it want to train the newcomers itself?

3.2.4.4 Technical and skills training

- Does the SAI provide for technical and skills training intended to equip auditors with the methodological knowledge and skills needed to plan, conduct and report on whatever type of audit (compliance, regularity, financial or performance) the individual auditor is expected to perform, and to do so efficiently and at a high level of quality?
- Does the SAI have a dedicated technical support unit that updates technical documents and provide support?
- Does the SAI use staff as facilitators who have considerable expertise/experience in the knowledge and skill areas which shall be trained?
- Are staff training needs evaluated?
- Are auditors given the chance to point out training opportunities at home or abroad?

3.2.4.5 Managerial training

- Is there managerial training for those supervising an audit team?
- Does this ensure that managers have the skills required as they progress within the organisation, for example operational and strategic planning, budgeting for time and money, analysing of results, communication, presentation and social skills?
- Is there a strategy in place to identify and train future managers?

3.2.4.6 Continued training

- Is there a policy in place to ensure that auditors routinely undergo training to continuously maintain and enhance their professional capabilities?
- Does the SAI have a commitment to life-long learning?
- Is there a training programme detailed by weeks and months, and are education objectives determined for a year or a longer period?
- Is there a mechanism in place to ensure that all auditors take part in training?
- In order to improve the knowledge and know-how of staff, and help them deal with the increasing diversity of the tasks they have to undertake, do they have the opportunity to benefit from external training courses, internships, or secondments – including the opportunity to participate in joint audit missions with other SAIs ?
- Are employees adequately motivated to develop their professional skills?

3.2.4.7 Evaluation

- Is staff performance evaluated on a regular basis?
- Are the evaluation criteria generally known?
- Is the evaluation performed objectively?
- Are the objectives and the proposed use of evaluation results been defined?

3.2.4.8 Employee feedback

- Does the SAI ensure that staff are treated fairly and equally? Does the SAI obtain feedback on these issues?
- Is a mechanism in place allowing staff to express their opinions confidentially and permitting that the suggestions made are taken into account?

4 Audit approach

Audit approaches vary according to the mandates of SAIs. The following subparagraph therefore deals first with questions that apply to all forms and mandates, while the second subparagraph lists questions that will only be asked if the SAI's audit mandate provides for the specific type of audit.

4.1 Audit selection

4.1.1 General strategy

The general strategy may differ in respect to mandatory financial audits – with the legal obligation to cover all entities – and performance audits that are fully under discretion of the individual SAI.

- Does the SAI give proper consideration to the following when it decides what areas to audit and when to perform those audits:
 - the assessment of risks and the significance, sensitivity and materiality and added value of the audit topics;
 - the financial and human resources required for the performance of particular audits, including consideration of the availability of audit staff with the required skills, also taking into account the size and complexity of the auditee;
 - the time at which the results of particular audits are likely to prove most useful, including consideration of timing requirements imposed by law;
 - the potential need to revise audit priorities in response to changing circumstances; and
 - the selection and timing of audits may also be influenced by the work of internal auditors or other auditors performing audits on the same bodies.

4.1.2 Priority of audit tasks

- When selecting audit tasks to be included in audit planning, does the SAI take due care to avoid audit gaps?
- Does the SAI use relevant criteria to prioritise audit topics?
- How does the SAI handle relative priority among potential audit subjects, considering audits required by law, where applicable, and the limits of the mandate?
- Do indicators exist for quickly and reliably measuring the financial weight, materiality and risk of the audit?
- Is the SAI free to use a sampling technique?
- Is the SAI free to leave specific accounts unaudited?

4.1.3 Selection of bodies to be audited

- Does the SAI select audit subjects with a view to generating audit findings that provide an overview of the government operations that come under its audit authority?
- Does the SAI collect information about the audited subjects and use this to identify areas which merit inspection?

4.1.4 Cost efficiency

Cost-consciousness may require that preference be given to audits which, based on previous knowledge, are likely to generate significant findings.

- Are new audit areas also adequately taken into account?
- Are there rules to this effect?

4.2 Audit planning

4.2.1 Resources

- Does the reviewed SAI have an effective process in place by which it decides on how to use its discretionary resources to best effect?
- Are resources used in audit(..) missions allocated appropriately?
- Are audits delivered within the deadlines?
- Does the SAI use any information collected during previous audit(..) work or benchmarking exercises to help it estimate adequately resources and timeframe of the audits?
- Are contingency plans in place to reduce the delays caused by the assignment of staff to other tasks, leave of absence or sick leave?
- Does the SAI have a policy of considering the need for financial and human resources required for the performance of particular audits, in particular:
 - the number and skills of the staff available for the audit;
 - the resources such as time, funding and others including external expertise, when relevant, necessary for conducting audit work; and
 - the risks that may be encountered in the audit?

4.2.2 Adequacy

- Does the SAI develop an understanding of the environment, accountability and key management systems of the audited body prior to the actual audit?
- Are there procedures in place to ensure the quality of the audit questions and methods, which are supposed to be used in the audit?

- Does the SAI provide for a follow-up review to determine whether appropriate action has been taken on audit findings and recommendation previously reported?
- Does the SAI ensure that the audits delivered by the SAI are in accordance with its applicable standards?
- Does the SAI identify the key elements of the internal control system?

4.3 Audit implementation

4.3.1 Staff

Does the SAI have a policy to ensure that

- all those involved in the audit understand the plan as a whole and the tasks assigned to that person;
- each official involved in the audit has the skills needed to carry out the assigned tasks; and
- there are no conflicts of interest or other factors that might impede any official involved in the audit from carrying out the assigned tasks in a competent and objective manner?
- Is the non-existence of conflicts of interest recorded?
- prior to the approval of the plan, those involved have been given the opportunity to express an opinion on the tasks assigned to them and to participate in the development of the plan.

4.3.2 Documentation and procedures

- Is the audit process documented adequately and transparently? Is the same true for internal decision-making?
- Are the audit records duly registered to facilitate finding them?
- Are the physical and environmental conditions appropriate to ensure the adequate preservation of the records irrespective of whether they are on paper or in electronic form?
- Are appropriate steps taken in the following areas:
 - audit documentation is properly kept, adequately describes audit tests and findings, is referenced and is easily traced to the relevant elements of the task plan and detailed audit programmes;
 - the audit plan provides the links under which the working papers can be found;
 - treatment of printed evidence in a computer-assisted audit;
 - audit evidence is sufficient and appropriate;

- audit evidence procedures are properly followed;
- security levels are in place to limit the access to documents which form part of the audit evidence;
- the planned audit approach remains appropriate in the light of information gathered in the audit or appropriate changes are made;
- internal control systems of the audited body are properly documented, evaluated and tested;
- controls of an IT nature are adequately taken into account;
- proper sampling, analytical procedures, data gathering and information analysis techniques are used, where appropriate;
- working papers include relevant, reliable and sufficient evidence supporting all findings, opinions, conclusions and recommendations;
- auditors have documented the work performed in such a manner that an independent person should be able to re-perform the work and be able to understand the nature, timing and extent of the work that was done; and
- a checklist is drafted to ensure that the work done is properly documented.

4.3.3 Review before field work

- Before starting actual field work, is the plan reviewed to assure that it can be properly implemented?
- Are all members of the audit team involved in this review to ensure that everyone understands the plan as a whole as well as their roles in the audit, and to give them an opportunity to raise any concerns that they may have?
- Are auditors encouraged to point out possible shortcomings in the audit task plan and in the quality control system?
- Is the audit scope and/or task plan adjusted if significant unanticipated problems arise?
- Are these modifications submitted to the manager in charge for approval?
- Does the SAI adopt and implement professional standards; strengthen methods and techniques for preventing and detecting fraud and corruption; enhance communication and reporting, and foster the publication and use of guidelines and procedure manuals?

4.3.4 Continuous documentation

- Is the completion of individual tasks in the audit plan documented and reviewed, evidenced and approved by the immediate supervisor of the auditor responsible?
- Are audit working papers systematically collected, reviewed and maintained?
- Are changes in the approved audit plan documented, along with the reasons for

them, especially if they significantly alter the audit methodology or the timetable or other resources required to carry it out?

- Are those changes reviewed and approved by the official, if any, who approved the original plan?

4.3.5 Supervision during audit

- Does the organisational structure include a supervision department or is the supervisor part of the audit team?
- Or who else is in charge of supervision?
- Does the audit team leader adequately supervise those involved in the audit to control that the audit tasks are carried out properly?

4.3.6 Review upon audit completion

- With a view to identify changes and improvements necessary for future audits: Does the audit team leader, and his/her supervisors, if any, review all aspects of the audit tasks performed during the audit, including tests carried out, findings and working papers and document such reviews?
- Does the relevant auditor/audit team examine the causes and consequences of the shortcomings found during the audit process?

4.3.7 External expertise

- Does the SAI seek assistance from external experts if unexpected problems or technical issues are encountered during the audit work requiring skills beyond those represented in the team?
- Does the SAI ensure that the work performed by the expert is properly documented and evaluated?
- Is a glossary drawn up of the technical terms used by the external experts in order to ensure understandability?

4.4 Audit reporting

4.4.1 Methodology

- Are reported audit issues properly analysed and concluded?
- Have all audit findings been evaluated as to their materiality, legality and factual evidence and all relevant material findings included?
- Are all the facts fairly presented?
- Are sources of facts, figures and quotations mentioned?

- Are relevant and material events subsequent to the audit taken into account, to the extent that the auditor is aware of and documents them?
- Is there documentary evidence in support of all conclusions and opinions?
- Is there a clear audit trail for audit steps, findings, conclusions and recommendations prepared by the auditor and his assistants?
- Are the working papers fully cross-referenced?
- Are reports concise, clear, timely, precise, simple, objective, balanced and constructive?
- Are they clearly perceived and well understood by the auditee and the various stakeholders?
- Are all findings and conclusions supported by adequate and reliable audit evidence in the audit working papers?
- Are the recommendations developed by the SAI in accordance with standards of good professional practice?
- Do reports, where applicable, expressly present positive conclusions or state relevant measures and sanctions to be taken by the SAI?
- If so, does the auditor ensure there is sufficient evidence to support such positive conclusions?
- Are time limits adhered to?
- Are applicable procedures followed with regard to serious irregularities and fraud discovered in the audit?
- Is the full methodology of the audit performed well described in the reports providing therefore more transparency and credibility to the findings?

4.4.2 Internal procedure

- Who is involved in drafting the report?
- Is it ensured that the report is in line with the audit findings?
- Are the reports reviewed for adequacy, conclusiveness, properness, readability etc. by an experienced auditor, audit panels and/or a prosecutor general office which are independent of the audit team?
- If applicable, is this review coupled with or followed by further reviews of the draft report at higher levels or other parts of the organisation, especially if the subject of the report is sensitive or the material is unusually complex or technical? Such review by a transversal department is recommended to avoid, especially on legal issues, successive inconsistent opinions, stemming from different units, issued by the SAI.
- Is there any clear statutory provision and internal guidance as to who has the authority to approve and issue the audit report (audit manager, audit panel, other)?

4.4.3 Different viewpoints / conflicting evidence

- Is the draft audit report, after internal review, provided to the audited body for review and comment within a specified time frame?
- To what extent are comments received from an audited body considered by the SAI?
- Are these comments published in the report?
- How are factual disagreements resolved?
- Is all material conflicting evidence acknowledged in the report, together with an explanation of why it has been rejected or is not reflected in the report conclusions?

4.4.4 Reporting on misdemeanour

- Does reporting take place in accordance with the SAI's mandate and relevant legislation?
- Does the audit process foresee and the SAI ensure that cases of misdemeanour, such as fraudulent behaviour, violation of contracts or other criminal offences are reported to the prosecuting authorities without delay?

4.5 Follow-up and further treatment of the SAI's findings

4.5.1 Follow-up

- Are follow-up audits conducted?
- Is there adequate and sufficient monitoring that the audit recommendations are followed in due course?
- Is the time period between completion of the audit and the follow-up on the implementation of the recommendations specified?
- Are there methods governing the implementation of follow-ups, as well as definite criteria specifying when a follow-up is to be made?
- Does the SAI comply with it?
- In case the recommendations are not implemented or not implemented in due course – does the SAI ensure this is documented and justified by the auditee?

4.5.2 Impact of performance audits performed by the SAI

- Does the SAI assess the impact of its audits on the performance of the auditee?
- Does the evaluation take into account the views of the various stakeholders?
- Are there quantifiable indicators for measuring the impact of the audit?
- Did implemented recommendations achieve improvements in performance?

4.5.3 Perception of the SAI

- Are there indicators of the way the SAI, its tasks, mission performance, and professional competence is perceived?
- Is the SAI a body held in high esteem for the work it performs?
- Is the SAI regarded as an independent and professional organisation and respected by the public in general and the various stakeholders in particular as having positive influence on the improvement of state activities?
- Is the perception of the SAI evaluated?
- In what way are the results obtained from the evaluation to be used?
- What types of mechanisms have been considered to improve the perception of the SAI from its stakeholders' perspective?

4.5.4 Publication

- If audit legislation empowers the SAI to publish the results of its work: are those publications elaborated with a view to being understandable to report users and to the general public?
- In what form are the reports distributed?
- Does the SAI publish on the internet as well?
- What type of relationship does the SAI have with the media?

4.5.5 Managing institutional risk

- How does the SAI handle potential cases of audit failure, i.e. when complex audits, possibly also involving matters which are highly visible and/or politically sensitive, might undermine its credibility?
- Has it established a clear procedure for assessing these institutional risks and for adapting to them, considering such matters as complexity of the audit, audit costs, controversy associated with the matters being audited and likely co-operation or resistance by the audited body?

4.5.6 Managing external relations

- Does the SAI devote management time and attention to strengthening relations with
- parliament and its committees;
 - the government to achieve improvements in government accounting and internal controls;
 - line ministries and state agencies, to enable auditors to do their work efficiently, without interference and impediments;
 - the media, to assure that the public is aware of key SAI products and of the actions taken (or not taken) in response;

- private sector auditors and relevant professional associations, as to sharing experiences that can strengthen quality in both sectors;
- the academic community to facilitate drawing on that source of specialised expertise, when needed, and in recruiting high quality graduates; and
- the audit community, including co-operation at the bilateral and multilateral level, to facilitate benchmarking, sharing of knowledge, experiences, techniques and information on good practices.