OFFICE OF THE AUDITOR GENERAL OF STATE FINANCES

REPUBLIC OF RWANDA

QUALITY CONTROL MANUAL

SEPTEMBER 2015

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FOREWORD

In its Fundamental Auditing Principles, INTOSAI has recognized the essential importance of quality in audit work and the role that quality assurance plays in ensuring quality. In keeping with that principle, OAG Rwanda has adopted Quality Assurance guidelines in the AFROSAI-E Quality Assurance Handbook for SAIs.

This Manual includes detailed information about quality control at the SAI and financial audit engagement levels because such controls are essential prerequisites for a meaningful quality assurance function. In the appendices of this Manual are job aids (templates, checklists and samples) which are intended to provide practical 'how to' guidance on the quality assurance review process. These guidance and tools have been adapted from various sources and follow international best practice. The design of this Manual is based on the premise that that OAG will implement policies and procedures intended to meet the requirements of the INTOSAI standards on quality control.

The Manual is tailored to provide practical guidance to OAG management team, audit teams and quality reviewers working with quality assurance at OAG. Full reference has been made to the set of ISSAIs adopted in November 2010 and other applicable standards. Furthermore, emphasis and guidance has been given to provide guidance to the SAIs in setting up or strengthening their quality assurance functions as well as annual reporting on quality assurance reviews. Another area which has received emphasis in this Manual is the revised institutional reviews, regularity and performance audit questionnaires. The new questionnaires are now based on the updated AFROSAI- E Institutional Capacity Building Framework (ICBF).

The Manual is a living document. It will be updated periodically in conjunction with AFROSAI-E, to keep abreast with the developments in the area of quality assurance. I hope OAG will use this Manual to enhance the quality assurance function.

I wish to thank AFROSAI-E for developing the Quality Assurance Guidelines and all OAG staff involved in tailoring the AFROSAI-E Quality Assurance guidelines to OAG Rwanda environment. I am grateful to them for their dedication and appreciative of their valuable contributions.

Obadiah R. BIRARO
Auditor General

Kigali,

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LIST OF ABBREVIATIONS

AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
EQCR	Engagement Quality Control Review
OAG	Office of the Auditor General of State Finances
INTOSAI	International Organisation of Supreme Audit Institutions
ISQC	International Standards on Quality Control
ISSAI	International Standards of Supreme Audit Institutions
QA	Quality Assurance
QAR	Quality Assurance Review
QARU	Quality Assurance Review Unit
QC	Quality Control

1. INTRODUCTION

1.1 Mandate of OAG

The mandate and independence of the OAG are derived from Article 183 of the Constitution of the Republic of Rwanda of 4 June 2003 as amended todate and its mission, organisation and functions are determined by Law no 79/2013 of 11/09/2013 Determining the Mission and Functioning of the Office of the Auditor General of States Finances.

Due to public demand the audit profession is currently under pressure to strengthen the quality of audits and the audit office's quality control practices over the provision of audit, assurance and related services. In this regard, the Office of the Auditor General (OAG) has decided to develop its quality control strategy to ensure that the OAG and its personnel comply with professional standards and applicable legal and regulatory requirements and that audit reports issued are appropriate in the circumstances.

OAG vision is "to promote an accountable, honest and effective Government administration. And the Mission is "to promote accountability, transparency and best practice in government operations as a means to good governance" within the National Integrity Framework."

The values promoted by Rwanda's Office of the Auditor General (OAG) are:

- Integrity;
- Objectivity;
- Independence;
- Accountability;
- Confidentiality; and
- In Public interest.

1.2 Purpose of Quality Control Manual

This manual has been developed by the Office of the Auditor General (OAG) as part of an overall process to uplift the quality of the audit engagements carried out and the reports issued by the OAG. The manual is compliant to ISQC 1, ISSAI 40 and other requirements of International Standards of Supreme Audit Institutions (ISSAIs) and will be maintained and updated by the OAG in line with the AFROSAI-E Secretariat technical team guidance.

The objective of this manual is to document the OAG's established system of quality control, which combines both requirements and application material of ISQC 1 and the requirements of ISSAI 40, to provide reasonable assurance that the OAG and its personnel comply with professional standards and regulatory and legal requirements; and reports issued by the OAG are appropriate in the circumstances.

All the information in this manual is aimed at providing the Quality Control Review Team with a methodology for conducting Quality Control Reviews. The Checklists are standardised and the method of documenting and referencing information is also provided to ensure consistency.
This manual has to be read together with the OAG's policies and procedures, the audit manual, code of ethics, audit standards and any other relevant documents.

1.3 OAG's Policies, manuals and guidelines

OAG is guided by the following policies:

OAG Policies	Purpose	Date of issuance	Responsible person for Implementation
Human Resource Policy	Gives guidance on matters related to the management and administration of human resources in the OAG.	1 September 2015	Secretary General
ICT Policy	Gives guidance on IT related matters at OAG, including: • Effective use of ICT resources; • Awareness for employees to know what is appropriate and inappropriate use of ICT resources; and • How to eliminate usage that could undermine the reputation of OAG, threaten the security of the computer network, expose OAG to risk of litigation and/ or amount to employee misconduct.	1 September 2015	Head of ICT
Public Relations and Communication Policy	Provides guidance on communications across the OAG are well coordinated, managed and responsive to the diverse information needs of the various stakeholders. Good internal communication is a prerequisite to achieve good external communication.	1 September 2015	Secretary General
Code of Conduct	Provides guidance on Ethical requirements for all OAG staff and how they should conduct themselves	Approved	Auditor General
Training Policy	Provides guidance on OAG training policy and framework for delivering both internal and external trainings necessary to build and maintain appropriate staff capacity	1 September 2015	Director of QAD
Law no 79/2013 of 11/09/2013 determining the mission, organisation and functions of OAG and relevant instruments to implement this Law such as Strategic plans	This law details the mission, organisation and functions of OAG and provides framework for the functioning of the OAG	Law published in Gazette on 11/09/2013	Auditor General
OAG Audit manuals (Regularity audit, performance audit, etc)	The Audit Manuals provide guidance on how OAG conducts Audits and sets expectations for Audit teams and relevant working papers to be used during the audits.	Audit manuals 2013 being implemented since November 2014	Directors of Audit (Regularity and Performance Audits)
Quality controls and assurance policy and manual	This Manual provides guidance on the Quality Control procedures necessary to enhance quality of OAG products and quality assurance policies in place to monitor the implementation of the Quality Control procedures.	1 September 2015	Director of QAD
Risk Management Policy	This provides guidance on Risk Management framework at OAG	Draft not yet approved	Head of QAD

1.4 Key definitions and Concepts on Quality Control and Assurance

Quality Control

Quality control consists of the systems and practices designed to ensure that OAG issues audit reports that are appropriate in the circumstances, and in accordance with applicable legislation

and standards. This can be ensured by engagement quality control reviews (also known as pre-issuance).

Quality control should be implemented with respect to the following aspects of the audit process:

- Selecting matters for audit;
- Deciding the timing of the audit;
- Planning the audit;
- Executing the audit;
- Evaluating the findings;
- Reporting audit results, including conclusions and recommendations; and
- Following up audit reports to ensure that appropriate action is taken.

Quality Assurance

Quality Assurance provides independent assurance to the Auditor General that the quality control systems and practices in the OAG are working effectively and that the OAG is issuing appropriate audit reports. It is the mechanism established by OAG to ensure that necessary quality controls are established and are being implemented; and Potential ways of strengthening or otherwise improving quality controls are identified.

Quality assurance focuses on the design and operation of the quality control system by persons independent of the system /audit under review. The purpose of quality assurance is not to criticize systems/audits but to help ensure that audit products and services meet the required international best practice, and meet the needs of the OAG's stakeholders.

1.5 Elements of control system

The quality control system of a SAI includes all the documented policies and procedures necessary to achieve the above goal. In order to do that management of the SAI need to understand the processes directly or indirectly contributing to the quality of their primary output or product – the audit reports. Both the IFAC (ISQC1) and INTOSAI standards (ISSAI 40) have outlined the main requirements on SAIs in the following categories:

- Leadership responsibilities for quality within the SAI;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Human resources;
- Engagement performance; and
- Monitoring.

2. GENERAL ROLES AND RESPONSIBILITIES OF ALL OAG STAFF

Each OAG staff is, to varying degrees, responsible for implementing the quality control policies and procedures set by the organisation.

All OAG personnel are required to have high commitment to quality, and to encourage and promote those who are equally committed to quality performance.

The Auditor General has ultimate authority and responsibility for the system of quality control. He / She may delegate authority for managing the OAG's system of quality control to a person(s) with sufficient and appropriate experience to assume that role.

All OAG personnel are required to comply with to the following guidelines:

- Recognising ethical behaviour and quality of service as the first priority so that political, economic or other considerations do not compromise the quality of the work performed;
- Reading, understanding, and following the OAG's Values, and Guiding Principles;
- Understanding their responsibilities to identify, disclose, and document threats to independence and the process to be followed to address and manage identified threats;
- Avoiding circumstances where independence may or appear to be impaired;
- Complying with continuing professional development requirements including maintenance of records as evidence thereof;
- Remaining abreast of current developments in the profession, applicable assurance standards, disclosure and accounting practices, quality control, firm standards, and other relevant developments;
- Providing assistance to other staff when needed and requested, to help them learn through shared knowledge and experience and improve the quality service;
- Keeping time control records to track and identify time spent on audit engagement and other office activities;
- Safeguarding and properly using and maintaining office and computer and other shared assets. This includes using the OAG's technological resources only for appropriate business purposes;
- Keeping OAG's and client information secure and confidential;
- Informing Top management any observations of significant breaches in OAG's quality control, ethics including independence, confidentiality, or inappropriate use of resources;
- Documenting and maintaining appropriate records when significant professional advice is given or requested;
- Documenting and maintaining appropriate records of all significant consultations, discussions, analyses, resolutions, and conclusions on independence threat management, difficult or contentious issues, differences of opinion, and conflicts of interest; and
- Following the OAG's standard practices for work hours, attendance, administration, meeting deadlines, and quality control.

3. LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE OAG

3.1 Tone at the Top

The Auditor General decides on all key matters regarding the OAG and its professional practice. The Auditor General accepts responsibility for leading and promoting a quality assurance culture within the OAG and for providing and maintaining this manual and all other necessary practical aids and guidance to support engagement quality. In addition, the OAG will designate from among its staff, on an annual or other periodic basis, the person(s) responsible for the elements of the quality control system. The overall responsibility for the quality control system rests with the Auditor General.

The persons who take specific responsibilities and duties for the quality control system are required to have sufficient and appropriate experience and ability, and the necessary authority, to carry out their responsibilities.

The OAG should strive to achieve a culture that recognises and rewards high quality work throughout the institution. To achieve such a culture the Auditor General is required to set the right "tone at the top" which emphasises the importance of quality in all of the work of the OAG, including work contracted out. Furthermore, to achieve such a culture clear, consistent and frequent actions that emphasise the importance of quality are required from all levels of the OAG's management.

3.2 Delegation of Quality control responsibility for Audit activities

The responsibility and accountability within the audit teams have been delegated to Audit Team Leaders with the assistance of Senior Auditor and the Audit Director. These operational managers are responsible for the quality control of audit activities for which they are accountable and for the promotion of the culture that recognises and rewards high quality work. Specific roles and responsibilities for Quality Assurance at different staff levels are detailed in different OAG policies and Audit Manuals. **Section 7** of this manual provides guidance on role different Audit staff in the performance of Audit process.

3.3 Communication of OAG Policies to promote quality assurance culture within the OAG

The OAG's quality control policies and procedures are detailed in **section 1.3** of this manual and are communicated to staff through:

- Specific policies indicated in section 1.3 of this manual
- The OAG's Strategic Plans;
- The OAG's Operational Plans;
- Training workshops;
- Internal Memos;
- Regular meetings;
- Quality assurance review reports.

3.3 Monitoring implementation of OAG Policies

Mechanisms for monitoring implementation of OAG policies will be done through the Quality Assurance Mechanisms detailed in section 8 of this manual.

4. RELEVANT ETHICAL REQUIREMENTS

4.1 Policies and procedures to enhance compliance with ethical requirements

The OAG has an established Code of Conduct to guide its personnel to comply with relevant ethical requirements. All personnel of the OAG (Top Management and staff) are required to implement and comply with the OAG's Code of Ethics and independence provisions contained in ISQC 1; ISSAI 10; and ISSAI 1220.

All Top Management and staff are required to assume personal responsibility for the periodic review of the contents of the OAG's Code of Ethics.

All Top Management and staff are required to be aware of and understand the OAG's Code of Ethics.

4.2 Independence of OAG and staff

4.2.1 Independence requirements

The OAG, Auditor General and all staff must be independent both in mind and in appearance of their audit clients and engagements. Independence shall be maintained as set forth in and by:

- The OAG's Code of Ethics;
- ISQC 1;
- ISSAI 10; and
- ISSAI 1220

Threats to independence must be eliminated or reduced to an acceptable level by applying appropriate safeguards. (Refer to **Appendix 1** for guidance on identification and documenting threats to Independence). Instances of non-compliance with the independence requirements shall be reported to the Auditor General.

4.2.2 Responsibilities for independence at OAG

The OAG is responsible for the development, implementation, monitoring, and enforcement of policies and procedures designed to assist all the Auditor General and staff in understanding, identifying, documenting, and managing independence threats and for the resolution of independence issues. The OAG must document the details of identified threats and the safeguards applied.

The Auditor General is ultimately responsible on the OAG's behalf and, therefore, has the final decision on any independence threat resolution, including:

- Determining and imposing specified safeguards, actions, and procedures to address threats appropriately;
- Hearing and investigating unresolved independence compliance concerns raised by members of the audit team;
- Ensuring appropriate documentation of the process and resolution of each significant independence issue;
- Invoking sanctions for non-compliance;
- Initiating and participating in pre-emptive planning measures to help avoid and address potential independence concerns; and
- Arranging additional consultation, if needed.

Director of Quality Assurance and Audit Development

The Director of Quality Assurance is responsible for communicating all identified instances of non-compliance to the Auditor General and other relevant individuals. The Director of Quality Assurance must also ensure an appropriate resolution of independence threats that have not

been adequately resolved or reduced to an acceptable level, and report instances of non-compliance to the Auditor General.

The Director of Quality Assurance and Audit Development has responsibility for:

- Maintenance of the OAG's ethics policies;
- Identifying required policy changes as they relate to ethics;
- Providing guidance and consultation on ethics-related matters to all personnel, for example, independence, conflict of interest;
- Monitoring compliance with OAG's policy and procedures on all ethics matters;
- Reporting instances of non-compliance with OAG policy to the Auditor General; and

Audit Director, Audit Managers, Team Leaders and Supervisors

The audit Director/manager shall take whatever reasonable actions are necessary and possible to eliminate or reduce any independence threat to an acceptable level through the application of appropriate safeguards. These actions may include:

- Replacing a member of the audit team;
- Ceasing or altering specific types of work or services performed in an engagement;
- Excluding the member of the audit team from any significant decision-making concerning the engagement;
- Submitting work for additional review by other audit team member; and
- Taking any other reasonable actions that are appropriate in the circumstances.

The audit Director/ manager shall promptly communicate to the Auditor General the actions taken to resolve the issue of independence so that the Auditor General can determine whether it should take further action.

Directors/Managers and staff shall make referrals to the Auditor General in all instances where an independence issue has arisen that requires further consultation and discussion in order to determine appropriate disposition of the matter. Such matters, once determined, will be documented.

If Audit Director/Manager or staff member is not satisfied that an independence issue or concern is being appropriately addressed or resolved, the individual shall inform the Auditor General

Staff

- Each member assigned to audit engagement shall confirm that he or she is independent of the audit client and engagement, or notify to his superior any threats to independence in order to apply appropriate safeguards.
- Each member of the audit team is required to confirm that he or she is independent of the auditee and the engagement for all audit engagements and reports issued.

4.3 Establishing and maintaining Independence on Audit Engagements

4.3.1 Engagement team rotation

ISQC 1 requires engagement partner rotation for listed entities after a predefined period. In the public sector, this requirement may be applied to significant public interest entities. However, legislation establishing the appointments and terms of office of the Auditor General may make rotation impractical. Supreme Audit Institutions may establish policies and procedures to promote compliance with the spirit of this requirement (e.g., by rotating key personnel with operational responsibility for the audit engagement, requiring engagement quality control reviews, or carrying out regular peer reviews).

Guidelines on Rotation of personnel from one audit assignment to another and from one team to another are detailed in sections below:

4.3.1.1 Rotation of Team leaders

Audit team leaders should be rotated from individual audit assignments **every 3 years** to avoid impairment of their independence due to familiarity threat. This is because the audit team is daily working with the personnel of the auditee during conducting the audit assignment, and during such a period, their independence is likely to impair. **For the case of performance audit,** the rotation from one sector to another will be done every 3 years.

4.3.1.2 Rotation of Audit Directors/ Managers from engagement team

This management hierarchy is not involved in the daily audit fieldwork though the daily management of audit management falls in his/her attribution. Thus, due to audit director/manager does not daily meet the auditee during the conducting of the individual audit engagement; their independence is unlikely to be impaired in the short term. Therefore, the rotation is set at 5 years. However, for complex audit assignments, the Audit Manager/Director is involved more in the meeting the auditee and hence their rotation can instead be 3 years.

4.3.2 Rotation of staff from Audit teams and Departments

OAG rotates team leaders from one department to another and team members from one team to another every 2 years. **This is applicable to Financial Audit Departments**. For **QAD department, rotation** will be from one section to another and it will also be done every 2 years.

4.3.3 Exceptions to Rotation policy

All staff are expected to comply with the Rotational Policy. Any exceptions to the rotation policy on Audit Assignments or Audit teams and departments should be done through an official request addressed to the QAD, clearly explaining the reasons and approval from the Auditor General.

5. CONTINUITY OF AUDITEE RELATIONSHIPS AND SPECIFIC AUDIT ENGAGEMENTS

5.1 Determining OAG capacity to conduct selected audit assignments

As clearly stated in the Constitution, the Office of Auditor General has the obligation to audit all Government institutions and parastatals and Government Business enterprises. However, the Auditor General has the responsibility to identify potential risks that may affect execution of this mandate and put in place appropriate mechanisms to address identified risks. The OAG must provide itself with reasonable assurance that it will only carry out audits and other work where it has competence to perform the work; while complying with the Ethical and Professional requirements.

The Auditor General has to consider the following before determining which audits and assignments to carry out:

- Competence and capabilities of OAG to perform the work, including **time and resources**;
- Compliance with relevant ethical requirements;
- Integrity of the auditee; and
- Complexity of the auditee

The Director of Audit/Audit manager has the responsibility to identify potential risks that can affect the quality of the work performed. The Director of audit/audit manager should consider the following while assessing potential risks:

- Competence of audit team members to undertake the audit engagement;
- Independence of audit team members;
- Integrity of the auditee's management and those charged with governance;
- Prioritise works based on available resources;
- Whether there are actual or potential conflict of interest;
- The nature of the entity's operations;
- Ability to meet the engagement's reporting deadline;
- Whether any identified independence threats have or can have safeguards applied and maintained to reduce them to an acceptable level.

5.2 Assessing competence and capabilities of OAG to perform the work

5.2.1 Criteria to guide OAG in allocating appropriate staff resources to conduct audits

OAG will ensure that staff allocated to audit a specific assignments have sufficient skills and competences to conduct the audit. The criteria below will help in assessment of which teams are competent to undertake which specific assignments.

Indicators	**What to consider when allocating audit assignment**
Code of ethics	The team leader with conflict of interest or other threat to independence should not be assigned to the audit of that specific entity
Competence and experience	The competence includes technical skills: ACCA, CPA and audit trainings within Rwanda or Abroad. Competence of the team leader should be considered before assigning audit assignments.
	The experience of the team leader in the audit of public entities should be considered with due attention to the OAG rotation policy.
Complexity of the entity- structure, budget, and financial reporting	More complex entities should be assigned to more experienced team leaders.

Indicators	What to consider when allocating audit assignment
framework	
Audit opinion of previous report	The entity has got the disclaimer/adverse audit opinion in the previous report should be assigned to the senior principal auditor
Risk of fraud and adverse publicity	The entity assessed with high risk of fraud, integrity of management, and adverse publicity should be assigned to more experienced team leader
Motivation to auditors	The financial benefits arising from a specific audit should be considered in rotating assignment from one team to another.
Personal and health issues	Personal and health issues of the team leaders/ team members should be assessed and concluded on before assigning the entity

See **Appendix 2** for the template to be used in evaluating the above criteria in order to selected appropriate teams for selected audit assignments.

5.2.2 Criteria to guide OAG in allocating sufficient time for Audit teams to conduct audits

The OAG should ensure that audit team has enough time for each specific audit assignment. The following are criteria that guide OAG in allocating enough time to audit assignments.

Indicators	What to consider when allocating time for each assignment
Size and complexity of the auditee/ entity- structure and financial reporting framework	More complex and big entities should be given more time to complete the audit assignment.
Level of risk for audited entity	More risky audit assignments as result of fraud or integrity problems of management should be given more time to complete the audit assignment.
Times the auditee has been audited	More audited entity is aware of audit work and the auditor also understand the business of the entity. This will reduce the time to be allocated as some information are already known
Experience and learning curve	If the entity is assigned to the same audit team without change in scope, then time allocated to that team should be revised.
Changes in audit manual or introduction of audit software	There is a need of learning curve for significant Changes in audit manual or introduction of audit software, hence there is a need to allocate audit assignments more time during the first year of implementation.

Note that the time may be reviewed once unplanned events or any circumstances beyond the control or occurs during the field work. Such extra time should be clearly justified, requested for and approved. See Template for use in allocating time in **Appendix 3**.

5.3 Assessing compliance with relevant ethical requirements

The criteria provided in **Section 5.2.1** (detailed in **appendix 2**) requires that staff be assessed for any threats of conflict of interest before they are allocated to audit specific assignments. All staff having conflict of interest will be re-assigned from the assignment where conflict of interest has been identified.

5.4 Assessing integrity of the organisation being audited

The criteria provided in **Section 5.2.1** (detailed in **appendix 2**) requires OAG to assess the risk of fraud, integrity of management, and adverse publicity before assigning audit teams. Auditees with high Risk of fraud and concerns with integrity of management, and adverse publicity should be allocated to more experienced team leaders/Senior Principal Auditors and assigned more time to deliver quality audits. Engagement Quality Control Review or Pre-issuance Quality Assurance Reviews will be Mandatory for such audits.

6. HUMAN RESOURCES

6.1 Human Resource Policy

The OAG's human resource policy and procedures provides reasonable assurance that it has sufficient personnel with the competence, capabilities and commitment to ethical principles necessary to:

- carry out its work in accordance with relevant standards and applicable legal and regulatory requirements; and
- enable the OAG to issue reports that are appropriate in the circumstances.

The OAG human resource policy covers issues such as staff recruitment, issues of staff Recruitment; Performance evaluation; Career and professional development; retention, well being, and staff Compensation. **(Refer to human resource policy)**

6.2 Sufficiency and competence of OAG staff

The Auditor General and Director of Quality Assurance must assess professional service requirements to ensure the OAG has the capacity and competence necessary to meet its clients' needs. OAG must ensure that it has sufficient resources (personnel and, where relevant, any parties contracted to carry out work for the OAG) with the competence, capabilities and commitment to ethical principles necessary to:

- carry out its work in accordance with relevant standards and applicable legal and regulatory requirements; and
- enable the OAG to issue reports that are appropriate in the circumstances

Recruitment of OAG staff will be based on the approved OAG structure and will done in accordance with guidelines in the HR policy.

6.3 Staff Development and Training of OAG staff

All new personnel have to be provided with orientation information after commencing employment. The orientation materials have to include a complete copy of the OAG's policies and procedures. **(Refer to training policy)**

The OAG endeavours to identify opportunities for its personnel's career development in order to retain competent professionals and to provide support for its sustainability and continued growth. Specific trainings will be provided to staff at different levels to enhance their skills and capabilities **(Refer to training policy)**

The OAG's personnel must meet the minimum continuing professional development requirements and any additional identified training needs which are appropriate for their level and responsibilities. **(Refer to training policy)**

6.4 Rewarding Compliance with OAG Policies

Compliance with the OAG's policies will be considered in the evaluation of individual personnel, both on an on-going basis and in the regularly scheduled personnel review process. The Performance assessment results will determine remuneration levels, advancement, career development, and authority within the OAG. **(See Human Resource Policy).**

6.5 Assignment of Engagement Teams

Through its policies and procedures, the OAG ensures the assignment of appropriate audit team members to each audit engagement. Audit teams assigned to specific audit engagements must have the necessary competencies and enough time to assume overall responsibility for

performing the audit engagement in accordance with professional standards and applicable regulatory and legal requirements. **(See criteria in section 5.2.1)**

The Director of audit/audit manager, in consultation with Top Management, plans the assignment of personnel. The Director of audit/audit manager is also responsible for ensuring that the individuals assigned, and the audit team as a whole, have the necessary competencies to complete the audit engagement in accordance with professional standards and the OAG's quality control system.

The identity and roles of the audit team members will be communicated to the auditee's management and other parties responsible for its governance. **(Refer to Engagement letter)**

When determining to assign the appropriate personnel to an audit engagement, particular attention will be given to their:

- qualifications,
- technical knowledge and
- experience.

6.6 On-job training and coaching of staff

The Director of Audit/Audit manager/Team Leaders will also plan for coaching opportunities between junior and senior personnel to guide the development of less experienced staff on audit engagements. The on-job training will be done through reviews prescribed in the manuals and other methods deemed appropriate, and will be evaluated during the Director/Manager/Team leaders' performance assessment.

6.7 Resolution of conflicts concerning staff allocation

The Auditor General has ultimate responsibility and authority for all engagement scheduling matters and will be the final arbiter regarding human and other resource conflicts to reach a solution which does not compromise the quality of the engagements.

7. ENGAGEMENT PERFORMANCE

7.1 Quality Control system for Engagements

These established OAG policies and procedures and quality control system provide it with reasonable assurance that engagements are performed according to professional standards and applicable regulatory and legal requirements.

The OAG's overall systems are designed to provide reasonable assurance that the OAG and its personnel adequately and properly plan, supervise, and review engagements and produce engagement reports that are appropriate in the circumstances.

To perform engagements consistently and according to professional standards and regulatory and legal requirements, the OAG provides working paper templates adopted from the AFROSAI-E Regularity Audit Manual (RAM) and Performance Audit Manual (PAM) for documenting the engagement process for auditees. These templates are updated as required to reflect any changes in professional standards. The OAG's personnel use these templates to document key facts, risks, and assessments related to each engagement. OAG's personnel are encouraged to exercise professional judgment when using such templates to ensure that such matters are appropriately documented and assessed for each engagement in accordance with professional standards and the OAG's policies and procedures.

All OAG's personnel are also required to use the OAG's research tools and reference materials; a quality control system, as set out in this manual; guidance, training, and education policies and programs, including support for compliance with the OAG's professional development requirements.

Supervision and review responsibilities shall be determined by the Director of Audit/Audit Manager and may vary between engagements based on their complexity and nature of operations. Review responsibilities shall also be determined on the basis that the work of less experienced team members is reviewed by more experienced engagement team members.

7.2 Responsibilities for Quality Control during Engagements

7.2.1 Responsibilities of Team Members

- Use the OAG's Audit Manual for file preparation, documentation, and correspondence, research tools, and the signing and release procedures appropriate for the engagement;
- Follow and adhere to the ethical requirements of the profession and the OAG;
- Perform their work to professional and the OAG's standards with due care and attention;
- Document their work, analysis, consultations, and conclusions sufficiently and appropriately; and
- Complete their work with objectivity and appropriate independence, on a timely and efficient basis, and document the work in an organized, systematic, complete, and legible manner.

7.2.2 Responsibilities of Team Leader

- Ensure that all working papers, file documents, and memoranda are initialled, properly cross-referenced, and dated, with appropriate consultation on difficult or contentious matters;
- Ensure that appropriate client communications, representations, reviews, and responsibilities are clearly established and documented;

- Ensure that the engagement report reflects the work performed and intended purpose and is issued soon after the fieldwork is completed;
- Designs the audit strategy in accordance with ISA auditing standards and the OAG financial audit methodology;
- Execution of the planned audit strategy assisted by the other team members;
- Ensure that audit work is documented correctly and adequately;
- Ensure that the audit reports are reflective of results of the executed audit procedures;
- Ensure audit work is carried out in a timely and competent manner;
- Review working papers, guide team members and ensure tests are directed and executed correctly;
- Ensure that assignment reports are drafted in accordance with ISA auditing standards and the OAG financial audit manual; and
- Discuss the audit results with Auditors, identify their strengths and development competencies in their performance appraisals and reports to the director on the reviews

7.2.3 Responsibility of the Director of Audit/Audit Manager

The Director of Audit/Audit Manager as leader of the engagement team is responsible for:

- The overall quality for each engagement to which the Director of Audit/Audit Manager is assigned;
- Forming a conclusion on compliance with requirements relating to independence from the audited entity, and obtaining the information required to identify threats to independence, taking action to eliminate such threats or reduce them to an acceptable level by applying appropriate safeguards, and ensuring that appropriate documentation is completed;
- Ensuring that appropriate procedures regarding the continuance of client relationships have been followed, and that conclusions reached in this regard are appropriate and have been documented;
- Ensuring that the engagement team collectively has the appropriate competence and capabilities to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements;
- Supervising and/or performing the engagement in compliance with professional standards and regulatory and legal requirements, and ensuring that the engagement report issued is appropriate in the circumstances;
- Communicating to key members of the audited entity's management and those charged with governance his or her identity and role as Director of Audit/Audit Manager;
- Ensuring, through review of the engagement documentation and discussion with the engagement team, that sufficient appropriate evidence has been obtained to support the conclusions reached and for the engagement report to be issued; and
- Taking responsibility for the engagement by undertaking appropriate consultation (both internal and external) on difficult or contentious matters; and

7.2.4 Responsibilities of the Deputy Auditor General

The Deputy Auditor General shall assist the Auditor General in performing his/her duties as per Law number 79/2013 of 11/09/2013

- The Deputy Auditor General shall be particularly responsible for the following:
- To assist the Auditor General and deputize him/her in case of absence;
- To provide advice in connection with the audit work; and
- To perform other duties falling within the mission of the Office as may be assigned by the Auditor General.

Additional responsibilities as per guidelines

To assist the Auditor General in establishing and promoting the quality control and assurance systems in OAG

7.2.5 Responsibilities of Auditor General

The Auditor General shall have the following responsibilities as per Law number 79/2013 of 11/09/2013

- To audit State consolidated financial statements for each fiscal year;
- To provide advice in connection with the audit of public entities and public institutions;
- To ascertain whether the financial and property management within public entities and public institutions contains no gaps that may give rise to mismanagement, whether such entities and institutions comply with the laws, activity plan and fully attain the pursued objectives. This may require establishing and promoting the quality control and assurance systems in OAG;
- To conduct the audit of State revenue accounts, State property accounts and all other accounts of public entities and public institutions as provided for by law, Auditor General is responsible for signing all audit reports issued by the OAG. He may also delegate the Deputy Auditor General to sign audit reports;
- To serve as the legal representative of the Office;
- To carry out the placement of staff members of the Office;
- To collaborate with other institutions and staff to coordinate audit programs; and
- To perform such other duties falling within his/her responsibilities as provided for in the Internal Rules and Regulations of the Office.

7.3 Direction, Supervision and Review during Engagements

7.3.1 Responsibilities for Direction, Supervision and Review

An audit team consists of a number of individuals to whom certain responsibilities are delegated. The Team Leader under supervision of audit manager/ Director considers the professional competence of the personnel when deciding on the extent of work allocation. Any delegation of work should be in a manner that provides reasonable assurance that such work will be performed with due professional care by persons with the degree of professional competence required in the circumstances.

The team members are briefed on nature of the entity's business, risks associated and area requiring special attention. It also involves discussion on effective time within the audit would be carried out.

7.3.2 Direction

There is requirement of appropriate direction for personnel to whom work is delegated. Direction involves informing personnel of their responsibilities and the objectives of the procedures that should be performed. It also involves informing the delegated personnel of matters such as the nature of the entity's business and possible accounting or auditing problems that may affect the nature, timing and extent of audit procedures with which they are involved. The overall audit plan, time budgets and audit procedures are important tools for communicating the audit directions to staff involved in the audit assignment

7.3. 2 Supervision

Supervision is closely related to both direction and review. Personnel carrying out supervisory responsibilities perform the following functions during the audit:

- Monitoring the progress of the audit to consider whether or not:

- auditors have the necessary skills and competence to carry out the tasks for which they are assigned;
- auditors understand the audit directions; and
- the work is being carried out in accordance with the overall audit plan and approved audit procedures;

- Address significant accounting and auditing questions raised during the audit, by assessing their significance and modifying the overall audit plan and the audit procedures where required; and
- Resolving any differences of opinion between personnel and considering the level of consultation that is appropriate.

7.3.3 Review

7.3.3.1 Why the Review is done

The review function provides assurance on the quality of the audit work as well as assists in the training and development of audit staff. The guidance and principles of review, if thoughtfully applied, could assist the auditor in exercising professional judgment and discharging his or her general responsibilities effectively.

The most important reason for reviewing an audit work is to ensure that an adequate and effective audit has been performed in compliance with relevant auditing standards, legislative provisions and the OAG's policies and procedures.

Reviewing an audit work also ensures that the overall audit plan and the audit procedures adequately reduce audit risk by addressing all relevant areas.

In order to reduce audit risk, the auditor has to ensure that:

- New developments at the auditee and changes in legislation, accounting framework, etc. have been addressed in the audit plan as well as in the audit procedures;
- Adjustments made to the overall audit plan and the audit procedures are justified;
- The audit work has been performed in accordance with the approved audit procedures and the objectives of the audit procedures have been achieved;
- Staff have understood and executed the audit procedures correctly;
- The audit work was conducted in accordance with the OAG's audit approach, guidelines and other directives;
- All significant audit matters have been resolved or have been appropriately reported to management in the management letter as well as in the audit report;
- The conclusions reached are consistent with the results of the work performed and support the audit opinion;
- The audit opinion has met the OAG’s reporting requirements and related technical standards;
- All material accounts, balances and disclosure notes have been audited and lead schedules tie up with the financial statements; and
- The work performed and results obtained have been adequately documented.

7.3.3.2 The approach to the review

The review activity should be comprehensive, systematic and critical in order to ensure quality and completeness of the work. The reviewer should ensure that all information necessary to support the audit opinion is included in the working papers and that the working papers are complete, understandable, properly cross-referenced, signed off and indexed.

The source of all data included in the working papers should be considered. The validity and reliability of the source in relation to the nature and extent of the testing of the data should be evaluated. The review activity should be given sufficient time.

When reviewing an audit work, the following aspects should be considered:

- To determining whether the financial statements are fairly stated, the reviewer should consider the evidence documented in the working papers. The following should also be considered:
    - Knowledge of the auditee's operations should be related to the accounting data and financial statements. The financial statements should be compared with those of the preceding year to identify major fluctuations and new or unusual accounts and establish whether these have been explained;
    - All risks identified at the financial statement level and component level should have been addressed during the execution phase;
    - Whether the accounting basis and policies used to prepare the financial statements were consistent with those of the previous year and, where applicable, changes in the accounting basis and policies were properly accounted for;
- The reviewer has to confirm that the relevant underlying data has been examined to the extent necessary to enable him or her to reach a conclusion on the component under review by asking relevant staff member. Where additional work is required, the reviewer should indicate this on the appropriate working paper or as a coaching note. All review notes raised on the work need to be answered before finalizing the audit. The reviewer should include the following in the review note:
    - The person responsible for answering the review note;
    - Reference to the relevant working paper(s); and
    - A brief statement of the item/matter/problem to be addressed
- Ensure that the personnel who prepared the working papers has signed off all procedural steps and working papers, including those on the permanent file, and that an adequate reason is stated for the omission of any step considered not applicable or unnecessary;
    - Information or schedules should support the procedures executed, and the procedures should be cross-referenced to applicable working paper schedules;
    - Deviations from the approved audit plan must be properly and appropriately justified;
    - A completed audit area should be reviewed in its entirety in order to determine whether the audit objectives have been met and the same review process should be followed for interim and final audits.

7.3.3.3 Key matters to include in review notes

When reviewing the audit file, the reviewer should make notes on the following matters, and where need appears discuss them with the higher management:

- Changes in the scope of the examination or significant deviation from the approved audit plan;
- Unusual items detected in the financial statements;
- Questions that should be discussed and resolved with senior audit management and the auditee;
- Material audit findings that could have an impact on the audit opinion; and
- Material unresolved issues between the auditors and the auditee.

7.3.3.4 Timing of the review

Reviewing should take place after each phase of the audit process has been completed. Timely review provides better control over the quality of work and the time consumed in its performance.

- Review notes should be reviewed after these have been cleared or answered to ensure that the additional work was done properly and that the necessary information has been recorded in the working papers.
- The review should, as far as possible, be conducted at the auditee's offices so that if additional work has to be performed, it can be completed without having to return to the auditee's premises.

7.3.4 Reviewing responsibility

The responsibilities of the reviewer may vary, depending on the complexity of the audit and competencies of team members involved. The significant factors to be considered when reviewing are the following:

- The size of the audit
- The complexity of the audit
- Risks associated with the audit
- Competence of team members
- Knowledge of the audit, based on previous experience

The review process can be divided into different levels, detailed below:

The review process can be divided into the following levels:

- First level;
- Second level; and
- Third level

7.3.4.1 First level (Team leader)

The team Leader will conduct the first level of review of the daily work performed by Team members and then submit it to the Audit Manager/Director. The guidance and principles of review, if thoughtfully applied, could assist the auditor in exercising professional judgment and discharging his or her general responsibilities effectively. This level of review is very detailed and would include all issues such as:

- The Overall audit plan, assessment of risk, tests of control and substantive tests performed, evaluating the sample sizes, conclusions, management letter issued, audit findings (exceptions), audit report issued, etc.;
- Inspecting the audit procedures performed and ensuring that all the assertions were addressed; and
- Ensuring the working papers prepared are clear and easy to understand.

7.3.4.2 Second level (Director Audit/Audit Manager)

The second level review is almost as detailed as the first level review. However, some reliance can be placed on the review work already performed. The experience and seniority of the first level reviewer will influence the reliance placed on the first level review.

The reviewer will spend time on issues such as the exceptions raised, confirming that there is adequate supporting audit evidence to support the findings in the management letter and audit report, and that the audit evidence is relevant, justified and addresses material balances and high-risk areas.

7.3.4.3 Third level (AG/DAG)

The third-level reviewer should approve the audit plan before the commencement of the engagement. If it is not possible to approve the audit plan before the audit commences, the third-level reviewer should at least be consulted to obtain his or her inputs regarding the audit plan and scope. This is to ensure that the correct audit approach is followed and that the person who is responsible for signing the report is aware of the aspects covered in the audit plan. If the authority to approve the audit plan has been delegated to a rank lower than the third-level reviewer, that delegate must consult with the third-level reviewer to obtain his or her inputs.

The third-level reviewer might place reliance on the work conducted by the second-level reviewer and would therefore not have to review all the working papers in the audit file. The third-level reviewer should focus on the following aspects:

- Review the work performed by the second-level reviewer;
- Ensure that sufficient audit evidence exists to support the audit findings;
- Review the exceptions, management letter and draft audit report;
- Compare the work performed with the audit plan to ensure that all risk areas have been addressed;
- Evaluate deviations from the audit plan;
- Final materiality and the application thereof;
- Overall conclusion summary;
- Schedule of overs and unders;
- Follow-up of prior year's report;
- Final analytical review; and
- Financial statements and related disclosures.

The scope of the third-level reviewer should be increased if he or she identifies other possible risk areas or if there is any indication that the audit file does not meet the required professional standards.

7.4 Consultation

The OAG encourages consultation among the engagement team and, for significant matters, with others inside and, with authorization, outside the OAG. Internal consultation uses the OAG's collective experience and technical expertise to reduce the risk of error and improve the quality of engagement performance. A consultative environment improves the Team Leader or engagement team members' learning and development process and adds strength to the OAG's collective knowledge base, quality control system, and professional capabilities.

The Team Leader shall ensure that consultation takes place with those who have the appropriate experience, knowledge, competency, and authority for any significant, difficult, or contentious issue identified during planning or throughout the engagement.

All professionals within the OAG should be willing to assist each other in dealing with and reaching conclusions on such problematic issues.

The OAG will ensure the availability of sufficiently skilled personnel and financial and information resources to allow appropriate internal or external consultations to take place.

When internal consultation is sought and the issue is determined to be significant, the engagement team member shall document the nature of the consultation provided, and the result.

When external consultation is required, and authorized by the Team Leader, the situation shall be formally documented. The external expert's opinions or positions shall be sufficiently documented, providing enough detail to allow file readers to understand the full extent of the nature of the consultation, qualifications and relevant competencies of the external expert, and the course of action recommended.

The external expert shall be supplied with all relevant facts to be able to provide informed advice. When seeking advice, it is not appropriate to withhold facts or direct the information flow in order to get a particular desired result. The external expert shall be independent of the client, free of conflict of interest, and held to a high standard of objectivity. For all external consultations, privacy rights and client confidentiality requirements must be observed.

The external expert's advice will ordinarily be implemented as the resolution or form part of the resolution of the contentious issue. If the advice is not implemented or is substantially different from the conclusion, there shall be an explanation documenting the reasons and alternatives considered, with (or cross-referenced to) the consultation record provided by the Team Leader. If more than one consultation is completed, a summary of the general discussions and range of opinions or options provided shall be added to the working papers. The final position(s) adopted and the reasons for this shall also be documented.

7.5 Differences of Opinion

The OAG and its managers and staff shall take any steps considered necessary by the OAG and are required by professional standards in order to adequately identify, consider, document, and resolve differences of opinion that may arise in a wide range of circumstances. All managers and staff of the OAG shall strive to be objective, conscientious, open-minded, and reasonable in assisting, facilitating, or reaching a timely and non-confrontational resolution of any disputes or differences of opinion. Anyone who is party to a dispute or difference of opinion shall attempt to resolve the matter in a timely, professional, respectful, and courteous manner through discussion, research, and consultation with the other individual(s).

If the matter cannot be resolved or there is uncertainty over what action shall be taken, the parties shall refer the matter to a more senior engagement team member or the Team Leader. If the issue involves a specific area of professional oversight or practice administration within the institution, it shall be referred to the Director of Audit/Audit Manager responsible for this area, preferably by the Team Leader. The Director of Audit/Audit Manager will consider the matter and decide, through consultation with the parties, how to resolve the matter. That manager shall then inform the parties of the decision and the reasons behind it.

If a dispute or difference of opinion remains, or one or more of the individuals involved is not satisfied with the manager's decision(s), the individual(s) shall consider whether the matter is enough of a quality control concern or may be of sufficient impact to warrant referring it directly to the Auditor General.

All managers and staff are protected from any form of retribution, career limitation, or punitive actions for bringing attention to a legitimate and significant issue, in good faith and with the true interests of the public or the OAG.

The Auditor General will consider the issue, and if it is determined to be significant and with merit, will consult with other partners and inform the parties involved of the office's decision. In all cases, the nature and scope of, conclusions resulting from, and consultations undertaken during the course of the engagement shall be documented.

Disputes or differences of opinion shall be documented in the same way as consultations for any matter involving an engagement. In all instances, the engagement report will not be dated until the matter is resolved.

7.6 Engagement Quality Control Review (Pre-issuance Review)

All engagements must be assessed against the OAG's established criteria to determine whether an Engagement Quality Control Review (EQCR) shall be performed. Once the requirement for the performance of Engagement Quality Control Review is determined, the engagement report shall not be signed until the completion of the EQCR.

The criteria required to determine the need for the performance of Engagement Quality Control Review (EQCR) shall include the following:

- The auditee changed its accounting framework;
- The audit has been classified as high risk;
- Complexity of the audit and associated risks;
- Public interest in auditees or audit;
- The auditees face problems that may lead to contentions and difficult circumstances and may benefit from pre-issuance review to reduce the Auditor General's reputation risk;
- Significant shortcomings were identified during the audit team's previous review;
- A new area of auditing; and
- Audit was conducted by an audit firm in full or jointly with the OAG.

7.6.1 Nature, Timing and Extent of an Engagement Quality Control Review

The decision to conduct an EQCR and the extent of the EQCR will depend on the engagement's complexity and associated risks. All the OAG's managers and staff must recognise that an EQCR will not diminish the Team Leader and Director of Audit/Audit Manager's responsibility for the engagement.

The Engagement Quality Control Review (EQCR) shall include, as a minimum:

- Discussion of significant matters with the Team Leader and Director of Audit/Audit Manager ;
- Review of the financial statements or other subject matter information and the proposed report;
- Review of selected working paper file documentation relating to the significant judgments the engagement team made and the conclusions it reached;
- Evaluation of the conclusions reached in formulating the report and consideration of whether the proposed report is appropriate in the circumstances.
- Review of the engagement team's evaluation of the OAG's independence in relation to the specific engagement;
- Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and
- Whether documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached.

The Quality Control Review shall be involved early in the engagement process to allow for timely review on any significant issues that arise during the engagement. Consideration will be given to performing parts of the review as the engagement progresses. In all cases, the QCR shall only review work that has already been reviewed by the Team Leader and Director of Audit/Audit Manager. The engagement report shall not be signed until the completion of the EQCR.

The QCR shall use a standardized engagement quality control checklist in order to complete the review and provide appropriate documentation of such review. The OAG will use the Quality Control Questionnaire (checklist) adopted from AFROSAI-E 2013 Regularity Audit Manual (RAM) with appropriate updates.

7.6.2 Engagement Quality Control Reviewer (QCR)

The OAG is responsible for establishing criteria for the appointment of Quality Control Reviewers and determining their eligibility. The Auditor General carries out these responsibilities, including designating managers and staff the responsibility for EQCR and determining the engagements to which they can be assigned.

The Quality Control Reviewers must be objective, independent, and have sufficient training, experience, technical expertise, and authority, as well as the ability and time to fulfil this role.

The QCR cannot be a member of the engagement team and cannot, directly or indirectly, review his or her own work, or make important decisions regarding the performance of the engagement.

Consultation among qualified professionals who serve the EQCR function is encouraged. It is also useful for the engagement team to consult with the Quality Control Reviewers during the engagement since this will not compromise the QCR's objectivity, as long as the Team Leader/ Director of Audit/Audit Manager make the final decisions. This process can avoid differences of opinion later in the engagement. However, if there appears a feeling that the objectivity of the Quality Control Reviewer becomes compromised following a consultation on a specific matter, the Auditor General should appoint an alternate Quality Control Reviewers.

7.7 Preparation of annual audit report process

Article 184 of the Constitution of the Republic of Rwanda of 4 June 2003, as amended to date stipulates that the Auditor General shall submit each year to each Chamber of Parliament, prior to the commencement of the session devoted to the examination of the budget of the following year, a complete report on the state financial statements for the previous year. Annual audit report of OAG submitted to the parliament is currently presented in five (5) volumes as follows:

Volume I: Executive Summary
Volume II: Report on State Consolidated Financial Statements;
Volume III: Key findings from audit of Local Governments (Districts and City of Kigali);
Volume IV, PART 1: Key findings from audit of Ministries, and other Central Administration entities and projects;
Volume IV, PART 2: Key findings from audit of Boards and Government Business Enterprises;
Volume V: Key findings from Performance audits and Special assignments.

The Audit General can change the format of OAG annual reports and these can affect the number of Volumes of Audit Annual Report.

7.7.1 Preparation of volume I (Executive Summary)

Each Department identifies cross cutting issues, issues which have a National impact, issues of Fraud related or can result in fraud. After identifying those issues, director of department send them to the department of quality control for consolidating in the volume I. There will be a meeting comprising of team leaders, directors/ managers, and top management to discuss issues included in the Volume I before it is finalised for AG's Final Review. QAD has to ensure that appendices necessary to support any amount in volume I are prepared timely.

7.7.2 Preparation of volume II (Report on State Consolidated Financial Statements)

The Auditor General will ensure that the audit on State Consolidated Financial Statements is conducted and completed before the statutory reporting deadlines to Parliament. The signed audit report on State Consolidated Financial Statements represents the Volume II of annual audit report.

7.7.3 Preparation of volume III, IV and volume V

When individual report is signed, Team leader is required to extract the summary of key findings and submit to QAD for compilation of the respective volumes of the annual report. A Special Annual Report Review Team is put in place to review the compiled volumes of annual report before they are submitted to AG for final review. When selecting staff to include in the **Special Annual Report Review Team**, consideration should be given to Experience, Availability, Skills and commitment.

7.7.4 Roles of Special Annual Report Review Team

The Special Annual Report Review Team will have a team leader whose responsibilities are mainly coordination of this activity, he/she normally allocates, guides and supervises the tasks to team members.

The team members have to ensure that consolidated findings are reflected in individual signed individual audit reports; they further appreciate the clarity and conciseness of findings.

They ensure that the annual report conforms to professional reporting standards (format).

When the work is completed at team level, it should be submitted to the team leader who will then revise and update the relavant volumes of the Annual Audit Report.

7.7.5 Finalisation and printing the annual audit report

The Auditor General will approve all audit annual report volumes before they handed over to the IT department for formatting, printing and binding.

7.7.6 Submitting the annual audit report to Parliament

All required copies of bound annual audit report volumes are submitted to the Auditor General, who then signs an accompanying letter of submission and ensure that they are delivered to Parliament before the deadline.

8. MONITORING

8.1 Purpose of Monitoring

Monitoring is a distinct component of the quality control system. Its purpose is to assist the OAG in obtaining reasonable assurance that its policies and procedures relating to the system of quality control are relevant, adequate and operating effectively. It consists primarily of understanding the quality control system and determining whether, and to what extent, the system is designed and operating effectively by applying different techniques such as interviews, walk-through tests, and inspections of audit files and other documentation relevant to the operation of the quality control system of the OAG. It also includes developing recommendations to improve the system, especially if deficiencies are identified or if professional standards and practices have changed.

8.2 Responsibility for Monitoring and enforcement of the quality control policies and procedures

The quality control policies and procedures set by the OAG are key part of its internal control system. While all managers and staff of the OAG are responsible to continually strive to meet quality, ethics, and professional and OAG's standards, those who are in a top position to make decisions and oversee the work of others have a greater level of responsibility for day to day monitoring and enforcement of the quality control policies and procedures. **A Quality Assurance Review Unit (QARU)** has been created by OAG to take full overall responsibility for Quality Assurance processes at OAG. Their **main responsibility will be to inspect the quality control system** for continuing effectiveness and to test controls periodically through formal monitoring at the engagement file level to ensure the controls are working effectively and are not being deliberately circumvented or applied with less rigour than intended.

8.3 Quality Assurance Review Unit (QARU)

8.3.1 Responsibilities of the Quality Assurance Unit

The OAG has designated the responsibility for monitoring quality control process to its Quality Assurance Review Unit of the Quality Assurance and Development Department (QAAD). Their main responsibility will be to inspect the quality control system for continuing effectiveness and to test controls periodically through formal monitoring at the engagement file level to ensure the controls are working effectively and are not being deliberately circumvented or applied with less rigour than intended. **The structure and operations of the Quality Assurance Review Unit (QARU) are detailed in the Quality Assurance Policy.**

Specific Quality Assurance Reviews to be performed by the QARU are described in **Section 8.4 below.** The QARU will also provide guidance and technical assistance to engagement team members to help them perform quality work.

8.3.2 Quality Assurance Review Team

The members of the Quality Assurance Review Team should have suitable qualifications and expertise to conduct reviews especially where specialised audits such as performance audit, investigations, IT audit, etc., are performed.

The Quality Assurance Reviewers should, at minimum, meet the following qualification requirements:

- A formal accounting / auditing qualifications;
- Knowledge of the accounting framework of auditees;
- Knowledge of public sector accounting and auditing standards;
- Knowledge of the environment in which the OAG operates;
- Knowledge of the environment in which the auditee operates;
- Knowledge of the particular specialised audit where applicable.

The reviewers must be objective, independent, and have sufficient training, experience, technical expertise, and authority, as well as the ability and time to fulfil this role.

The QAR cannot be a member of the engagement team and cannot, directly or indirectly, review his or her own work, or make important decisions regarding the performance of the engagement. Where there appears a feeling that the objectivity of the reviewer is impaired, it should be reported to the Auditor General who should take appropriate steps to appoint an alternate reviewer.

All Directors of Audit/Audit Manager and staff of the OAG must co-operate with the Quality Assurance Review processes, recognizing that this process is an essential part of the quality control system. Support of managers and staff to the quality assurance review process and to reinforce the reviewer's comments and findings is of particular importance. Disagreement, non-compliance with, or disregard for the reviewer's findings shall be resolved through the OAG's dispute resolution process.

8.4 Types of Quality Assurance Reviews

Quality Assurance reviews can be internal or external:

Internal review
The internal review is a periodic review carried out by the SAI to meet the ongoing monitoring requirements of ISSAI 40 or other quality control framework. Internal reviews can be conducted by an established Quality Assurance unit or through a peer review mechanism involving different divisions, units, or sections.

External reviews
External Reviews are undertaken by AFROSAI-E, a peer SAI, a private auditing firm or a national regulatory board who are independent of the organisation and who do not have any real or apparent conflict of interest. The external reviewer may rely on the work of the internal quality assurance review if it is assessed to be functioning properly.

The following Quality Assurance Reviews will be performed to inspect the OAG Quality control system:

8.4.1 Institutional (SAI) Level Reviews

This type of review focusses on ascertaining whether the OAG has established a system of quality control designed to provide OAG with reasonable assurance that the Institution and its personnel comply with professional standards and applicable regulatory and legal requirements, and that the reports issued by the OAG are appropriate in the circumstances. Besides ISQC1 and ISSAI 40, the review at the institutional level also focuses on the elements in the AFROSAI-E Institutional Strengthening Framework, listed below:

- Legal Framework and Independence
- Leadership responsibilities for quality within the SAI
- Accountability and Governance
- Ethical Requirements
- Human Resources
- Audit Performance
- Monitoring
- Communication Strategy
- Support Services

These types of review at the institutional level will be conducted **once a year by Quality Assurance Team,** using templates provided in **Appendix 4.1 and Appendix 4.2 of this manual.**

8.4.2 Individual Audit Level Reviews

8.4.2.1 Post-issuance Quality Assurance Reviews

These are reviews of individual audits conducted **AFTER** issuance of Audit reports, to confirm whether all OAG Audit teams complied with Professional Standards and OAG Audit Methodology in conducting their audits and whether the Audit reports issued therefrom appropriate. These reviews will help confirm whether the Quality control and Quality assurance processes for individual assignments were adhered to and also help to identify necessary technical updates in OAG methodology and any capacity gaps that need to be addressed to enhance the quality control system related to individual audits. The Reviews will be performed for a minimum of one (1) Audit Assignment per Team Leader and will concentrate on the entire audit process from pre-engagement to reporting. Recommendations from such reviews will be discussed by OAG top management, to facilitate implementation of key recommendations.

This type of review will be done annually by the **Quality Assurance Team**, using templates **in appendix 5.1 of this manual.**

8.4.2.2 Pre-issuance Quality Assurance reviews

a) Pre-Issuance Quality Assurance Reviews provided by Quality Assurance Review Team

These are reviews of individual audits conducted **BEFORE** issuance of Audit reports, to enhance the quality of Audit reports and ensure that all necessary Professional Standards and requirements in OAG Audit Manuals have been adhered to, before a report can be issued. These reviews are performed before submission of Audit reports to Auditor General for Signature, and will be conducted for selected Audits, chosen based on the criteria below:

The criteria required to determine the need for the performance of Pre-issuance Quality Assurance Review by the Quality Assurance Review Team shall include the following:

- The auditee changed its accounting framework;

- The audit has been classified as high risk;
- Complexity of the audit and associated risks;
- Public interest in auditees or audit;
- The auditees face problems that may lead to contentions and difficult circumstances and may benefit from pre-issuance review to reduce the Auditor General's reputation risk;
- Significant shortcomings were identified during the audit team's previous review;
- A new area of auditing; and
- Audit was conducted by an audit firm in full or jointly with the OAG.

The assignments requiring Pre-issuance Quality Assurance reviews will be determined at the beginning of the year by the Quality Assurance Unit and be discussed with AG. The reviews will concentrate on the entire audit process from pre-engagement to reporting.

This type of review will be done for selected assignments annually by the **Quality Assurance Team**, using templates **in appendix 5.1 of this manual.** For such assignments, a Post-Quality Assurance review will not be conducted during that same year.

b) Pre-Issuance Quality Assurance Reviews provided within Engagement Teams

As detailed in the Quality control process for Engagements (**Section on Engagement Performance** in this manual), there are various levels of review: Level 1 (Team leader); Level 2 (Manager/Director) and Level 3 (AG/DAG). **For all assignments, Level 2 and Level 3 reviewers** will provide Quality Assurance to confirm whether the Audit process has been conducted in accordance with requirements of the OAG Audit manual. This level of Quality Assurance will be documented in the **Quality control checklists** provided in the Audit manuals for each stage of the Audit cycle. **This will be done for each Audit assignment.**

8.4.2.3 Engagement Quality Control Review (QCR)

As highlighted under the section for "ENGAGEMENT PERFORMANCE", some assignments may be selected for Engagement Quality Control Review. The Auditor General carries out these responsibilities, including designating managers and staff the responsibility for EQCR and determining the engagements to which they can be assigned. Such Engagement Quality Control Reviews is considered as form of Quality Assurance, since it involves review on any significant issues that arise during the engagement. Consideration will be given to performing parts of the review as the engagement progresses. The QCR shall use a standardized engagement quality control checklist in order to complete the review and provide appropriate documentation of such review. The OAG will use the Quality Control Questionnaire (checklist) adopted from AFROSAI-E 2013 Regularity Audit Manual (RAM) with appropriate updates.

8.4.3 External Peer Reviews

The OAG will seek support of AFROSAI-E to conduct External Peer Reviews of SAI Rwanda every 2-3 years. Such External Peer review will cover both Institutional Review and Individual Post-Issuance Reviews for selected sample of Audit files. The Quality Assurance Review Unit will be responsible for ensuring that such External Peer Reviews are arranged and conducted; and any recommendations arising from such reviews implemented.

8.5 Procedures for carrying out QA reviews

8.5.1 General

The Quality Assurance Review Unit (QARU) should adequately plan, conduct and report on the OAG's quality control system. The QAR team will consider the results of previous monitoring, the nature and extent of authority given to individual manager and staff, the nature and complexity of the OAG's practice, and the specific risks associated with the auditee when designing the review process.

The QAR team must prepare appropriate documentation of reviews that will include:

- The results from evaluating elements of the quality control system;
- An evaluation of whether the OAG has appropriately applied quality control policies and procedures;
- An evaluation of adherence to professional standards and applicable regulatory and legal requirements;
- An evaluation of whether the engagement report is appropriate in the circumstances;
- Identification of any deficiencies, the underlying reasons why they arose, their effect, and a decision on whether further action is necessary, describing this action in detail; and
- A summary of results and conclusions reached, with recommendations for corrective actions or changes needed.

8.5.2 Planning the Reviews

The QAR Unit should compile an overall plan and budget for quality reviews. The plan and the budget required to conduct the reviews should be approved by the Auditor General. If the QAR Unit does not have sufficient resources (Human resources and time) to conduct the reviews, alternative arrangements, such as the utilisation of other staff within the OAG must be included in the plan.

The QAR Unit should also **prepare an Annual Quality Assurance plan** which should be approved by the Director of Audit/Audit Manager. The annual plan for QA should contain the following:

- **Summary of the terms of reference:** Include a summary of the terms of reference agreed to between the QAR Unit and the Auditor General

- **Objectives of the review:** Clearly state the aim of the reviews here for example: "To determine if the system of quality control functioned effectively throughout the organisation and to ensure all audits complied with the audit standards and policy requirements."

- **Scope and approach of the review:** The scope of the review should include both the Institutional Level Review and the Individual Level Review. It will be good practice to use the following criteria when deciding on the audits to be included in the review:
  - Audits classified as high risk;
  - Complexity of the audit and associated risks;
  - Public interest in auditees or audit;
  - The auditees face problems that may lead to contentions and difficult circumstances and may benefit from pre-issuance review to reduce the Auditor General's reputation risk;
  - The audits where significant shortcomings were identified during previous review;
  - A new area of auditing; and
  - Audit was conducted by an audit firm in full or jointly with the OAG.

- **Period to be covered:** The period to be covered should be indicated e.g. the audits completed during the 2012-2013 budget year.

- **Methodologies to be used:** Indicate the methodology to be used e.g. interviews with audit team members and audit team leaders, comparison of reports to evidence etc.

- **Checklists to be used:** Identify the checklists to be used.

- **Sample size:** The population of audits should be stated here as well as the size and method of sample selection. For example, one audit must be randomly selected from each audit manager to be included in the sample.

- **Composition of team:** The members of the QAR team should be indicated here e.g. Mr A – specialist performance auditor.

- **Review timetable:** Indicate the time table here, for example, the review will start on 01 July 2014 and will be completed on 31 August 2014.

Department	Team Leader	No. of reviewers	Start date	End date
DLA	Mr B	2	1 June 2014	15 June 2014

8.5.3 Conducting the Reviews

8.5.3.1 Principles guiding conduct of Quality Assurance Reviews

- There will be Quality Assurance Review team headed by Team leader
- All Quality Assurance Reviews will be conducted following the agreed **Annual Quality Assurance plan** for the year. Any deviations from the Agreed plan will be discussed and approved by the Auditor General if appropriately justified. Documentation confirming AG approval of any revisions will be maintained by the QARU.
- The QARU team will ensure that timely communication is made to facilitate preparedness for the Quality Assurance Reviews. Such communication will be made in writing to the responsible staff at least one month prior to the commencement date of the Quality Assurance process. A clear timetable showing the planned Quality Assurance Reviews should be circulated to all members of the OAG Management team within reasonable time. Any documents required to facilitate the Quality Assurance review should be submitted timely.
- The Quality Assurance Review team will be given appropriate cooperation during the Quality assurance review process. All Departments have a responsibility to facilitate the Quality Assurance review process and ensure it is completed within planned deadlines. Major challenges encountered in the Quality Assurance Review process will be discussed with Top Management timely to facilitate the Quality Assurance process.
- The Quality Assurance reviews will be conducted using appropriate tools (templates) developed for this specific purpose. The QARU team will ensure high level of professionalism when conducting the Quality Assurance reviews. The timing of the Quality Assurance Review will depend on its nature. Those required before completion of Audit fieldwork should be planned accordingly to avoid delays and disruption of the Audit processes.
- Results of the Quality assurance reviews should be discussed with the concerned staff to obtain their comments and commitment before sharing the results with others. This is

important because the Quality Assurance aims at helping to improve any gaps in Quality control system.

- There will be follow up on implementation of recommendations made in previous Quality Assurance Reviews. Such follow up reviews should be arranged timely to realise timely improvements.

8.5.3.2 Tools/templates to facilitate conducting of Quality Assurance Reviews

Procedures to be followed when conducting the specific Quality Assurance Reviews are detailed below:

a) **Institutional (SAI) Level Reviews:** The procedures to follow in conducting the Institutional Level Quality Assurance Review are detailed in **appendix 4.3 and appendix 4.4 of this Manual.**

b) **Individual Audit Level Reviews**
   - **Post-issuance Quality Assurance Reviews:** The procedures to follow in conducting this Quality Assurance Review are detailed in **appendix 5.1 of this Manual.**

   - **Pre-Issuance Quality Assurance Reviews provided by Quality Assurance Review Team:** The procedures to follow in conducting this Quality Assurance Review are detailed in **appendix 5.1 of this Manual.**

   - **Pre-Issuance Quality Assurance Reviews provided by within Engagement teams:** The procedures to follow in conducting this Quality Assurance Review within the Engagement team are detailed in the **Quality Control checklists** within the Regularity and Performance Audit Manuals.

   - **Engagement Quality Control Review (QCR):** The procedures to follow in conducting this Quality Assurance Review within the Engagement team are detailed in the **Quality Control Questionnaire (checklist)** adopted from AFROSAI-E 2013 Regularity Audit Manual (RAM) with appropriate updates.

c) **External Peer Reviews:** The procedures to follow in conducting External Peer reviews are defined by the Peer reviewers. QARU will coordinate the process.

8.5.3.3 Conducting Pre-issuance Quality Assurance Reviews

The Team leader of the Quality Assurance Review team should establish contact with the managers responsible for the engagement before the start of the review. This gives the reviewers an opportunity to obtain some background about the audit, the major considerations during the audit and they can make a quick review of the original estimates with regard to the resources required for the review. If the audit work is well documented no consultation between the audit team and review team should be necessary until the findings are discussed. In order to ensure the review team can perform the review within the time constraints, the reviewer should be provided timely with all the working papers and documentation. The documents should be presented in a properly referenced and logically laid out and easy to understand format in accordance with the OAG's requirements.

A review ordinarily involves:

- Gaining an understanding of the audit and the OAG's specific requirements and guidelines applicable to the audit;
- Discussions with the audit team;
- A review of selected audit documentation relating to the significant judgments the audit team made and the conclusions they reached;
- A review of the financial information, conclusion, documentation and the auditor's report, and, in particular, consideration of whether the auditor's report is appropriate.

For large and complex engagements, it is desirable to perform the review in the field (mostly suitable for pre-issuance reviews). This will facilitate that the review can be carried out at the end of each phase (planning, execution and reporting). A review in the field also gives the reviewer the opportunity to become more familiar with the auditee's operations, and in appropriate circumstances, to meet the auditee's personnel. However, the reviewer does not assume any of the responsibilities of the audit team.

Timely discussions with the audit team on the significant accounting, auditing and reporting matters will help to identify those that may warrant attention and avoid last minute questions or changes.

Extent of the procedures

The extent of the review depends on the complexity of the audit engagement and the risk that the auditor's report might not be appropriate in the circumstances.

The reviewer has to look the following considerations when reviewing audit files:

- The Terms of Reference for the audit in the form of an engagement letter;
- Planning-background information of the auditee, knowledge of the business, budgeted cost and man hours, staff requirements, etc.;
- Internal control system – understanding of the audit components and internal control systems, documentation thereof, preliminary risk assessment, conduct test of control and evaluating test of control;
- Risk assessment – to determine audit risk, inherent risk, control risk and detection risk;
- Information systems environment – IT controls, physical and environmental controls;
- Test of control – To support the preliminary assessment of test of control;
- Lead schedule;
- Overall planning – determination of materiality and conclusions drawn;
- Development of a detailed audit procedures (audit programme) – Whether all the sections of the audit programme have been reviewed before the commencement of the audit, filled and signed by the preparer of the schedules, cross referenced to the works performed;
- Analytical Procedures – performed to identify risk areas and investigate variances;
- Substantive procedures – procedures for an in-depth examination;
- Evaluation of results/conclusions drawn;
- Audit working papers – Whether all working papers have been filed, explanations given to tick marks, work done listed, etc.;
- Reviews - by the line managers and the senior official who will sign the management letter as evidence of management involvement;
- Compliance with laws and regulations – Whether the accounts are submitted as per legal requirements and within the prescribed time limit;
- Reporting – Whether management letter issued after the audit, reply received, Audit Report issued;

- Fraud and error- whether appropriate measures have been taken after the discovery of fraud or error if any;
- Accounting Estimates – Actual compared with budgeted and variances appropriately dealt with;
- Related parties – effect of related party transactions on the financial statements, conflict of interests;
- Using the work of another auditor – consideration given in the accounts to work performed by other auditors, for example internal auditors.

If the audit is complex or high risk exists, that the audit report might not be appropriate, additional procedures should also be performed. Examples of indicators that will result in additional procedures include the following:

- Unresolved differences of opinion in the audit team and/or between audit team and the report signatory;
- Adverse publicity concerning the auditee or the previous year's audit;
- Significant disagreements with those charged with governance relating to the previous audit or current audit;
- Significant limitations experienced on the scope of the audit;
- Planning process, including identified risks relating to fraud and going concern;
- Indications that audit team might not have the appropriate capabilities, competence and time to perform the audit;
- The nature of the operations of the auditee is very complex leading to possible differences of opinion of significant financial statement items.

The extent of the procedures should be confirmed and communicated to the reviewer before commencement of the review. The reviewer should conclude after each phase of the review.

Please refer to Quality Control Questionnaire on Regularity Audit on Appendix 5.1 for regularity Audit and appendices 6.1, 6.2 and 6.3 for Performance Audits.

8.5.4 Reporting on the Results of Reviewing

8.5.4.1 The Quality Assurance Review Reporting process

After completing the annual assessment of the quality control system, the QAR team will report the results to the Auditor General, Team Leader s, and other appropriate personnel. The QAR team will prepare reports at Institutional (SAI) Level and at Individual Audit Level. The QAR Unit is expected to produce an annual report of the entire SAI on quality issues. The reports for the individual audits should be compiled after each review. The report must be sufficient to enable the OAG and other appropriate personnel to take prompt and appropriate action where necessary in accordance with their defined roles and responsibilities. The report must also include a detailed description of the procedures performed and the conclusions drawn from the review. If systemic, repetitive, or significant deficiencies are noted, the report must also include the actions taken, or proposed, to resolve them.

The reviewer's report will, at a minimum, include:

- A description of the monitoring procedures performed;
- The conclusions drawn from the monitoring procedures;
- Where relevant, a description of systemic, repetitive or other significant deficiencies; and
- The actions taken, together with any further recommended actions, to resolve these deficiencies.

8.5.4.2 Record of observations

The QAR team should document their work and compile a list of their observations using appropriate format. It will be easy to understand if the list is compiled in the form of a table where the audit team can include their comments. The working paper and any other applicable documentation on the resolution of differences of opinion and consultation sought as part of the review must be included in the audit working paper file to provide the necessary proof of an appropriate review.

Findings should be clear and state the factual evidence regarding the situation against the required or desired standard, measure or expectation (what should exist).

Findings can, for example be classified as one of the following:

- High risk matters – matters which if not resolved might result in an inappropriate audit report
- Other important matters – matters that need to be resolved for the audit to adhere to audit standards and regulatory and legal requirements
- Administrative matters – areas for improvement for future audits

The reviewer should also review the Quality Control Questionnaire (QCQ) or checklist. The reviewer must go through the questionnaire and try to analyze the responses and make sure that the information is flowing logically and there is no contradiction. The reviewer must have exercised professional judgment when completing the checklist. If information gathered is not consistent, the reviewer must seek further clarification from the relevant managers.

All the information obtained from the Quality Control Questionnaire should be recorded using the standard format, the Quality Assurance Review Recording Form (QARRF). The reviewer may supplement the recording form with additional material, if required. Please refer to Appendix 8 for the format of the Quality Assurance Review Recording Form (QARRF).

Details required for the completion of the Quality Assurance Review Recording Form (QARRF):

- **QCQ reference:** The QCQ reference is necessary for further clarification as there may be need to refer back to the QCQ

- **Positive observations:** It is essential to acknowledge the good practices done on the audit assignment.

- **Negative observations:** All material negative observations should be recorded precisely. State the nature and extent of the finding

- **Effect:** This attribute identifies the real or potential impact of the observation. The **significance** of the observation is usually judged by its risk. One would be trying to answer the question, ‘What risk does it expose?’

- **Comment made by the Audit Manager:** The reviewer should obtain and record **comments** from the relevant managers on the observations made

- **Causal Factors:** The reviewer should analyze and document the factors that are considered to be causes for the situation identified.

- **Recommendations:** After obtaining the comments from the audit manager on the observations made, the reviewer should provide appropriate recommendations and record them. The recommendations have to identify suggested remedial actions and answers to the question: "What should be done?" The relationship between the recommendation and the underlying observation should be clear and logical. The recommendation should state precisely what needs to be changed or rectified. The cost of implementing and maintaining recommendations should always be compared to the risk.

- **Name of reviewer:** It is necessary to state the name of the reviewer who made a particular observation.

- **Signature and date:** The QAR team leader should make sure that all observations are completely and correctly stated and should insert signature and date on the form.

8.5.4.3 Clearing of findings and feedback to the audit team

The QAR team should meet with the audit team to discuss the findings to ensure that it is clearly understood. After feedback is given and draft report is prepared, the QAR team has to present the summary of the findings to the Director of Audit/Audit Manager and other appropriate personnel. The aspects to be considered by the review team before presentation of the summary of findings are:

- Formulating the findings to be presented based on the working papers and evidence;
- Preparing themselves on the points to be discussed;
- Appoint a person to minute the discussions of the observations and explanations provided to the review team;
- Insist that all the staff members involved in the audit are present at the meeting.

8.5.4.4 Report preparation

Members of the QAR team are required to:

- Summarize the observations obtained during the discussion;
- Analyze the observations with the explanations received;
- Investigate further evidence for matters upon which there have been diverse opinions;
- Discuss and reach a consensus about the findings to be dropped;
- Agree on amendments required to be done on the draft report;
- Discuss the recommendations and decide on the findings to be included in the report to be submitted to the Auditor General.

By recording all the observations of the individual assignment being reviewed, the review team will be able to prepare the quality assurance review report.

If deficiencies were identified during the review, these must be corrected before the QAR team leader can sign off the review report. Unresolved differences between the QAR team and the audit team must also be resolved before the report is signed. Where a difference of opinion between the QAR team and the audit team persists, the issue will be resolved by the Auditor General.

8.5.4.4 Types of Reports to be produced

a) Individual Quality Assurance Reports

- Individual report for Post-Issuance Quality Assurance Reviews conducted for each Assignment **(to be issued to team leaders) See template in appendix 5.2 for Regularity Audit and Appendix 6.5 for Performance Audit.**

- Consolidated report covering all Post-Issuance Quality Assurance Review conducted **(to be submitted to Auditor General)**

- Individual Report from the Institutional Review **(to be submitted to Auditor General)- - See template in appendix 4.5**

- Individual Report External Peer review **(to be submitted to Auditor General)**

b) Annual report on Quality Assurance (consolidated report covering all reviews conducted)- **See appendix 7 of this Manual**

8.6 Annual report on Quality Assurance

8.6.1 Content of the Annual Quality Assurance Report

The QAR Unit should prepare an annual report of the entire SAI on quality issues. This report should be submitted to the Auditor General. All managers and staff will also be provided with information on the results of the reviews annually, including a detailed description of the reviewing process and its conclusions on the OAG's overall compliance and effectiveness.

The annual report should contain:
- Introduction
- Objectives of the reviews and the report
- Scope and approach of the reviews
- Periods covered
- Methodologies used
- Sample size
- Reviewers
- Information whether the timetable for the reviews was met
- Information whether all legislative deadlines for reporting were met
- Summary of observations (findings)
- Information whether the deficiencies identified during the previous years were eliminated or repeated
- Recommendations and action plans to address the deficiencies, including training needs
- Statistical information on, for example, the number of reviews conducted and passed compared to previous years to show trends.
- Conclusion.

8.6.2 Evaluating, Communicating, and Remedying Deficiencies

The OAG shall consider whether the identified deficiencies indicate structural flaws in the quality control system or demonstrate non-compliance by a particular manager or staff member. Structural flaws indicated by deficiencies may require changes to the quality control system or documentation system. The OAG shall also communicate all deficiencies detected and reported by the monitor to the relevant Director of audit/Audit Manager/Team Leaders and other appropriate personnel, together with recommendations for remedial action.

Recommendations to address reported deficiencies shall focus on addressing the underlying reasons for those deficiencies and shall include one or more of the following:

- Take appropriate remedial action in relation to the individual engagement or member(s) of personnel;
- Communicate the findings to the HR if training needs appear, ethical discrepancies identified, etc.;
- Amend the quality control policies and procedures; and
- Take disciplinary action.

If it appears that the OAG has issued an inappropriate engagement report or that the engagement report's subject matter contained a misstatement or inaccuracy, the OAG shall determine what further actions are appropriate in order to comply with professional standards and regulatory and legal requirements. In such a circumstance, the OAG will also consider obtaining legal advice. If deficiencies are determined to be systemic or repetitive, immediate corrective action will be taken. In most cases, deficiencies related to independence and conflict of interest will also require immediate corrective action. The Auditor General together with the Directors of Audit/Audit Managers shall review detected deficiencies to determine whether supplemental courses or education could effectively address some of the issues behind the deficiencies.

8.6.3 Quality Assurance Action Plan

The final output of a QA review is the action plan. Based on the shortcomings, this will be a consolidation identified in the QA review report, the Auditor General should ensure that an action plan is compiled by the OAG. The main areas to be covered in the action plan include:

- Areas for improvement;
- Intended action;
- Responsible for implementing the recommendations; and
- Deadline for implementing the planned actions/tasks.

8.7 Non-compliance with Quality Control System

Non-compliance with the OAG's quality control system is a serious matter, particularly if a manager or staff member has wilfully refused to comply with OAG's policy. Since the quality control system is in place to protect the public interest, the OAG will address wilful non-compliance transparently and rigorously. Wilful non-compliance will be addressed in a number of ways, including:

- Instituting a plan to improve performance;
- Performance reviews and reconsideration of opportunities for promotion and increased compensation such as to continue high level professional education, ACCA, CPA, MSc, etc.

In some circumstances, it may also be necessary to impose a temporary oversight regime for managers and staff who have difficulty complying with the quality control system. This may include: requiring a review of the work performed by another manager, or having the monitor assess the work before release of the engagement report.

Alternatively, the OAG may restrict the type of work performed, for example, by restricting involvement in engagements of larger entities, on either a temporary or a permanent basis.

8.8 Complaints and Allegations

The Auditor General has the authority to handle all matters concerning complaints and allegations that the work performed by the OAG fails to comply with professional standards and applicable legal and regulatory requirements, and allegations of non-compliance with the OAG's quality control system.

Complaints and allegations related, particularly failure to exercise a duty of care in relation to client work, or other breach of professional or legal duties by managers and staff toward each other or clients are serious matters. The Auditor General shall give serious consideration to such serious matters.

Any complaint received from an audit entity or other third party will be responded to at the earliest practical moment, with an acknowledgement that the matter is being attended to, and that a response will be forthcoming after it has been appropriately investigated.

The investigation of such serious matters will be assigned to the Auditor General and may be delegated to competent, experienced managers or other appropriate personnel who are not involved in the allegation or complaint.

The process provides that all managers and staff are free to raise concerns without fear of reprisal.

9. DOCUMENTATION

9.1 Documentation of the OAG's Policies and Procedures

The OAG maintains policies and procedures that specify the level and extent of documentation required in all engagements and for the OAG's general use (as established in the OAG's manuals). It also maintains policies and procedures requiring appropriate documentation to provide evidence of the operation of each element of its system of quality control for a period of time sufficient to permit those performing monitoring procedures to evaluate the OAG's compliance with its system of quality control.

The OAG's policies ensure that documentation is sufficient and appropriate to provide evidence of:

- Adherence to each element of the OAG's quality control system; and
- Support for each engagement report issued, in compliance with professional and the OAG's standards and regulatory and legal requirements.

A listing of OAG policies is provided in **section 1.2.**

9.2. Documentation of the Engagement

The OAG's policy on documentation requires engagement documentation to include:

- Identified issues with respect to ethics requirements (including demonstration of compliance);
- Engagement planning checklist (Overall Audit Strategy);
- Compliance with independence requirements and documentation of any discussions related to these issues;

- Procedures performed to assess the risk of material misstatement due to fraud or error at the financial statement level and component level;
- Nature, timing, and extent of procedures performed in response to assessed risk including results and conclusions;
- Nature, scope, and conclusions drawn from consultations;
- All communications issued and received;
- Results of the EQCR which has been completed before the date of the report;
- Confirmation that no unresolved matters exist that would cause the reviewer to believe that the significant judgments made and conclusions drawn were not appropriate;
- Conclusion that sufficient, appropriate audit evidence has been accumulated and evaluated, and supports the report to be issued; and
- File closing, including appropriate sign-off.

9.3. Documentation of the Engagement Quality Control Review

Every manager or staff member serving in the capacity of Quality Control Review must complete the OAG's standardized EQCR checklist, in order to provide documentation that the review was performed. This must include confirmation and supporting evidence or cross-references to it, affirming that:

- Appropriately qualified managers and staff have performed the procedures required for an EQCR;
- The review was completed before the date of the engagement report;
- No unresolved matters have come to the QCR's attention that would cause reviewer to believe that the significant judgments made by the engagement team and the conclusions reached were not appropriate.

9.4. File Access and Retention

The OAG has established policies and procedures designed to maintain the confidentiality, safe custody, integrity, and accessibility of the engagement documentation.

All working papers, reports, and other documents prepared by the OAG, including client-prepared worksheets, are confidential and shall be protected from unauthorized access. The Auditor General must approve all external requests to review working papers and any release of the documents will not be completed until this approval is obtained. Working papers will not be made available to third parties unless:

- The client has authorized disclosure in writing;
- There is a professional duty to disclose the information;
- Disclosure is required by a legal or judicial process; or
- Disclosure is required by law or regulation.

The OAG's policy dictates the number of years for which retention will apply for each of the Permanent files, current files, financial statements and reports and other relevant correspondences **[10 years]**.

Permanent record of all files will be maintained. The Auditor General shall approve any destruction of files and the manager responsible for office administration keeps permanent records of all materials destroyed.

9.5 Electronic audit files

OAG will have electronic working papers and the access of these working papers will be guided by the IT policy.

APPENDICES

APPENDIX 1 - THREATS TO INDEPENDENCE

When identifying and documenting any threats to independence for which there may be safeguards, the following should be addressed:

- Self-interest threats, which may occur as a result of the financial or interests of the manager/auditor or of an immediate or close family member;
- Self-review threats, which may occur when a previous judgment needs to be re-evaluated by the manager/auditor responsible for that judgment;
- Advocacy threats, which may occur when a manager/auditor promotes a position or opinion to the point that subsequent objectivity may be compromised;
- Familiarity threat, which may occur when, because of a close relationship, a manager/auditor becomes too sympathetic to the interests of others, and;
- Intimidation threat, which may occur when a manager/auditor may be deterred from acting objectively by threats, actual or perceived.

Evaluate and document whether these threats, considered individually and collectively, are clearly insignificant.

For each threat that is not clearly insignificant, document the safeguards that exist within the Engagement team or at the OAG and how they serve to reduce the threat to an acceptable level.

Safeguards may include professional standards and monitoring, OAG policies on continuing education, quality assurance, and client safeguards such as a strong control environment.

The Director of Audit/Audit Manager must be satisfied that there are sufficient safeguards in place, and that threats to independence are eliminated or reduced to an acceptable level.

APPENDIX 2: CRITERIA TO GUIDE OAG IN ALLOCATING AUDIT TEAMS TO SPECIFIC AUDIT ASSIGNMENTS

		INDICATORS							
		Code of ethics	**Competence and experience**	**Complexity of the entity-structure and accounting method**	**Audit opinion of previous report**	**Risk of fraud and adverse publicity**	**Motivation to auditors**	**Personal and health issues**	**Final Decision on Team selection**
Entity to be audited	**Team leader**	**Have we confirmed that this T/Leader has no conflict of interest threats and that S/He hasn't audited entity for more than 3 consecutive years? YES/NO**	**Does the T/leader have the appropriate Technical skills and experience to conduct the Audit? YES/NO**	**If the assignment is Complex by nature, has it been allocated to a more experienced T/Leader or Senior Principal Auditor? YES/NO**	**If prior Audit report was disclaimer/adverse, has the assignment been allocated to more experienced T/Leader or Senior Principal Auditor? YES/NO**	**If entity has high risk of fraud, has it been allocated to a more experienced T/Leader or Senior Principal Auditor? YES/NO**	**If audit of entity involves high financial benefits, has it been allocated to different T/leader this year? YES/NO**	**If there are any personal health issues, have they been considered when allocating assignment to T/leader? YES/NO**	If all Indicators are= **YES, then SELECT allocated team.** If any indicator **is= NO,** then **propose new T/Leader or justify selection if T/Leader is not changed**. **SELECTED/ NOT SELECTED**
MINICOM	AB	YES	YES	YES	YES	YES	YES	YES	SELECTED
Musanze	DE	YES	YES	YES	YES	YES	NO- team same as last year.	YES	NOT SELECTED. **To consider new team- XY**
EWSA	MD	NO- T/L has audited for last 3 years	YES	YES	YES	YES	YES	YES	SELECTED Despite ethical issue of auditing 3 years, **team is selected** to due to experience and complexity of assignment. **There will be ECQR to enhance address independence threats.**

APPENDIX 3: CRITERIA GUIDING OAG IN ALLOCATION OF TIME FOR SPECIFIC ASSIGNMENTS

INDICATORS		**Last time assigned to the entity**	**Size of last audit team**	**Size of the current audit team**	**Current Overall risk profile**	**Size and complexity of the auditee/ entity- structure and financial reporting framework**	**Times the auditee has been audited**	**Experience and learning curve**	**Changes in scope of work**	**Changes in audit manual or introduction of audit software**	**Should time allocate in the previous audit be increasing/ reduced,/ constant)**	**Overall time allocated**
Entity to be audited	***Team leader***				***High Risk assignment/ Low Risk Assignment***	***Is the organization big and complex? (Yes/No)***	***Is it the first time the entity being audited (Yes/No)***	*Is this same team which audited the entity last year?* ***(Yes/No)***	*Is there no change in scope**?*** ***(Yes/No)***	*Are there any significant Changes in templates to use during audit (Software or Manual)* ***(Yes/No)***		
Western province	AB	*2 weeks*	*4 people*	*4 people*	Low Risk	No	No	No. Different team but scope same. But has audited similar assignment before.	No. Same as last year	No. Same manual and procedures	Reduce time of last year by 2 days.	12 days
REB	DF	7 weeks	8 people	6 people	High Risk	Yes	No	Yes. Same team that audited last year	Yes. More physical verification expected	Yes. Going to apply Teammate for first time	Eg. Increase by 2 weeks to cover scope and learning curve for Team mate	9 weeks
Gasabo District	XY	4 weeks	4 people	4 people	High Risk	No	No	No. Different team but have similar experience	No. Same no. of NBAs and extent of physical verification	NO. Same manual and procedures	Same time as last year	4 weeks
RRA	MB	Not Audited	N/A	15 people	High Risk	Yes	Yes	None	Complex scope	1st time use of Teammate for most Auditors	N/A	12 weeks (to be monitored)

.

APPENDIX 4 - INSTITUTIONAL REVIEW

Appendix 4.1 Background Information for Institutional Review

1. The Constitution
2. The current Audit Act + relevant amendments
3. The Strategic Plan
4. A monitoring/evaluation report on the fulfilment of the goals/objectives in the strategic plan
5. Annual performance/activity report, issued to key stakeholder
6. A document describing the monitoring/evaluation process/procedure of the strategic plan
7. The SAI's annual operational plan for the last three years; alternatively the plans for the different departments (annual audit plans etc.)
8. Follow up reports on the SAI's own audit recommendations respectively recommendations from parliament (Both RA and PA)
9. Report on the result of the monitoring/evaluation of the annual operational plans
10. A document describing how to monitor/evaluate the annual plans
11. Document describing the SAI's time recording system, how it is used and how it enables the SAI to follow up the costs.
12. The SAI's own code of ethics and a description of how its use is followed up
13. The SAI's communication policy and how it is implemented
14. The Human Resource policy covering recruitment, performance appraisals, training and on-going Professional development of staff
15. The Annual development plan
16. Training programs for new entrants, management and staff on the job training
17. Quality control for PA and RA showing: a) SAI policy and procedures, b) Roles and responsibilities, c) Planning and d) A Quality assurance handbook
18. Description of the SAI organisation with information about staff numbers etc.
19. Internal regulations
20. Delegations by the AG, the DAG and the SG
21. Audit manuals for Regularity Audit/Financial Audit and Performance Audit
22. Last annual audit report

Appendix 4.2 Institutional Level Questionnaire

QUALITY ASSURANCE QUESTIONNAIRE SAI REVIEW: INSTITUTIONAL LEVEL

SECTION			
MANAGER			
DATE OF REVIEW			
FINDINGS DISCUSSED ON			
MANAGER		DATE	
REVIEWER		DATE	

The purpose of the questionnaire is to help the review team in preparing the interviews with the management in the SAI. For each important area root questions are provided. These are to be used to be used by the review team and are meant to be used as guidance. However, the reviewers need to align and specify (adapt) these questions to the specific circumstances in the SAI that is being reviewed.

The detailed specific questions are to be used to ensure completeness, and not to be asked automatically in the way they are written. Some of the detailed questions can of course be put to the reviewed SAI, although it is important for the review team to choose and formulate which questions to use. Follow-up questions must also be asked when needed for the understanding.

If the finding to a particular question is positive, a tick should be inserted in the "YES" column.

If the finding is negative, a tick should be inserted in the "NO' column, followed by an appropriate reason / explanation in the remarks column. In such an instance, reference should be made to either the minutes of the discussion of the findings with management. Instances may be found where the answer to a question is "NO", but that the situation was still within the scope of INTOSAI Auditing Standards (e.g. non-compliance with Office methodology, although still within scope of INTOSAI Auditing Standards). This should clearly be spelt out and reported accordingly.

If a question is not applicable, a tick mark should be inserted in the "not applicable" column, together with an adequate explanation.

I. INDEPENDENCE AND LEGAL FRAMEWORK	**The existence of the SAI and the appointment of the SAI Head should be provided for in the Constitution.** All public bodies and related institutions shall be audited by the SAI. The SAI should have access to records and documents relating to financial management and be able to perform different types of audits.

REF: LIMA DECLARATION, ISSAI 1 Sections 4,5,10,17,19,23 & 24 (Mexico declaration)	YES	NO	N/A	COMMENT
INDEPENDENCE				
ROOT QUESTIONS: 1) How is the independence (legal, administrative/managerial and financial) of the SAI regulated? 2) How does the SAI fit into the overall PFM system of the country? The SAI's role in the accountability system? The SAI's accountability? 3) What mandate does the SAI have?				

4) How is the mandate implemented? Are there limitations?					
1.	Is the Head of the SAI appointed by Parliament? If no, please specify				
2.	Is there a constitutional provision regarding the appointment of the head of the SAI?				
3.	Is there a fixed term of office for the head of the SAI? If yes, please specify term.				
4A.	Does the head of the SAI and "Members" for collegial bodies have legal immunity in the normal discharge of the duties? If no, please specify.				
4B.	*Does the SAI have a board? If so, what is the mandate of the board?*				
5.	Does the SAI submit its budget directly to Parliament for approval without going through treasury department which is its auditee – (financial independence)?				
6.	Is the SAI entitled to use and re-allocate the funds allotted to them under a separate budget heading in ways that they consider to be appropriate (e.g. for remuneration and establishment of new posts)?				
7.	Is the SAI free to determine the nature of its organisational structure and functional process without outside interference?				
8.	Does the SAI's mandate specify its administrative independence from the other branches of the government?				
9.	Is the independence of the Head of SAI laid out in the constitution or audit law? If not, please provide explanations regarding the basis for the independence of the Head of SAI.				
10.	Is the procedure for removal of Head of SAI embodied in the constitution or law?				
Mandate (Legal Framework)					
11.	11. What is the legal basis of the SAI's mandate?				
11.1	Constitution				
11.2	Special law other than the Constitution				
11.3	Others (please specify)				
12.	Does the SAI have audit jurisdiction to audit the following bodies? (Tick as many alternatives as appropriate)				
12.1	Federal or national government (Ministries and government departments – Executive)				
12.2	Legislative				
12.3	Judicial organs of the state				
12.4	Intelligence agencies				
12.5	Armed forces				
12.6	Police department				
12.7	Local government units (cities, provinces, municipalities)				

12.8	Government owned or controlled corporations / companies				
12.9	Bodies / autonomous bodies not owned but substantially funded by the government or from the State budget				
12.10	Foreign agencies and enterprises with whom the State has joint venture Agreements				
12.11	Agencies to whom performance and delivery of public services is contracted out				
12.12	Others				
13.	Is there a strong political will to maintain the SAIs independence and therefore a full support for the AG in the exercising of his / her mandate?				
14.	Does the SAI have an unrestricted access to information?				
15.	Does the SAI have the legislative mandate to carry out the following types of audit? (Please mark at relevant rows)				
15.1	Financial audits				
15.2	Audit of compliance with laws and regulations				
15.3	Performance / Value for money audits				
15.4	Concurrent audits (for example, audit during implementation of a project)				
15.5	IT audits				
15.6	Environmental audits				
15.7	Privatisation audits				
15.8	Others (please specify)				
16.	Are financial audit (regularity audit) and performance audit specifically mentioned in the SAI's mandate?				
17A.	Are there entity / -ies not audited by the SAI? If yes, please specify.				
17B.	*Does the SAI carry out any other external work than audits? If so, what kind of work?*				
18.	Are all audit reports issued at the sole discretion of the Auditor General?				

II. ORGANISATION AND MANAGEMENT	**To deliver quality in an efficient manner an organisation needs to have an adequate structure and a well-established, professional management.** The A-G and audit top managers should establish procedures designed to promote an internal culture based on the recognition that quality is essential in performing audits. The leadership of SAI should assume ultimate responsibility for the system of quality control.

Leadership ISQC par 18-19, ISSAI 40
ROOT QUESTIONS: 1) How does the head of SAI ensure that standards are adhered to? 2) How does the managers and management team support the development of the organisation? Optimizing the resources? (Sub-question: How do they add value and ensure the independence of the SAI?) 3) What is the organisational culture (e.g. tone of the top) like in the SAI? (no sub-questions yet) 4) How does the SAI plan (on different organisational, strategic etc. levels) to fulfil its mandate? 5) How is the internal control system built up and operated in the SAI?

6) How is the code of ethics implemented and incorporated in the SAI? 7) How does the infrastructure (IT, communication etc.) support the execution of the operations in the SAI?					
1.	Does the head of the SAI set the appropriate tone and direction for the organisation? (Please explain in what way)				
2.	Does the SAI have stated a vision and mission (a strategic thinking)?				
3.	Does the Head of SAI emphasise and promote continuous improvements? Please verify through speech text and minutes of meetings				
4.	Does the Head of SAI continuously inspire staff to comply with the approved standards and procedures and to make their best efforts to deliver quality services and products? ***Strategic and operational planning***				
5.	Does the SAI have a strategic plan?				
6.	Does the SAI have an ***annual*** operational plan linked to the strategic plan?				
6B.	*Does the SAI have an annual audit plan?*				
7.	Are the plans meeting their objectives? Please compare a sample plan's objectives with achievements.				
8.	Is there a mechanism to measure the achievement?				
9.	Are the staffs at the various levels aware of the plans? Please test check with a sample of staff members from various levels.				
10.	Does the senior management provide sufficient support in the implementation of the strategic thinking as formulated in the strategic plan? ***Organisational development***				
11.	Does the SAI redefine the organisational structure in accordance with the strategic plan and the conditions in environment?				
	12. Does the SAI's organisational structure clearly define lines of authority and responsibility?				
	Direction `				
	13. Do the A-G and other top management decide what audits should be				
14.	Do the top managers set important quality requirements for the audit? Examples of some important quality control requirements include timeliness and compliance to audit methodology and standards. A checklist of the requirements should indicate the quality expectations from the audit management. Please consider matters such as the existence of a top manager's checklist • Individual auditor training plan in place • Competence plan for the audit function • System for organisational learning in place				

Code of Ethics ISQC-1 par 20-30, ISSAI 30					
15.	Is there a document Code of Ethics, adapted to the SAI's environment, in place covering the issues in INTOSAI Code of Ethics (ISSAI 30)?				
16.	Is the above code adhered to?				
17.	Are there procedures to ensure that the Code of Ethics is adhered to? Internal Control				
18.	Does the SAI's have appropriate structures, rules, regulations and procedures for its internal control?				
Assignment of audit teams ISCQ-1 par 18, A30 –A31, ISSAI 40					
19.	Does the SAI assign an audit team leader or audit director to each audit to take responsibility for that audit on behalf of the SAI?				
20.	Does the SAI establish policies and procedures requiring that: • The identity and the role of the audit team leader and audit director are communicated to key members of auditee management and those responsible for governance • The audit team leader or audit director has both the necessary capabilities, competence, authority and sufficient time to perform the role; and • The responsibilities of the audit team leader or audit director are clearly defined and communicated to that team leader or director?				
21.	Does the SAI assign appropriate staff with the necessary capabilities, competence and time to perform audits in accordance with professional standards and applicable regulatory requirements, and to enable the issuance of reports by the SAI that are appropriate in the circumstances.				
22.	IS the scheduling of staff done with regard for required and available competencies?				
23.	Is staff conversant with relevant new and revised audit standards?				
24.	Is staff conversant / up to date with the latest and relevant audit methodology?				
25.	Is staff conversant with relevant SAI guidelines?				
26.	Does staff have access to relevant up to date audit standards documentation, SAI approach documentation and guidelines and other documentation?				
27.	Does the staff possess knowledge of the relevant sectors in which the clients operate?				
Use of resources					
28.	Does the SAI have an annual financial resource plan?				
29.	Is the annual budget process integrated with the planning of your annual work plan?				
30.	Does the SAI have sufficient resources to				

	carry out both the planned audit activities and the development projects etc. in the strategic and the annual work plans?				
31.	Does the SAI have regular review of the budget and the annual work plan?				
32.	Does the SAI financial practice lead to relatively accurate financial projections?				
33.	Does SAI have a sufficient number of qualified staff for management of the annual work plan and its budget?				
Infrastructure					
34.	Does the SAI own its office premises?				
35.	Does the SAI have sufficient office space?				
36.	Does the SAI have well equipped training rooms?				
37.	Are the SAI's departments / divisions/ sections located together in the same city, represented at regions, etc.?				
38.	If the departments / divisions / sections are located at different places, are there any negative consequences with the localization?				
Technology					
39.	With of the following functions are computerised in the SAI? • Payroll • Finance • Audit planning • Asset management • Archiving system • None of the above				
40.	What type of internet access does the SAI have? • Broadband • Dial-up • Not at all				
41.	Who has access to the internet? • Senior management only • Senior management and middle management • All staff and management				
42.	Does the SAI have internal IT support staff?				
43.	Are the IT personnel professionally qualified? Please check a sample of the IT personnel background qualifications.				
44.	Does the SAI have Local Area Network?				
45.	Does the SAI have photocopying materials and facilities?				
46.	Does the SAI have Wide Area Network?				
47.	Does the SAI technology meet auditor's needs? Please conduct a focus group for discussion on this topic before concluding.				
Support Services					
48.	Which of the following support services do you have in your SAI? • Security				

	• Maintenance • Transportation • Secretarial • Others_____				
49.	Are these support services provided in a timely manner?				
50.	Does the SAI have adequate security measures to safeguard your facility?				
Oversight and Accountability					
51.	Does the SAI submit its periodic / Annual report to Parliament? If no, please specify to whom _____				
52.	Which body is responsible for assessing the activities of the SAI and the SAI itself (whether the SAI is achieving its mandate)? • Parliament • Head of State • Ministry of Finance • Others (specify)				
53.	Is the performance report of the SAI audited?				
54.	Are the SAI's accounts externally audited?				
Internal Audit					
55.	Does the SAI have an internal audit department or equivalent?				
56.	Does the internal audit department report to the head of the SAI directly?				
57.	Does the internal audit department have a charter?				
58.	Does the internal audit department have qualified personnel?				

III. HUMAN RESOURCES	**To ensure a well functioning SAI it is of great importance to have a professional way of recruiting, developing and retaining personnel in an efficient and effective manner.** The SAI should establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the capabilities, competence and commitment to ethical principles necessary to perform its work.

		YES	NO	N/A	COMMENT
General ISCQ-1 par 29, ISSAI 40					
ROOT QUESTIONS: *1. How does the SAI's HR policies and regulations ensure that the SAI meets its objective of producing timely and quality reports?* *2. How does the SAI ensure that the work environment is developed and managed to support the staff in executing their objectives? (Organisational culture?)*					
1.	Does the SAI establish policies and procedures to provide it with reasonable assurance that it has sufficient personnel with the capabilities, competence and commitment to ethical principals necessary to perform its audit in accordance with professional standards?				

3.	Does the SAI have human resource management policies in the following areas? (Please tick as many as possible) • Recruitment • Retention • Performance management • (Performance appraisal) • Career development and training • Well being • Performance management				
3.	Does the SAI have an office, section or person in charge of human resource management?				
4.	Does the SAI have an approved job description for each position of the organisational structure?				
5.	Are the job descriptions kept up-to-date?				
Recruitment					
6.	In recruiting personnel, does the SAI specify minimum qualifications as per job description?				
7.	Are position profiles being tailored to take cognizance of the individual requirements of all positions?				
8.	Has the SAI adopted qualification requirements for different levels of staff and management?				
9.	Has the staff adequate knowledge and skills to execute the SAI's mandate?				
10.	Is recruitment taking place in a manner that allows management to adequately address the audit needs in that environment? Consider matters such as vacancies, overall skills levels, staff turnover, etc.				
Retention					
11.	Is retaining staff a problem?				
12.	Does the SAI have a reward mechanism in place that provides incentives to staff members?				
13.	Which of the following incentives is provided by the SAI? • Naming and honouring the Auditor(s) of the year • Certificate of Excellence for outstanding performance • Financial remuneration / benefits • Staff remuneration and promotions to be based on considered assessments of competencies, performance and experience. • Other incentives – please specify				
Career development					
14.	Are the following methods used by the SAI for the development of knowledge and skills: • Professional education • Continuing professional education • Work experience • Coaching				
15.	Does the SAI have a mechanism in place that takes care of career development opportunities for staff members?				
	16. Which of the following career development opportunities does your SAI provide for staff members? • Relevant workshops or seminars • Professional university courses • Feedback on job performance • Merit based promotions • Time based promotions				

	• Specialization • Performance feedback and coaching • Planned job rotation • Continuing professional education • Phased retirement • Career counselling about challenging assignments and possibilities for more exposure and demonstration of skills • Assessment techniques and programs to help staff members assess their interests, aptitudes and capabilities and linking the information derived to possible careers and jobs • Self-directed and self-development materials • Pre-retirement and post – retirement counselling				
17.	Doe the SAI have a mechanism for identifying technical and management skills gaps?				
18.	If yes to the above question, does the SAI take measures to address the identified gaps?				
19.	Does the SAI have criteria set for promotion and upgrading of its employees?				
Well being					
20.	What type of program is/are in place for staff well-being? • Health care program • Social activities • Recreational and sporting facilities • Fitness programs • Housing • Conducive environment • Counselling services • Other – please specify				
Performance Management					
21.	Are performance appraisals being used on a regular basis?				
22.	Is remuneration linked to performance?				
Professional Staff Development					
23.	Is there proof of detailed training needs identification taking place on a regular basis?				
24.	Are the training needs hat are identified during the quality control reviews: • Communicated to the relevant training staff • Contained in the training plan / part of the annual working plan for the next year?				
25.	Does the SAI have an internal IT training and development programs?				
26.	Is there proof of success measurement against the training plan / part of the annual working plan?				
27.	Is there proof of proper manpower planning?				
28.	Is there proof of proper career planning?				
29.	Is there proof of development (including the scheduling of staff for audits) taking place in line with the planning?				
30.	Does the SAI ensure that the auditor's knowledge and skills gained via different training programmes are being successfully used in the audit?				
31.	Does the auditor receive guidance during the audit (including guidance from Head of a Unit, mentor, team members, etc.)?				
32.	Does the SAI evaluate the current level of knowledge and skills on a regular basis to determine current and future personal and organisational needs?				

33.	Does the SAI ensure that knowledge and skill needs are considered on the training plan for the next year?				
34.	Is the effectiveness of the training plans evaluated?				
35.	IS there an annual training service agreement on individual auditor basis in place?				
36.	Is on the job training provided for each auditor?				

IV. AUDIT STANDARDS AND METHODOLOGY	**To be credible, reliable and to help to ensure transparency and accountability in the country's PFM system, the SAI needs to provide reports that are relevant and accurate.** The SAI should establish procedures designed to provide it with reasonable assurance that audits are performed in accordance with professional standards and regulatory and legal requirements and that the SAI issue reports that are appropriate in the circumstances.

		YES	NO	N/A	COMMENT
Standards ISQC – 1 par 32, ISSAI 40					
ROOT QUESTIONS: 1. How does the SAI ensure that adequate audit standards and methodologies are implemented and used?					
1.	Has the SAI formally adopted international auditing standards?				
2.	Who determines audit standards? • The Head of SAI • Audit Board • Professional Body in the country • Ministry of Finance • Others – please specify				
3.	Are these standards aligned to international standards (such as IFAC, INTOSAI, country specific or regional standards)?				
Manuals and Guidelines ISQC – 1 par 32					
4.	Does the SAI have audit manuals to guide staff in the different audit areas like: • Regularity audit • Performance audit • IT Audit				
5.	Are the manuals aligned to internationally accepted standards? Please check sample manuals and compare with international standards.				
6.	Are the manuals used in the audit process? Please check a few samples				
7.	Do all staff have access to the manuals? Please verify among several staff members.				
8.	Are the manuals updated at regular intervals? Please note the last date of amendments.				
9.	Do the manuals have policies and procedures on the retention of audit documentation to meet the needs of the SAI and requirements of laws and regulations?				
10.	Does the SAI have policies and procedures on the retention of audit documentation to meet the needs of the SAU ad requirements of laws and regulations?				

Audit tools					
11.	Do all staff use audit tools (e.g. checklists, CAATS, and others)				
12.	Does the SAI use audit automation software (e.g. ACL, Teammate and others)? Please specify				
Audit performance ISQC – 1 par 32 – 33, ISSAI 40					
13.	Is there adequate proof of communication between management and the audit team?				
14.	Is there adequate proof of management attending meetings with auditees and feeding back information to the team?				
15.	IS there adequate proof of timeous review throughout the audits?				
16.	Acceptance and Continuance of Auditees' Relationships and Specific Audits Does the SAI establish policies and procedures for acceptance and continuance of non-statutory auditee relationships and specific audits, designed to provide it with reasonable assurance that it undertakes or continues only those relationships audit where it: • has considered the integrity of the auditee and does not believe that the auditee lacks integrity • is competent to perform the audit and has the resources to do so; and • can comply with ethical requirements including those relating to independence where applicable.				
Consultation					
17.	Does the SAI establish policies and procedures to provide it with reasonable assurance that: • appropriate consultation takes place on difficult or contentious items within the SAU with external experts and with the auditee; • sufficient resources are available to enable appropriate consultation to take place; • the nature and scope of such consultations are documented; and • conclusions from consultations are documented and implemented.				
Pre-issuance quality control review ISQC -1 par 35 – 44, ISSAI 40					
18.	Has the SAI decided on criteria to determine the audits which should be subjected to a pre-issue quality control review?				
19.	Is the quality control review completed before the report is issued?				
20.	Has the SAI established policies and procedures setting out: • nature, timing and extent of a pre-issue quality control review? • Criteria for the eligibility of quality control reviewers?				

	• Documentation for a pre-issue quality review?				
21.	IS the pre-issue quality review conducted in a timely manner at appropriate stages?				
Differences of opinion ISQC -1 par 43 – 44					
22.	Does the SAI establish policies and procedures for dealing with and resolving differences of opinion within the audit team, with those consulted and, where applicable, between the audit team leader and / or audit director and the audit quality control reviewer?				
23.	Are all the conclusions reached documented and decisions implemented?				
Audit reports					
24.	Are all entities of central government audited annually covering revenue, expenditure and assets / liabilities?				
25.	Are audit reports submitted to legislature in accordance to regulation of the period covered and in case of financial statements from receipt by the audit office?				
26.	Are all audit reports issued within one year after the financial year end?				

V. COMMUNICATION AND STAKEHOLDER MANAGEMENT	**To ensure that the work of the SAI has an impact, thus that it is known, useful and used by the stakeholders.** Sustain effective working relationship and communication with external stakeholders to ensure higher impact of SAI's audit reports and services

		YES	NO	N/A	COMMENT
General					
ROOT QUESTIONS: 1. How does the SAI establish and maintain its relationship with stakeholders?					
1.	Does the SAI have an internal and an external communication policy in place?				
2.	Does the SAI have a strategy for establishing and maintaining effective working relations with external stakeholders?				
Internal Communication					
3.	Does the SAI have an internal communication strategy?				
4.	What kind of "tools" are the AG and the SAI using for the internal communication" • The SAI's intranet • Internal journals/ newspapers				
5.	Do the A-G and other top managers have a constructive dialogue with the heads of audit functions about audit work being done in the unit / sections? Please ask for relevant minutes of meetings				
6.	Do the heads of the units / sections have a constructive dialogue with top managers about the audit work being done?				

	Consider matters such as: • On-going discussions during the audit work • Discussion of audit findings • Audit team included in the discussions				
Parliament / Head of State / Head of Executive					
7.	Please circle the entity (parliament / Head of State / Head of Executive) that the SAI primarily report to affiliate with.				
8.	Is the relation with the entity indicated set down in law or some other regulation?				
9.	Does the SAI work directly with the entity indicated?				
10.	Does the SAI hold meeting or hearing with them?				
11.	Are those meetings or hearings in public?				
12.	Following those meetings or hearings, is a report with recommendations produced?				
13.	Does the Head of SAI have regular meetings or hearings with the Minister of Finance and other representatives of important stakeholders?				
14.	Does the SAI seek regular feedback from the entity indicated on its performance?				
15.	To what extent does the Executive implement the Public Accounts Committee's or its equivalent recommendations? • Completely • To a large extent • To a little extent • Not at all				
Audited entities					
16.	Is the role of the SAI appreciated by the audited entities? This can be established through customer satisfaction survey by SAI. • Completely • To a large extent • To a little extent • Not at all				
17.	Does the SAI have a policy for communicating with audit entities?				
18.	IS the audited entity given a reasonable opportunity to respond to the draft audit reports?				
19.	What is the extent of response from audited entities to your SAI? • Completely • To a large extent • To a little extent • Not at all				
20.	Are all audited entity responses fairly considered before finalizing the audit report?				
21.	What is the extent of the acceptance of the audit recommendations? • Completely • To a large extent • To a little extent				

	• Not at all				
22.	What is the extent of the implementation of the audit recommendations? • Completely • To a large extent • To a little extent • Not at all				
23.	Does the SAI make sound recommendations for further improvements in audited entity performance?				
24.	Does the SAI seek feedback from audited bodies on the quality of its work, staff and systems?				
25.	Are SAI management and staff trained in communicating effectively with the audited entity?				
Media and the public					
26.	Are audit products made public?				
27.	Does the SAI make its annual report public?				
28.	If yes, does it use any of the means below: • Through its website; • Newspapers; • Circulation of copies to stakeholders; • Others – please specify				
29.	Are the SAI's audit reports tabled in Parliament publicized?				
30.	Does your SAI have the right to go to the media with its findings?				
31.	Does the SAI have a clear policy framework for dealing with the media?				
32.	Does the SAI deal professionally with the media by providing high quality press releases and press conferences?				
33.	Does the SIA have a policy to ensure that its publications are widely accessible to audiences?				
34.	Does the SAI use such correspondence to inform about future audit activities?				
35.	Are professionally qualified members of the SAI encouraged to play active poles in their professional associations?				
Professional associations and private sector auditors					
36.	Does the SAI have professional relations with other professional institutions and private sectors auditors?				
37.	Are there formal liaison meetings between a senior member of the SAI and the relevant professional associations on a regular basis?				
38.	Are there arrangements for secondments between staff in the SAI and in the private sector auditing firms?				
39.	Does the SAI contract out a proportion of its audits to private sector auditors to enable it to benchmark its costs and processes?				
Peers (SAIs and regions)					
	40. Does the SAI have cooperation arrangements with other SAI's?				

Aid donors					
41.	Does the SAI deal with any donor agencies?				
42.	Does the SAI meet regularly with donor agencies to identify what external audits needs to be done and when?				
43.	Are there mechanisms which a SAI can undertake such that it can become the auditor of first choice by donor agencies?				

VI. MONITORING AND EVALUATION OF THE SAI	The SAI must be efficient and effective in discharge of its mandate. The SAI should be aware and well acquainted with its result. To ensure this, the SAI needs to have well developed on-going system of monitoring and evaluation.

		YES	NO	N/A	COMMENT
Results					
ROOT QUESTIONS: 1. How does the SAI follow-up and evaluate the fulfilment of its objectives? 2. How does the SAI review the quality of its work? 3. How does the SAI ensure a robust system for monitoring and evaluation?					
1.	Does the SAI have a system to objectively measure its results?				
2.	Is there a system to assure that performance measures are of acceptable quality?				
3.	Is performance measurement conducted by staff independent of those responsible for delivering the audit reports (and other products, if any)?				
4.	Does the SAI follow up on its performance measurement results?				
5.	Are the products delivered by the SAI in accordance with its mandate?				
6.	Does the SAI have targets with regard to number of products of each type?				
7.	Does the SAI measure performance against the targets?				
8.	Does the SAI have performance measures to assess the quality of products?				
9.	Does the SAI assess product quality against the performance measures?				
10.	Does the SAI meet its deadlines for submission of its products?				
11.	Does the SAI meet its deadlines for delivering its products?				
12.	To what extent is the SAI able to meet its targeted outputs?				
13.	Does the SAI have performance measure to assess the impact of its products?				
14.	Does the SAI regularly assess impact against these measures?				

Quality Assurance ISQC – 1, par 48 – 54, ISSAI 40					
15.	Does the SAI have an internal review function?				
16.	To what extent does the SAI implement effective Quality Assurance (QA) processes for the audit?				
17.	Is the QA system addressing all dimensions of the SAI?				

18.	Does the quality review plan comply with the strategy on the selection of files (with special cognizance of audit risk profiles)				
19.	Does the selection include a adequate mix of files?				
20.	Does the SAI have a QA manual?				
21.	Does the quality review plan comply with the strategy on the identification and selection of reviewers?				
22.	Have all reviewers been adequately trained?				
23	Are the reviews carried out using the approved questionnaire?				
24.	Are the reviews carried out using the approved questionnaires?				
25.	Are the results of each of the reviews discussed with: • Audit management • The audit team And were all differences resolved?				
26.	Does the SAI communicate to relevant audit directors and team leaders and other appropriate personnel deficiencies noted as a result of the quality assurance process, and recommendations for appropriate remedial actions?				
27.	Where the results of the monitoring procedures indicate that a report may be inappropriate or that procedures were omitted during the performance of the audit, does the SAI have policies requiring that actions be taken to comply with relevant professional standards and regulatory and legal requirements?				
28.	Is the result of the reviews adequately addressed in action plans, which in turn feed into strategic and annual work plans?				
29.	Is there proof of follow-up of the action plans of the previous year?				
30.	Is an annual report prepared detailing the following: • A description of the monitoring procedures performed; • Conclusions drawn; • Description of repetitive or other significant deficiencies; • Action taken to resolve or amend those deficiencies.				
31.	Does the SAI keep adequate financial records and accounts?				
32.	Does the SAI have in place a management information system?				

Complaints and Allegations ISQC – 1, par 55 – 56					
33.	Does the SAI have procedures to handle complaints and allegations concerning failures to comply with professional standards and regulatory requirements of non-compliance with the SAI's system of quality control?				
34.	Does the SAI carry out follow-ups and				

	investigate all complaints and allegations?				

Appendix 4.3 Conducting the Institutional Level Quality Assurance Review

Conducting the institutional level quality assurance review

Important is to see whether strategic documents on different levels and within different managerial disciplines are aligned i.e. Strategic plan, operational plan, HR plan etc. This will help in the interpretation of the SAI's consistency.

Gathering evidence

Sufficiency of evidence is crucial. Information may be provided to the reviewer, but in some interviews the information will not be supported by written documentation. The reviewer has to exercise professional scepticism when faced with information, to what extent is it possible to use as evidence. Where there may be uncertainty or inconsistency, the reviewer should undertake further work or only report on what he or she has reliable information on, and then state the uncertainties when reporting.

After gathering the information, the reviewer has to analyse what can be used for decision making by management. The purpose of the analyses is to:
a) assess gaps in comparison with the institutional framework,
b) identify factors contributing to the gaps and
c) suggest strategies for addressing the gaps.

There are various methods to gather evidence. Some of these are listed in the following.

Document review

Document review is the process of gathering information from various types of document of relevance to the different elements in the AFROSAI-E institutional framework. The following principles could assist the review team in obtaining written information on the SAI:

- Establish contact in good time with the review team's contact person at the SAI;
- Provide the contact person with a comprehensive list of document needed by the QAR team;
- Agree on a date with the contact person by which the documents should ready;
- After controlling the documents when they are received, ensure that all members of the team have a copy;

Physical observation

The QAR team is practicing physical observation, when they are using a checklist to record what they see.
The observations may be on physical surroundings or of on-going activities, processes or discussions. It can be used to verify the existence and appraise sufficiency, adequacy and convenience of the SAIs infrastructure, technological status and support services. The observations may also provide insight in the SAI staff's behaviours, to what extent these are in compliance with official requirements.

Focus group

A focus group is a process of focused discussion on a given issue with a with a group of people. During the discussion a sequence of key questions are used. To use a focus group can be a powerful technique for gathering information on the SAI's functioning, challenges and strategies.

The focus group method allows, unlike one to one interviews, participants to build on each other's comments and opinions and can thereby be a rich source of qualitative information. The method can be used for SAI personnel and for external stakeholders. QAR team should ensure that the focus group meetings are held for different categories of staff and management across functional line instead of engaging only a limited category of SAI personnel. The QAR team needs strong facilitation skill to successfully carry out focus group discussions.

Interviewing

An interview is a data and information collection procedure with a carefully set of questions. The QAR team should by the use of probing be able to obtain in depth ideas perceptions from the interviewed about the SAI. For guidelines on how to carry out an interview please use available generic literature on this subject.

Survey

A survey consists of a number of questions, open or closed, which the respondent is expected to fill in. A closed question, which with specified alternatives takes time to design, but the answers will on the others side be easier to analyse than the nuanced replies to the open questions.

Element – wise suggested methods

I. Independence and Legal Framework

Item	QA Element	Sources	Methods
1-10	Independence -	- The Constitution - Specific Audit Legislations	Document review, Group discussions
11-18	Mandate	- The Constitution and other enabling Acts - Specific Act for the SAI. - Websites	Document review, Interviews

II. Organisation and Management

Item	QA Element	Sources	Methods
1-4	Leadership and Direction	- Strategic Plan, Acts & Constitution - Annual Activity/Performance Report - Auditing Standards of the SAI - Code of Corporate Governance	Document Review, Interviews, and Focus Group Discussions
5-10	Strategic & Operational Planning	- Strategic Plan - Annual Audit Plans	Document Review, Focus Group Discussions
11-12	Organisational Development	- Strategic Plan	Document Review, Interviews, Focus Group Discussions, and Observation
13-14	Direction	- Strategic Plan - Annual Audit Plans - Quality control system	Document Review, Interviews, Focus Group Discussions, and

			Observation
15-18	Code of Conduct	- Code of Ethics for Public Officers - INTOSAI Code of Ethics	Document Review, and Focus Group Discussions
	Internal control	- Office Instructions Manual - Organogram	
28-33	Use of Resources	- Procedure Manual for preparing Budget for the SAI. - Budget, Annual Operational plans and Annual Activity Reports - Management information system	Document Review and Focus Group Discussions
34-38	Infrastructure	- Annual Activity Reports - SAI Staff	Document Review, Interviews, and Focus Group Discussions Observation
39-47	Technology	- Annual Activity Report - SAI Staff	Document Review, Focus Group Discussions, and Observation
48-50	Support Services	- Annual Activity Report - SAI Staff	Document Review, Interviews, and Focus Group Discussions
51-54	Oversight and Accountability	- Office Instructions Manual - SAI Annual Audit Report - SAI Annual Activity Report	Document Review, Interviews, and Focus Group Discussions
55-58	Internal audit	- The plans for the internal audit function - Internal audit reports - Rules and regulations for the internal audit function	Document Review, Interviews, and Focus Group Discussions

III. Human Resources

Item	QA Element	Sources	Methods
1-5	General	- Human Resources rules, policies and guidance for staff and management	Document Review, Interviews and Focus Group Discussions
6-10	Recruitment	- Auditing Standards relating to resources and recruitment - Human Resources rules, policies and guidance - Conditions of Service of Salaries Commission	Document Review, Interviews, Focus Group Discussions
11-13	Retention	- SAI Policy on retention of staff - The head of SAI - SAI Staff	Interview, Survey Group Discussions
14-19	Career Development	- SAI Auditing Standards relating to Training - Strategic Plan & Training Plan of the SAI - Human Resources policies and guidelines - Training policies and guidelines	Document Review Interviews Focus Group Discussions
20	Well Being	- Strategic Plan - Activities of the Staff Welfare Unit/Branch - SAI Staff	Interview Document Review Group Discussions
21-22 -	Performance Management	- SAI Staff Performance Appraisal System	Document Review, Interviews, Focus Group Discussions,

			Physical Observation, and Survey
23-36.	Professional Staff Development	- Human Resources Policies and Guidance - Counselling, guidance and monitoring - Processes. Annual Audit/Activity Report - Strategic Plan - Continuous Professional Development Policy Document	Document Review, Interviews, Focus Group Discussions, Physical Observations, and Surveys

IV. Audit Standards and Methodology

Item	QA Element	Sources	Methods
1-3	Standards	- Audit Manuals and Reports - INTOSAI Standards - ISA/ISSAI Standards	Document Review and Interviews
4-10	Manuals and Guidance	- Audit Manuals - Audit Policy instructions and guidance - Staff	Document Review and Focus Group Discussions
11-12	Audit Tools	- SAI Staff - Audit Working Papers	Document Review, Interviews, and Focus Group Discussions
13-16	Audit Performance	- Audit Manuals - Audit Policy instructions and guidance - Standards - Staff	Document Review, Interviews, and Focus Group Discussions
17	Consultation	- Audit Manuals - Audit Policy instructions and guidance - Standards - Staff	Document Review, Interviews, and Focus Group Discussions
18-21	Pre-issuance Quality Control Review	- Quality handbook - Quality policy and strategy - Quality Control review plan	Document Review, Interviews, and Focus Group Discussions
22-23	Differences of opinion	- Quality handbook - Quality policy	Document Review, Interviews, and Focus Group Discussions
24-26	Audit reports	- Overall annual audit plan - Results from the monitoring of the auditing	Document Review, Interviews

V. Communication and Stakeholder Management

Item	QA Element	Sources	Methods
1-2	General	-Communication policy/strategy	Document Review, Interviews, and Focus Group Discussions
3-6	Internal communication	- Communication Strategy - Annual Audit Report - Annual Activity Report - Strategic Plan	Document Review, Interviews, and Focus Group Discussions
7-15	Parliament/Head of State/Head of Executives	- Annual Audit Reports - PAC Reports - Media	Document Review, Interviews, and Focus Group Discussions
16-25	Audited	- Annual Audit Reports	Document Review,

	entities	- The head of SAI	Interviews, and Focus Group Discussions
26-35	Media and the public	- Annual Audit Reports - Annual Activity Reports -Websites & Media	Document Review, and Interviews
36-39	Professional associations and private sector auditors	- Annual Audit Reports - Annual Activity Reports - Websites & Media	Document Review, and Interviews
40	Peers	- Annual Audit Reports - Annual Activity Reports - Media	Document Review, and Interviews
41-43	Aid donors, International organisations	- Annual Audit Reports - Annual Activity Reports - Websites & Media	Document Review and interviews

VI. Monitoring and evaluation of the SAI

Item	QA Element	Sources	Methods
1-11	Result	- Performance measures - Follow up on performance measures - Targets for performance - Fulfilment of targets	
12-14	Results (output, quality/ quantity) and impact	- Annual Audit Report of the SAI - Performance Report of SAI - PAC Resolutions - Parliament and other stakeholders	Document Review and interviews
15-32	Quality Assurance	- Quality handbook - Quality policy and strategy - Quality Control review plan	Document Review, Interviews, and Focus Group Discussions
33-34	Complaints and Allegations	- Quality handbook - Quality policy	Document Review, Interviews, and Focus Group Discussions

Appendix 4.4 Guideline for Institutional Level Document Review

GUIDING LIST OF DOCUMENTS TO BE USED DURING THE DOCUMENT REVIEW:

INDEPENDENCE AND LEGAL FRAMEWORK

- Constitution of the country with reference to articles referring to the external audit function;
- Specific Audit Legislation;
- By-laws and regulations;
- Public Financial Management legislation;
- Any other documents that could clarify the mandate and legal basis of the Supreme Audit Institution (SAI).

HUMAN RESOURCE

- Human Resource Management policy documents;
- Conditions of service;
- Minimum qualification framework for new appointments;
- Scheme of Service;
- Performance Appraisal manual;
- Recruitment and selection procedures;
- Succession planning manual;
- Promotion policy, rules and regulations;
- Performance assessment results of the past 3 years per job level;
- Copy of the organisational structure of the SAI;
- Staff retention policy;
- Promotion policy;
- Career development policy;
- List of qualifications of staff;
- Assessment results of staff for the last three years;
- Staff well-being policy.

AUDIT METHODOLOGY AND STANDARDS

- Auditing standards of the SAI (all types of audits conducted);
- Audit manuals and guides of the SAI (all disciplines);
- Documents of the technical review process of the SAI;
- Audit files (samples) of different types of the audit;
- Audit reports (sample) of different types of the audit;
- Documents relevant to audit tools used by the SAI.

GOVERNANCE

- Annual report;
- Strategic plan;
- Operational plan;
- Delegations and management framework;

- Code of conduct of the SAI;
- Quality Assurance manual;
- Internal audit reports;
- External audit report;
- Report on the performance report (activity report);
- Peer review reports (if any);
- Self assessments (if any).

CORPORATE SUPPORT

- Budget;
- Procedure manual for preparing a budget for the SAI;
- Information Communication and Technology (ICT) strategic plan;
- Asset register;
- IT inventory;
- Management Information System (MIS) manual;
- MIS reports (sample).

CONTINIOUS IMPROVEMENT

- Training plan of the SAI;
- Training manuals;
- Training courses (sample);
- Annual training reports;
- List of research projects the SAI has approved for the next year/2 years;
- Co-operation agreements with professional associations;
- Continuous professional development (CPD) program of SAI;
- Change management strategy of SAI.

EXTERNAL STAKEHOLDER RELATIONS

- Communication strategy;
- Press release (sample);
- Public Accounts Committee (PAC) (or similar body) reports and resolutions;
- Previous assessment reports conducted by donors / peers / self-assessment;
- Stakeholder survey results;
- Media clips;
- Website address of SAI.

RESULTS

- Performance report of the SAI;
- General report of the SAI;
- Activity report of the SAI;
- Individual audit reports;
- Bench marks in the SAI;
- Constitutional review reports;
- Public Accounts Committee (PAC) resolutions;
- Peer review reports (if any).

Appendix 4.5 Institutional Level Review Report

1. INDEPENDENCE AND LEGAL FRAMEWORK

1.1 Independence of the Head of the SAI

The standards and good practice
The independence of the Auditor-General (A-G) shall be guaranteed by the Constitution. The legislation shall specify the conditions for appointments, reappointments, employment and removal. The appointment etc. is to be carried out by a process that ensures the A-G's independence from the Executive. The incumbent is to be immune to any prosecution for any act, past or present that result from the normal discharge of their duties. *(The Lima declaration section 6, Mexico Declaration on SAI Independence principle 2)*

The AG should be given "appointments with sufficiently long and fixed terms to allow them to carry out their mandate without fear of retaliation". *(The Mexico Declaration principle 2)*

Observations and root causes

Recommendations

1.2 The SAIs financial and managerial/administrative autonomy

The standards and good practice
Even if state institutions cannot be absolutely independent as they are part of the state as a whole, a SAI shall have the financial, functional and organisational independence required to accomplish its task. The establishment of the SAI and the necessary degree of their independence shall be laid down in the Constitution. The SAI should have available necessary and reasonable human, material and monetary resources. The Executive should not control or direct the access to these resources. *(The Lima Declaration sections 5 and 7, Mexico Declaration on SAI Independence principle 8)*

In a number of countries, a Board or a Commission is proposed or has been set up as a "station" between the SAI and the Parliament. There are several different and sometime complementary reasons for this arrangement: to provide Parliament with independent information/proposal on/for the SAI's budget and salary, to act as a gatekeeper to regulate the input to parliament, to act in an oversight function when it comes to the SAI's non statutory functions, to balance the power of the Auditor General, etc.

Observations and root causes

Recommendations

1.3 The SAI's mandate

The standards and good practice
SAIs should be empowered to audit the

- Use of public monies, resources, or assets, by a recipient or beneficiary regardless of its legal nature
- Collection of revenues owed to the government or public entities
- Legality and regularity of government or public entities accounts
- Quality of financial management and reporting, and
- Economy, efficiency and effectiveness of government or public entities operations

The mandate should be clearly defined preferably in the Constitution or in a separate audit legislation. *(Mexico declaration/ISSAI 10, Principle 3)*

Observations and root causes

Recommendations

1.4 Effective follow-up mechanism on recommendations

The standards and good practice

SAIs shall have their own internal follow up system to verify audited entities properly address their observations and recommendations as well as those made by the legislature, one of its commissions, or the auditee's governing board, an appropriate. The follow-up report is submitted by the SAI to the Legislature, one of its commissions, or the auditee's governing board, as appropriate, for consideration and action *(Mexico Declaration/ISSAI10, Principle 7).*

Observations and root causes

Recommendations

1.5 The right and obligation of the SAI to report on its own work

The standards and good practice

SAIs should report publicly on the results of their audits and on their recommendations regarding overall government activities. (Principles of Transparency and Accountability, ISSAI 20, principle 7)

Observations and root causes

Recommendations

1.6 External audit of the SAI

The standards and good practice

"The SAI manages its operations economically, efficiently, effectively and in accordance with laws and regulations and
reports publicly on these matters…… - SAI's financial statements are made public and are subject to external audit or parliamentary review…."

SAIs make public what their total budget is and report on the origin of their financial resources (parliamentary appropriation, general budget, ministry of finances, agencies, fees) and how those resources are used. (*Principle 6, ISSAI 20 Principles of transparency and accountability)*

Observations and root causes

Recommendations

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2. ORGANISATION AND MANAGEMENT

2.1 Leadership

The Standards and good practice
A SAI should establish policies and procedures designed to promote an internal culture recognizing that quality is essential in performing all of its work. The policies and procedures should be stated by the Auditor General, who retain overall responsibility for the system of quality control *(ISSAI 40, element 1)*

Observations and root causes

Recommendations

2.2 Strategic and operational planning

The standards and good practice
A SAI should establish policies and procedures designed to promote an internal culture recognizing that quality is essential in performing all of its work. The Strategy of each SAI should recognize an overriding requirement for the SAI to achieve quality in all of its work so that political or economic considerations do not compromise the quality of work performed *(ISSAI 40).*

The SAI manages its operations economically, efficiently, effectively and in accordance with laws and regulations and reports publicly on these matters.

- SAIs assess and report on their operations and performance in all areas, such as financial audit, compliance audit, jurisdictional activities (SAIs constituted as Courts), performance audit, performance evaluation and recommendations regarding government activities …

- SAIs report on the origin of their financial resources (parliamentary appropriation, general budget, ministry of finances, fees) and how these resources are used. *(ISSAI 20, Principles of transparency and accountability, principle 6)*

The strategic development of any organisation requires imagining a desired future and creating a plan to make that vision a reality. *(AFROSAI-E/IDI: Strategic Planning. A Handbook for Supreme Audit Institutions)*

Observations and root causes

Recommendations

2.3 Performance audit

The standards and good practice
According to the Lima Declaration *(ISSAI 1)* Performance Audit is equally important as Financial audit.

According to INTOSAI performance auditing is an audit of the economy, efficiency and

effectiveness with which the audited body uses its resources in carrying out its responsibilities. Performance audit covers not only specific financial operations, but the full range of government activity including both organisational and administrative systems.

Observations and root causes

Recommendations

2.4 An internal control system

The standards and good practice
An internal control system including an internal audit function consists of the following interrelated components: control environment, risk assessment, control activities, information and communication and finally monitoring. The system is designed to provide a reasonable assurance that the SAI's general objectives are being achieved.*(Guidelines for Internal Control Standards for the Public Sector/INTOSAI GOV 9100)* SAIs employ sound management practices, including appropriate internal controls over its financial management and operations. This may include internal audits and other measures described in INTOSAI GOV 9100. *(ISSAI 20 principle 6)*

Observations and root causes

Recommendations

2.5 Use of resources – a management information system tracking key management information / a time recording system to enable reporting of staff costs

The standards and good practice
Information systems produce reports that contain operational, financial and non-financial and compliance-related information that makes it possible to run and control operations. They deal not only with internally generated data, but also with information about external events, activities and conditions necessary to enable decision- making and reporting. Management's ability to make appropriate decisions is affected by the quality of information which implies that the information should be appropriate, timely, current, accurate and accessible. *(INTOSAI GOV 9100 Guidelines for Internal Control Standards for the Public Sector, page 36)*

Management's ability to make appropriate decisions is affected by the quality of information which implies that the information should be appropriate, timely, current, accurate and accessible. *(INTOSAI GOV 9100 Guidelines for Internal Control Standards for the Public Sector, page 36)*

A time-recording system is part of the management information system. Common knowledge is that a SAI needs a time-recording system to efficiently and effectively use its human resources.

Observations and root causes

Recommendations

2.6 Code of ethics

The standards and good practice
SAIs should have ethical rules or a code, as well as policies and practices that are aligned with ISSAI 30, Code of Ethics.
They should prevent internal conflicts of interest and corruption and ensure transparency and legality of their operations as well as actively promote ethical behaviour throughout the organisation. The ethical requirements and obligations of auditors, magistrates in the Court model, civil servants or others should be made public *(Principles of transparency and accountability, ISSAI 20, Principle 4).*

A SAI should communicate timely and widely on their activities and results *(ISSAI 20, Principle 8)*, which include information about the implementation of the code of ethics. The information requires monitoring. Monitoring of the implementation of a code of ethics is also part of the internal monitoring system.

It is the responsibility of each SAI to develop its own Code of Ethics which best fits its own environment *(INTOSAI Code of ethics, ISSAI 30)*

Observations and root causes

Recommendations
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3. HUMAN RESOURCES

3.1 Personnel management

The standards and good practice
SAIs should ensure that Human Resources Policies and procedures give appropriate emphasis to quality and commitment to the SAI's ethical principles. Such policies and procedures related to human resources include:
- performance evaluation
- professional development
- career development
- competence
- the estimation of personnel needs

(ISSAI 40, Quality Control for SAIs, 6d)

Observations and root causes

Recommendations

3.2 Training

The standards and good practice
The SAI should adopt policies and procedures to support the skills and experience available within the SAI and identify those skills which are absent; provide a good distribution of skills to auditing and corporate tasks; and have proper planning and supervision to achieve its goals at the required level of due care and concern.

A SAI should be responsive to new/revised standards, regional manuals etc. and function as a learning organisation. It should have an elaborate training policy, a training manual and training plans. *(ISSAI 10, Principle 6; ISSAI 40, Element 4, ISSAI 6, ISSAI 200)*

Observations and root causes

Recommendations
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4. AUDIT STANDARDS AND METHODOLOGY

4.1 The quality assurance function and system for quality control

Standards and best practice
A SAI should establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant and adequate and are operating effectively. The monitoring process should:
a) Include an on-going consideration and evaluation of the SAI's system of quality control, including a review of a sample of completed work across the range of work carried out by the SAI
b) Require responsibility for the monitoring process to be assigned to an individual or individuals with sufficient and appropriate experience and authority in the SAI to assume that responsibility, and
c) Require that those carrying out the review are independent (i.e. they have not taken part in the work at any quality control review of the work. *(Quality Control for SAIs/ISSAI 40, Element 6: Monitoring)*

Observations and root causes

Recommendations
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5. COMMUNICATION AND STAKEHOLDER MANAGEMENT

5.1 Communication and stakeholder management

Standards and good practice
SAIs should make public their mandate, missions, organisation and strategy *(Principles of transparency and accountability, ISSAI 20, Principle 2)*. In order to achieve this external communication, a SAI must ensure via internal communication, internalization and other means that the staff fully understand the matters to fulfil their work. *(Quality control for SAIs, ISSAI 40, Element 4)*

SAIs should communicate timely and widely with interested parties. Parliament, PAC and the Judiciary in countries with a court system should be the most important parties to communicate with. It is therefore important that the SAI establishes communication channels with these *(Mexico Declaration)*

SAIs communicate timely and widely on their activities and audit results through the media, websites and by other means
- SAIs communicate openly with the media or other interested parties on their operations and

audit results and are visible in the public arena
- SAI reports are available and understandable to the wide public through various means (e.g. summaries, graphics, video presentations, press releases." *(ISSAI 20, Principles of transparency and accountable, principle 8)*

Observations and root causes

Recommendations

5.2 Performance of SAI

The Standards and good practice
"SAIs report publicly on the results of their audits and on the recommendations regarding overall government activities…...
- SAIs assess their impact of the efficiency and effectiveness arising from their recommendations on the public sector and the public value of audit work and report on them
- SAIs also report publicly on overall audit outcomes, e.g. the government's overall budget implementation, financial condition and operations and, overall financial management progress and if included in their legal framework on professional capacity." *(ISSAI 20; Principles of transparency and accountability, principle 7)*

Of importance for the result orientation, production, presentation and evaluation is also the decision taken at the 2007 INCOSAI in Mexico to set up a working group with the task to present a paper on the subject "Value and Benefits of SAIs". A paper from the working group was presented at the 2010 INCOSAI meeting in South Africa and the group was asked to continue its work and develop tools for monitoring and evaluation. Currently a Performance Measurement Framework for SAIs is being drafted and piloted and an ISSAI 2 on the values and benefits of SAIs is likely to be adopted at the 2013 INCOSAI meeting in China.

Observations and root causes

Recommendations

Appendix 5 - INDIVIDUAL AUDITS

Appendix 5.1 QUALITY ASSURANCE QUESTIONNAIRE FOR INDIVIDUAL AUDITS

INDIVIDUAL AUDITS – REGULARITY AUDIT

Centre Manager	
Audit Manager	
Audited entity	
Financial year-end of auditee	
Stage of completion	
Review commenced on	
Review completed on	
Findings discussed on	

We, the undersigned, confirm that the findings of this review have been:

- Discussed with management (executive manager/provincial auditor, centre manager, audit manager)
- Communicated to the whole audit team
- Included as part of an action plan that will be included in the strategic plan, where appropriate
- Included as part of the training plan

Centre Manager		**Reviewer**
Audit Manager		**Training Officer**
Date		

INTRODUCTION:

INTOSAI Audit Standards requires that an auditor should conduct an audit in accordance with the necessary standards. This implies that a certain standard of work should be evident in all audit files. In ensuring a consistent level of quality of audit work throughout an audit entity, it is necessary to ensure that:

- All personnel adhere to the principles of independence, integrity, objectivity, confidentiality and professional behaviour (professional requirements);
- The audit entity is staffed by personnel that have attained (and maintain) the technical standard and professional competence required to enable them to fulfil their responsibilities;

- Audit work is assigned to personnel that have the degree of technical training and proficiency required in the circumstances;
- There is sufficient direction, supervision and review of work at all levels to provide reasonable assurance that the work performed meets appropriate standards of quality;
- Whenever necessary, consultation within or outside the firm is to occur with those that have appropriate expertise;
- The continued adequacy and operational effectiveness of quality control policies and procedures is monitored.

In achieving the above, AFROSAI-E implemented a Quality Assurance Review program that focus on ensuring a high quality audit product at both the level of the audit entity and the individual audits. This review document focuses on the evaluation of quality at the level of the **individual audit.**

The document takes cognisance of the requirements of ISA and the INTOSAI auditing standards. **Reviewers are not restricted to the items included in the checklist and any other matters that may impact on the quality of the audit should be considered.** Where-ever possible references have been made to the source of the requirements tested. This is, however, not necessarily a complete list.

The review document is to be used for all types of **regularity audits**, excluding performance and forensic auditing.

If the finding to a particular question is positive, a tick should be inserted in the "YES" column.

If the finding is negative, a tick should be inserted in the "NO" column, followed by an appropriate reason / explanation in the remarks column. In such an instance, reference should be made to either the minutes of the discussion of the findings with management and/or the final QAR-report.

Instances may be found where the answer to a question is "NO", but that the situation was still within the scope of ISA/INTOSAI (e.g. non-compliance with Office methodology, although still within scope of ISA/INTOSAI). This should be clearly be spelt out and reported accordingly

If a question is not applicable, a tick should be inserted in the N/A column, together with an adequate explanation.

All questions should, as far as possible, be referenced to the relevant working papers in the audit file.

Part I: Review of the institutional quality control systems for regularity audit

1. Mandate						
	Question	**ISSAI 1Ref**	**Yes**	**No**	**N/A**	**Comments**
1.1	Does the SAI have and make use of unrestricted access to information to carry out and separately report audits to Parliament and the audited entity as well as making the reports public?	ISSAI 1 ISSAI 10				
1.2	Does the SAI have audit jurisdiction to audit all public revenue and expenses?	ISSAI 10				
2. Organisation, management and communication (Domain 2 and 5)						

2.1	Do management set quality requirements and promote adherence to adopted standards, high quality reports and continuous improvement?	ISSAI 40				
2.2	Are there clear strategies and annual plans for the conduct and development of regularity audit that are clearly communicated to staff, implemented and followed up?	Annual Overall Audit Plan, AFROSAI-E 2013				
2.3	Are sound management practices in regularity auditing used, including performance management, direction and supervision (including coaching) of staff, time management and good project management in the implementation of audits?	ISSAI 20				
2.4	Does the SAI monitors, assesses and reports on its own efficiency and effectiveness in conducting regularity auditing, including to what extent audit recommendations are implemented?	ISSAI 10				
3. Developing and securing skills for regularity audit (Domain 3)						
3.1	Are career paths for and recruitment, promotion and retention of regularity auditors based on assessments of the SAI's need for professional regularity auditors to produce high quality reports?	ISSAI 40				
3.2	Does the SAI evaluate the current level of knowledge and skills on a regular basis to determine training needs as well as current and future personal and organisational needs?	ISSAI 40				
3.3	Are these needs contained in a training plan that is successfully implemented using a variety of methods for capacity building, such as continuous professional education, on-the-job training, in-house training, and coaching?	ISSAI 10 ISSAI 40				
3.4	Are there systems in place to ensure that the auditors and contractors comply with ethical standards for integrity, independence, objectivity, impartiality, professional secrecy and competence?	ISSAI 10 ISSAI 20 ISSAI 30 ISSAI 40				
4. Audit standards and methodology (Domain 3)						
4.1	Do all regularity auditors have access to and use an updated manual (also covering documentation) aligned with international standards?	ISSAI 10				
4.2	Does the annual audit plan include an overall assessment of constraint, risk assessment with prioritizing of risks and a clear statement of audit coverage with the backlog addressed?	Annual Overall Audit Plan, AFROSAI-E 2013				
4.3	Does the SAI ensure that responsibilities for quality review by line managers are clearly defined and adhered to?	ISSAI 40				
4.4	Does the SAI have a policy on how and when to do pre-issuance reviews of audits?	ISSAI 40				

4.5	Is there a system with independent review of the quality control systems for regularity audits, with ex post review of a sample of completed audits (quality assurance)?	ISSAI 20				
4.6	Do the annual audit report present facts in an objective, clear manner and being limited to essentials, and include follow up of previous recommendations?	ISSAI 1 ISSAI 10				
4.7	*If applicable*: Does the SAI ensure that outsource audits are performed in accordance with the ISSAIs, and that the audit files become the property of the SAI?	ISSAI 40				

Part II: Review of individual regularity audits

PRE-ENGAGEMENT ACTIVITIES						
As outlined in the ISSAI 40 on Quality Control the SAI should establish procedures and policies that gives reasonable assurance that it will carry out audits where the SAI is: - competent and has the capabilities, including time and resources, to do so - can comply with ethical requirements and - has considered the integrity of the organisation being audited and has considered how to treat the risk to quality that arises. The SAI should plan its audits realistically through time budgets. Time and resources allocated should be linked with an overall risk assessment of the auditees, taking into account among others their integrity. Competency aspects must be taken into account when allocating resources. The audit team must reflect on whether it possesses the required competence, given the nature of the auditee and the overall risk assessment. Equally important is to assess whether those involved in the audits comply with the ethical requirements determined by the SAI and by INTOSAI.						
1.	Was there a time budget for the audit engagement? (Refer to the Budget v Actual hours working paper)	ISSAI 1220 ISSAI 1230				
2.	Is a copy of the engagement letter on file for the audit?	ISSAI 1210 ISSAI 1230.8				
3.	Have the contents of the engagement letter been agreed to and signed by the auditee?	ISSAI 1210. 9-10 ISSAI 1230.8				
4.	Are audit staff available that have the degree of technical training and proficiency required to perform the audit? (Refer to Competency matrix)	ISSAI 1300.7-8				
5.	Do all audit team members (with special emphasis on management) comply with the office's requirements in terms of independence? (Refer to Code of ethics working paper)	ISSAI 1200.14 ISSAI 1230.8				
6.	Do the members of the audit engagement team fully understand their responsibilities? (Refer to Team agreement)	ISSAI 1300.5				
STRATEGIC PLANNING						
According to ISSAI 1300 on Planning and Audit of Financial Statements the audit team should arrive at an overall audit strategy, taking into account materiality, involvement of experts, understanding of the auditee etc. There must be a clear link between the audit approach in the overall audit strategy, showing the components to be audited, and the documented risks, materiality and nature of the auditee.						
7.	Have all material balances in the financial statements been identified for audit and included in the Lead schedule?	ISSAI 1315.25				

8.	Is the Lead schedule cross referenced to the final audited financial statement?					
9.	Have prior year's issues been identified as risk areas?	ISSAI 1300				
10.	Was an acceptable materiality level set for audit reflecting the risk of material misstatement identified on the financial statement level?	ISSAI 1315.5;10				
11.	Were qualitative materiality factors appropriately identified and documented?	ISSAI 1315.10				
12.	Was the internal audit department and their work adequately evaluated and concluded on?	ISSAI 1610.8-10				
13.	If it was intended to rely on the work performed by Internal audit, was the work evaluated and tested to confirm its adequacy?	ISSAI 1610.11-12				
14.	When use was made of the experts work did the auditor obtain sufficient, appropriate audit evidence that such work is adequate for the purposes of the audit?	ISSAI 1620.12				
15.	Was a meeting held with the engagement team to discuss the susceptibility of the financial statements to material misstatement?	ISSAI 1240.15				
16.	Were fraud risk factors considered and identified?	ISSAI 1240.16				
17.	Were preliminary analytical procedures performed and were conclusions on risks adequately drawn?	ISSAI 1315.6(b)				
18.	Was the IT Internal Control Checklist evaluated and concluded on?	ISSAI 1315.18 ISSAI 1230				
19.	Were appropriate considerations given to the negative indicators identified on the Sustainability of services or going-concern checklist?	ISSAI 1570 10(a-b); 16 ISSAI 1230				
20.	Was the potential for non-compliance to laws and regulations properly evaluated?	ISSAI 1250.4				
21.	Were all the risks identified in strategic planning working papers transferred to the Risk of material misstatement on the financial statement level working paper?	ISSAI 1315.14				
22.	Were the risks of material misstatement on the financial statement level adequately linked to audited components? (Refer to Risk of material misstatement on a financial statement level working paper)					
23.	Was an appropriate conclusion documented regarding the risk of material misstatement on a financial statement level?(Refer to Risk of material misstatement on a financial statement level working paper)	ISSAI 1230.8				
24.	Was overall audit strategy document • prepared • approved and • discussed with the auditee's management?	ISSAI 1300.12 ISSAI 1220				
25.	Were the contents of the Overall audit strategy and planning working papers communicated to all team members?	ISSAI 1315.14 ISSAI				

		1240.27				
DETAILED PLANNING (This part is completed for each audit component separately)						
According to ISSAI 1300 on Planning and Audit of Financial Statements the audit team should develop a more detailed audit plan based on the overall audit strategy. The nature, timing and extent of specific audit procedures should depend on the outcome of the risk assessment in the detailed planning. According to ISSAI 1330 on the Auditor's Responses to Assessed Risks, the auditor shall design The auditor shall design and perform further audit procedures whose nature, timing, and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level.						
26.	Were there system descriptions prepared for the audit components identified in the Lead schedule?	ISSAI 1500 ISSAI 1315				
27.	Did the system descriptions include the flow of transactions, risks and controls for every audited component?	ISSAI 1315				
28.	Did the system descriptions include controls prescribed by relevant regulations, instructions and manuals?	ISSAI 1315				
39.	Were system descriptions verified by way of walkthrough tests and was the verification adequately documented?	ISSAI 1330.8-9				
30.	Were exceptions raised for control weaknesses found?	ISSAI 1330.16-17				
31.	Was the reliance on key controls documented clearly and was it appropriate to support the planned audit assurance to be obtained? (refer to Reliance on key controls working paper)	ISSAI 1330.6-7				
32.	Were planning working papers reviewed and approved prior to commencement of the audit testing?	ISSAI 1220.15				
33.	Were controls identified on which reliance is intended for each assertion?	ISSAI 1330.11				
34.	If the planned control reliance is medium or high, is the supporting evidence conclusive to support the reliance?	ISSAI 1330.16-17				
35.	Where reliance has been placed on internal controls:					
	(a) Have tests of control been performed for each control to be relied upon?	ISSAI 1330.8				
	(b) Was the internal control procedure in place for the whole financial year audited?	ISSAI 1330.11				
36.	Were the tests of controls approved prior to execution?	ISSAI 1300				
37.	Did the test of control procedures specifically address significant risks identified and were they clearly separated from substantive procedures?	ISSAI 1330				
38.	Were the samples selected for testing reasonable and representative of the population?	ISSAI 1530.6-8				
39.	Does it appear that the tests of controls results were properly assessed and evaluated?	ISSAI 1330.16				
40.	Was the level of control reliance appropriately re-stated where necessary after tests of controls?	ISSAI 1330.17				
41.	Were substantive procedures developed and performed to adequately address all relevant	ISSAI 1330.18				

	audited components and significant risk areas?	ISSAI 1500.16				
42.	Were substantive procedures developed to adequately address all relevant assertions?	ISSAI 1330 ISSAI 1500				
FIELDWORK (This part is completed for each audit component separately)						
43.	Was each step of the audit procedures initialed and cross-referenced to the working paper with evidence to indicate that the work was completed?	ISSAI 1220 ISSAI 1230				
44.	Is there evidence of approval for audit procedures prior to the commencement of fieldwork at least by audit manager?	ISSAI 1220 ISSAI 1230				
45.	Was the working paper completed to indicate the source of the documentation, direction of testing, population size, sample size tested and sample method used?	ISSAI 1230				
46.	Were all relevant tests of controls performed and concluded before commencing with substantive testing?					
47.	Was the use of substantive analytical procedures considered to reduce the performance and extent substantive audit procedures?	ISSAI 1520.5 ISSAI 1330				
48.	Were all third-party confirmations received back and differences followed up and concluded on?	ISSAI 1505				
49.	Was sufficient evidence gathered to substantiate conclusions made on substantive procedures?	ISSAI 1500.6				
50.	Were all the audit working papers and audit procedures properly completed and concluded on?	ISSAI 1230				
51.	Were all relevant audit queries/exceptions appropriately raised?	ISSAI 1530.15 ISSAI 1230				
52.	Are exceptions supported by and cross referenced to audit evidence?					
53.	Are well-supported conclusions stated for each component? (Refer to Audit Summary Memorandum)	ISSAI 1330.28-29				
54.	Is there a clear and traceable link between the audited financial statements and the audit procedures performed?	ISSAI 1230				
55.	Were conclusions drawn on all queries, exceptions and review points either satisfactorily resolved or the level of influence the audit report determined?	ISSAI 1220.16				
56.	Was materiality considered during the evaluation of the results of procedures performed and were proper conclusions reached in this regard? (Refer to Audit differences working paper)	ISSAI 1320.10-13				
57.	If the audit approach had been changed during the audit was the reason for the change documented on the Audit summary memorandum?	ISSAI 1330 ISSAI 1230				
58.	Were the financial statements checked to determine whether they were consistent with those of the previous financial year and consistent with the supporting schedules? (Refer to the Disclosure checklist)	ISSAI 1500.15				

59.	Is there evidence that the auditor verified that the audited financial statements and notes thereto are properly presented and meet the applicable standards and prescribed format? (Refer to the Disclosure checklist)	ISSAI 1230 ISSAI 1500				
60.	Were procedures performed to ensure the completeness and accuracy of documents, other than the financial statements, containing audited financial information?	ISSAI 1500 ISSAI 1330				
61.	Were accounting estimates adequately assessed for reasonableness and were differences correctly followed up?	ISSAI 1540				
62.	Are adjusting entries adequately supported by the working papers, cross-referenced to appropriate schedules and agreed with the financial statements?	ISSAI 1220				
63.	Was a properly tailored management representation letter obtained which was signed on a date close to (but prior to) the signing of the audit report?	ISSAI 1580 ISSAI 1230				
64.	Where a representation letter was refused, was a possible limitation of scope considered?	ISSAI 1580				
65.	Were procedures executed to identify subsequent events?	ISSAI 1560				
66.	Was a final analytical review performed and significant differences explained in relation to the audit evidence obtained?	ISSAI 1520				
67.	Have analytical review procedures identified a need for further audit procedures and have such further procedures been performed?	ISSAI 1520				
	AUDIT REPORTING					
	Overall conclusion					
68.	Was the aggregate effect of the differences with financial affect evaluated and concluded on? (Refer to Audit differences working paper)	ISSAI 1230.8-9				
69.	Was the planning materiality level re-stated and the impact of this considered on the audit work where appropriate?	ISSAI 1320				
	Management letter					
70.	Was there a management letter for discussion with the management of the auditee?	ISSAI 1230				
71.	Does the management letter set out: (a) Clear statement of the problem, including possible consequences (weaknesses in internal control);	ISSAI 1230				
	(b) Practical and cost-effective recommendations in terms of non-existing or non-functioning internal controls;	ISSAI 1220				
	(c) Comments from the auditee;					
	(d) Conclusion by auditor whether the matter is resolved, unresolved and whether it will be included in the audit report	ISSAI 1230				
72.	Where issues in the draft management letter were resolved, was this adequately	ISSAI 1230				

	evidenced on file?					
73.	Was the management letter signed by the person assigned by the Head of SAI to perform the audit?	ISSAI 1220				
74.	Was there adequate communication with the auditee throughout the audit and with the compilation of the final management letter?	ISSAI 1230 SA 260				
75.	Were minutes taken at meetings with the management of the auditee and were these minutes included in the audit file?	ISSAI 1230				
	Audit report					
76.	Were all significant matters identified in the management letter addressed in the audit report?	ISSAI 1700				
77.	Did reported findings have relevant supporting documentation such as working papers and audit evidence.	ISSAI 1230				
78.	Did the audit report contain the following information:					
	(a) Objective or scope of the audit;	ISSAI 1700				
	(b) Expression of opinion on the financial statements; and	ISSAI 1700				
	(c) Identification of the financial statements and the financial year to which it refers?	ISSAI 1700				
79.	Was the correct audit opinion expressed based on the supporting working papers?	ISSAI 1700 ISSAI 1500 ISSAI 1230				
80.	Is the format and content of the audit report in accordance with the applicable standards?	ISSAI 1700				
81.	Are reporting findings understandable, factual and adequately summarized?	ISSAI 1700				
82.	Were individual conclusions for the separate components reviewed, summarised and consolidated into a final audit report?	ISSAI 1230				
83.	Have target dates for reporting been achieved or otherwise valid reasons supplied?	ISSAI 1220				
84.	Is the emphasis of matter points adding value to the reader of the financial statements?	ISSAI 1706				
85.	Generally, do the audit working papers, the audit procedures carried out, and the results of the audit procedures support and confirm the audit opinion furnished?	ISSAI 1230				
86.	Do the working papers:					
	(a) Include indexing/signatures and dating by preparer and reviewer?	ISSAI 1220				
	(b) Indicate the meanings of audit tick marks?	ISSAI 1220				
	(c) Indicate the source of information?	ISSAI 1500				
	(d) Indicate the procedure executed?	ISSAI 1220				
	(e) Indicate the purpose of photocopied or scanned in documents?	ISSAI 1230				
	(f) Indicate that all schedules, prepared by the audited entity, have been cast & cross cast?	ISSAI 1230				

	(g) Conclude on the work performed?					
ENGAGEMENT QUALITY CONTROL REVIEW						
87.	Where the audit has been selected for a engagement quality control review identify whether the following was performed:					
	(a) Was a suitably qualified reviewer appointed?					
	(b) Has the engagement quality control review been performed?					
	(c) Were any differences in opinion adequately resolved?					
	(d) Was a discussion held on significant findings with the engagement quality control reviewer?					
	(e) Have all the findings been considered and resolved with the audit team?					

Appendix 5.2 Regularity Audit Review Report

1. Overall audit planning (on SAI level)

The standards and good practice
SAIs normally operate with limited resources. SAIs should consider their work programme and whether they have the resources to deliver the range of work to the desired level of quality. To achieve this, SAIs should have a system to prioritise their work in a way that takes into account the need to maintain quality (ISSAI 40)

When developing an annual audit plan the SAI should start by an identification of the audits and audit areas which the SAI leadership believe they should focus on during the year. The ICBF specifically mentions the overall audit plan and the fact that it should be in place, including the following:

- Assessment of constraints;
- Activity plans for regularity and performance audits;
- Risk assessment in place for prioritizing audit risk;
- Clear statement of audit coverage;
- Addressing of backlogs

(*Annual Overall Audit Plan, AFROSAI-E 2013)*

Observations and root causes

Recommendations
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2. Pre-engagement of audits

Standards and good practices
As outlined in the ISSAI 40 on Quality Control the SAI should establish procedures and policies that gives reasonable assurance that it will carry out audits where the SAI is:

- competent and has the capabilities, including time and resources, to do so
- can comply with ethical requirements and
- has considered the integrity of the organisation being audited and has considered how to treat the risk to quality that arises.

The SAI should plan its audits realistically through time budgets. Time and resources allocated should be linked with an overall risk assessment of the auditees, taking into account among others their integrity. Competency aspects must be taken into account when allocating resources. The audit team must reflect on whether it possesses the required competence, given the nature of the auditee and the overall risk assessment. Equally important is to assess whether those involved in the audits comply with the ethical requirements determined by the SAI and by INTOSAI.

Observations and root causes

Recommendations
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3. Strategic planning on a financial statement level

Standards and good practices
According to ISSAI 1300 on Planning and Audit of Financial Statements the audit team

should arrive at an overall audit strategy, taking into account materiality, involvement of experts, understanding of the auditee etc.

There must be a clear link between the audit approach in the overall audit strategy, showing the components to be audited, and the documented risks, materiality and nature of the auditee.

Observations and root causes

Recommendations
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4. Detailed planning and audit fieldwork on an audit component level

Standards and good practices
According to ISSAI 1300 on Planning and Audit of Financial Statements the audit team should develop a more detailed audit plan based on the overall audit strategy. The nature, timing and extent of specific audit procedures should depend on the outcome of the risk assessment in the detailed planning.

According to ISSAI 1330 on the Auditor's Responses to Assessed Risks, the auditor shall design The auditor shall design and perform further audit procedures whose nature, timing, and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level.

Observations and root causes

Recommendations
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5. Audit Reporting on a financial statement level

Standards and good practices
According to ISSAI 1700 on Forming an Opinion and Reporting on Financial Statements the auditors should

- form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained
- express clearly that opinion through a written report that also describes the basis for that opinion

Observations and root causes

Recommendations
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6. Quality Control of the audits

Standards and good practices
SAIs should establish policies and procedures that encourage high quality and discourage or prevent low quality.
This includes creating an environment that is stimulating, encourages proper use of

professional judgement and promotes quality improvements. All work carried out should be subject to review as a means of contributing to quality and promoting learning and personnel development.

SAIs should ensure appropriate quality control policies and procedures are in place (such as supervision and review responsibilities and engagement quality control reviews) for all work carried out (including financial audits, performance audits, and compliance audits).
(ISSAI 40)

Observations and root causes

Recommendations
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7. Documentation

The standards and good practice
According to ISSAI 1230 the auditors should prepare documentation that provides:
- sufficient and appropriate record of the basis for the Auditor's report
- evidence that the audit was planned and performed in accordance with the ISSAIs and applicable legal and regulatory requirements

Observations and root causes

Recommendations
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8. Overall audit report

The standards and good practice
The reports shall present the facts and their assessment in an objective, clear manner and be limited to essentials.
The wording of the reports shall be precise and easy to understand. *(ISSAI 1 Lima Declaration, section 17.2)*

Observations and root causes

Recommendations
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9. Quality Assurance Function

The standards and good practice
A SAI should establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant and adequate and are operating effectively. The monitoring process should:
a) Include an on-going consideration and evaluation of the SAI's system of quality control, including a review of a sample of completed work across the range of work carried out by the SAI
b) Require responsibility for the monitoring process to be assigned to an individual or individuals with sufficient and appropriate experience and authority in the SAI to assume that responsibility, and

c) Require that those carrying out the review are independent (i.e. they have not taken part in the work at any quality control review of the work.)
(Quality Control for SAIs/ISSAI 40, Element 6: Monitoring)

Observations and root causes

Recommendations
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10. Audit methodology

The standards and good practice
The SAI should adopt policies and procedures to prepare manuals and other written guidance and instructions concerning the conduct of audits *(ISSAI 200)*

Each SAI should establish a policy on which INTOSAI standards, or other specific standards, should be followed in carrying out the various types of work that the organisation conducts to ensure that the work and products are of high quality *(ISSAI 100)*

- Manuals
- Guidance material
- Technical assistance

Observations and root causes

Recommendations
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11. Outsourcing of audits

The standards and good practice
SAIs should ensure that quality control policies and procedures are clearly communicated to SAI personnel and to any parties contracted to carry out work for the SAI.

All work carried out should be subject to review as a means of contributing to quality and promoting learning
SAIs should ensure that all documentation (such as audit work papers) is the property of the SAI, regardless of whether the work has been carried out by SAI personnel or contracted out.
(ISSAI 40, Quality Control for SAIs)

Observations and root causes

Recommendations

APPENDIX 6 – PERFORMANCE AUDIT

Appendix 6.1 Pre-Issuance quality control (QC) review of PA

SAIs may decide to perform pre-issuance quality control reviews, required by ISSAI 40 element 5, to obtain an independent view from a suitably qualified pre-issuance reviewer prior to the issuance of the performance audit report. Pre-issuance reviews provide the head of the SAI with assurance that the audit complies with audit standards and other quality requirements. In the case of performance audits, the reviewer also reviews and provides assurance on the reasonableness of professional judgements and key decisions taken by the audit team during the audit.

A pre-issuance review should be completed after each phase of the audit. The audit team should finalise all the audit work for that phase of the audit before submitting it for review. However, the audit team should not rely on the pre-issuance review to point out shortcomings in their work.

A pre-issuance review:

- Provides an independent and objective evaluation of significant judgments made on planning, execution, and reporting matters; and
- Concludes that, based on all the relevant facts and circumstances known by the pre-issuance reviewer, no matters have come to his or her attention that would cause the reviewer to believe that the conclusions reached are not appropriate.

A pre-issuance review:

- Is not a review to ensure the audit complies with all the audit standards and the requirements of any other legal and regulatory requirements;
- Does not reduce the review responsibilities of the audit team; and
- Does not relieve the manager from final responsibility for the issuance of the audit report.

Continuous communication should exist between the reviewer and the audit team to coordinate the submission of the audit files so that reviews do not delay audits unnecessarily.

The audit team may consult the pre-issuance reviewer during the audit. Such consultation need not compromise the pre-issuance reviewer's eligibility to perform the role. Where the nature and extent of the consultations becomes significant, however, care should be taken by both the audit team and the reviewer to maintain the reviewer's objectivity.

A pre-issuance review ordinarily involves:
Gaining an understanding of the audit's subject matter

- Reviewing selected audit documentation related to the significant judgments the audit team made and the conclusions they reached
- Discussing the audit plan, results, and report with the audit team
- Reviewing the findings and conclusions documentation and the auditor's report, and, in particular, considering whether the auditor's report is appropriate
- Comparing actual audit time and costs to budget

SAIs in the AFROSAI-E region may develop an own checklist or use question 4.1 – 4.7 on audit planning in the Quality Control and Quality Assurance Questionnaire in the review of

draft performance audit use pre-studies. In the review of draft audit reports the SAIs may choose to question 5.1 – 5.8 on execution and question 6.1 – 6.10 on reporting. Often all questions cannot be covered in depth, and there is a need to prioritise and focus the review.

SAIs in the AFROSAI-E region are recommended to conduct a pre-issuance review of all performance audits. When performance audit is still under development, it may not be realistic to request the reviewer to sign a statement providing the Auditor-General assurance that the standards have been met. As an alternative the following principles is recommended:

1. All performance audits shall be subject to pre-issuance review.
2. SAIs with more than one performance audit manager or supervisor appoint a pre-issuance reviewer without any line responsibility for the audit, at the start of the pre-study.
3. .SAIs that do not have a performance audit supervisor or manager without a line responsibility for the audit, may appoint non-expert senior or operational manager as pre-issuance reviewer; this will limit the review and the assurance that can be placed on the review in a similar way as for partial QA reviews (See Section 6.3).
4. The reviewer participates with other invited officers in review meetings, normally one for review of the pre-study memo and work plan and one for review of the draft report.
5. The meeting shall be chaired by an officer well familiar with performance audit.
6. Minutes shall be taken at the review meeting clearly reporting advice offered and decisions taken.
7. The minutes shall include a statement that the meeting has been informed of its function of pre-issuance reviewer according to ISSAI 40, element 5, and is aware of the participants' responsibility to raise issues of concern in the audit work that has been performed (to the best of their ability).
8. The minutes shall be signed by the Chairman and the appointed pre-issuance reviewer.

Appendix 6.2 Background Information for Performance Audit QA

Background information for quality assurance reviews of performance audits

If institutional issues are to be covered in the review, the following documents should be collected as basis for planning the review and, depending of the selected focus, also reviewed more in detail

- The current strategic and annual plans addressing performance audit (if any)
- Documented assessments of audit skills, training plans, etc. (if any)
- The performance audit manual (or similar)

Compile the information in table 1 – 4 about the volume of production, production time and staff as basis for planning QA.

Table 1: Production of studies

	Main studies			**Pre-studies**		**General surveys**	
3 years series	No. of main studies started	No. of main studies published	No. of main studies tabled for Parliament1	No. of pre-studies started	No. of pre-studies completed	No. of surveys started	No. of surveys completed
Current year							
Last year							
2 years ago							

1 This may be the same as the number of reports published

Table 2: Titles of the main studies completed or terminated the last 24 months

Title1	Responsible manager	Completed or terminated	Year	Production time (months)		
				Pre-study	Main study2	From completion to tabling

1Please indicate if the report to a great extent was produced by external consultants.
2Up to the approval of the report by the Auditor General

Table 3: Titles of on-going main studies

Titles	Date for starting the pre-study	Date for planned completion

Table 4: Staff statistics

	No. of full time performance auditors (by the end of the period)	No. of recruited performance auditors during the year	No. of performance auditors leaving office during the year
Current year			
Last year			
2 years ago			

1Please indicate if staff has not been working full time.

Appendix 6.3 Quality Control/Assurance Questions for Performance Audits[1]

Part I: Review of the institutional quality control systems for performance audit

1. Mandate and methodology (ICBF Domain 1 and 4)

1.1 Does the SAI have and make use of unrestricted access to information and a mandate to independently carry out and separately report audits of economy, efficiency and effectiveness to Parliament and the audited entity as well as making the reports public? *ISSAI 1:4-5, 10,16; 10:3-4*
1.2 Do all performance auditors have access to and use an updated manual (also covering documentation) aligned with international standards? *ISSAI 10:3; 40:5*
1.3 Considering the level of development of performance audit, does the SAI implement an appropriate system with pre-issuance reviews of all performance audit reports? *ISSAI 40:5*
1.4 Considering the level of development of performance audit, does the SAI implement an appropriate system with independent review of the quality control systems for performance audits, incl. ex post review of a sample of completed audits (quality assurance)? *ISSAI 20:3; 40:6; 3100:38*

2. Organisation, management and communication (ICBF Domain 2 and 5)

2.1. Is there a sustainable performance audit unit with clear responsibilities for key players, well established and documented procedures & principles for internal communication? *Manual: 2.8-13*
2.2. Does management set quality requirements and promote adherence to adopted standards, high quality reports and continuous improvement? ISSAI 40:1,5
2.3. Are there clear strategies and annual plans for the conduct and development of performance audit, with an appropriate allocation of staff and financial resources, and clearly communicated to staff, implemented and followed up? *ISSAI 3100:11*
2.4. Apart from of audits requested by Parliament, are problem analysis (area watching, general surveys) or risk assessments used without outside pressure to select audit topics that are relevant (mandate, materiality, risks to the 3 Es), auditable and where the audit will lead to important benefits for public finance/administration, the audited entity or the general public? *ISSAI 10:3; 3100:11*
2.5. Are sound management practices is used, including performance management, direction and supervision (including coaching) of staff, time management and good project management in the implementation of performance audits? *ISSAI 20:6; 3100:24*
2.6. Does the SAI monitor, assess and report on its own efficiency and effectiveness in conducting performance auditing, including the extent to which audit recommendations are implemented? *ISSAI 10:7; 20:3, 6; 40:6*

3. Securing and developing skills for performance audit (ICBF Domain 3)

3.1. Does the SAI have career paths, recruitment, promotion and retention of performance auditors with a multidisciplinary background based on assessments of the SAI's need for professional performance auditors to produce high quality reports? *ISSAI 40:4; 3100*
3.2. Does the SAI evaluate the current level of knowledge and skills on a regular basis to determine training needs as well as current and future personal and organisational needs? *ISSAI 40:4*
3.3. Are training needs captured in a training plan that is successfully implemented using a variety of methods for capacity building, such as continuous professional education, on-the-job training, in-house training, and coaching? *ISSAI 10:3; 40:4*
3.4. Are there systems in place to ensure that the auditors and contractors comply with ethical standards for integrity, independence, objectivity, impartiality, professional secrecy and competence? *ISSAI 10:3; 20:3; 30; 40:2*

1 We refer to ISSAI 3100, and when this is not sufficient also to ISSAI 3000 and the "Manual (AFROSAI-E performance audit template manual 2010. ISSAI 3100 in turn refers to ISSAI 100 – 400 and ISSAI 3000.

Part II: Review of a sample of performance audit projects

4. Planning performance audits

4.1 Did top management approve the audit design and milestones and allocated sufficient time, resources and technical support (based on a pre-study with specific and realistic plans) to carry out the assigned audit? *ISSAI 40:3*

4.2 Was the selection of an audit problem, related to the three Es, based on a pre-study with appropriate understanding of the operations, preliminary findings and an assessment of the relevance (mandate, materiality, risks to the 3 Es), auditability and the potential for change? *ISSAI 3100.11-12*

4.3 Does the work plan have a clear audit objective, an appropriate scope (who, what, when, where), a limited number of thematically related and exhaustive audit questions and sub-questions to be answered, and useful assessment criteria with clear sources? *ISSAI 3100:10,12-14,38c*

4.4 Does the work plan include an appropriate methodology (including methods for data collection, sampling and audit analysis) to efficiently collect sufficient audit evidence to conclude against the objectives and answer the audit questions? *ISSAI 3100:12, 16-17, 28,30*

4.5 Include in the work plan a realistic administrative plan with an activity plan, main control points, monitoring, a competent audit team, estimated cost, as well as the planned regular communication with the audited entity and analyses of risks in the audit? *ISSAI 3100:12,38c*

4.6 Did management appoint an audit team with clear roles (incl. team leader) and appropriate knowledge of the subject matter, audit standards and techniques as well as the skills to carry out the audit (including support from external experts when needed)? *ISSAI 20:9; 40:4-5; 3100:38*

4.7 Was a draft pre-study memo and work plan systematically reviewed, incl. discussions within the unit and reviewed by the operational manager and top management before decision to start the audit? *ISSAI 40:5*

5. Executing performance audits

5.1 Was the audit properly introduced to the audited entity (including notification of the audit objective, scope, questions and criteria) before the start of data collection and discussed at an exit meeting to clarify outstanding issues before finalisation? *ISSAI 20:3; 40:5; 3100:18*

5.2 Was qualitative/quantitative data from different sources (documentary, testimonial, physical, analytical) combined & carefully interpreted, guaranteeing anonymity? *ISSAI 3100:23; 3000:4.2*

5.3 Was data collected for reasonable, sufficient, relevant, valid and reliable audit evidence to satisfy the objective, answer all questions (complete) and derive conclusions? *ISSAI 3100:20-24*

5.4 Did the team maintain a good relationship with stakeholders and an active dialogue with the audited entity throughout the audit, making it easier to continuously check preliminary findings and communicate instances of non-compliance or abuse? *ISSAI 3100:25,33; 3000:4.1*

5.5 Were the plans and the results of the fieldwork and analysis documented, filed and cross-referenced to the report, to enable an experienced auditor to determine the work performed in support of the findings, conclusions, and recommendations? *ISSAI 40:5; 3100:23-24; 3000:4.2*

5.6 Was the work of the audit team and working papers reviewed by the team leader, with supervision and review of the audit file by a supervisor and with regular monitoring of progress of the audit by appropriate levels of management? *ISSAI 40:5; 3100:19,38c*

5.7 Was a draft audit report systematically reviewed by the SAI, incl. discussions within the unit, review by the operational manager, possibly external experts and top management, documenting and resolving internal differences of opinion before issuing the report? *ISSAI 40:5; 3100:38*

5.8 Does the audit satisfy the requirement of good project management, was executed timely in line with the work plan and regularly monitored by management, with major decisions on changing the plan explained and documented in the file? *ISSAI 20:8; 40:5; 3100:19, 24,38c*

6. Reporting performance audits

6.1 Does the report address an important topic within the mandate, related to the economy and efficiency with which resources are acquired and used, and the effectiveness with which objectives are met and discloses standards followed and if regulations limited the audit? *ISSAI 3100:11,27-28*

6.2 Does the report present an appropriate audit design (objective, questions, scope, assessment criteria, methodology, principles for sampling, limitations to data) to efficiently collect sufficient evidence to conclude against the objectives and answer the questions? *ISSAI 3100:13,16-17,30*

6.3 Does the report give the reader an appropriate understanding of the organisations, systems and processes subject to audit and how they are expected to function? I*SSAI 3100:30*

6.4 Does the report present findings, congruent with the objective and put into context, based on complete, reasonable, sufficient, relevant, valid, reliable, accurate, objective and logical audit evidence (referring to sources) answering the audit questions and when appropriate analysing the causes and consequences. *ISSAI 3100:20-21,30-31;3000:4.3*

6.5 Does the report present reasonable conclusions (statements deduced from the findings based on evidence, rationality and project specific criteria) clearly distinguished from findings and congruent with the audit objective, audit questions and findings? *ISSAI 3100:21,31; 3000:4.5*

6.6 *6* Does the report add value, improve the knowledge, highlights improvements needed and (usually) include reasonably specific and practical recommendations relevant for PAC and the responsible entity, logically addressing the causes of findings usually without requiring additional resources? *ISSAI 3100:31-32; 3000:4.5*

6.7 Is the report balanced and fair in tone and content, convincing, constructive, reader-friendly (for PAC and other readers), clear, concise, well designed, without typographical errors and using simple unambiguous, non-technical language with explanation of abbreviations? *ISSAI 3100:31*

6.8 Is the report well structured, with focus on main findings, and appropriately use a submission letter, table of content, an executive summary, a logical structure of chapters, informative headings, annexes, tables, charts and photographs? *ISSAI 3100:31*

6.9 Was a draft report sent to the audited entity, with an invitation to comment on findings, conclusions, and recommendations; documenting the feedback, analysing disagreements, correcting factual errors and documenting changes of the report? ISSAI 40:5; 3100:3

6.10 Has the report, within the provision of regulations, been submitted to the main recipients (e.g. Parliament, the audited entity), made public and widely distributed to

media and other stakeholders and made available at the SAI and AFROSAI-E websites? *ISSAI 10:6; 20:8; 3100:35; 3000.5.4 p74*

6.11 Have the SAI assisted PAC to better understand the report and to take appropriate action (e.g. brief the chairman, suggest questions for its members, attend deliberations at appropriate management level and comment on a draft PAC report)? *ISSAI 20:7*

7. Follow up performance audits

7.1 Does the SAI arrange internal seminars to discuss experiences or review completed audits, to learn for future improvement? *ISSAI 40:4; 3000.5.5 p75*

7.2 Does the SAI follow-up the implementation of the SAI and PAC recommendations on a regular basis (through follow-up audits, information from regularity auditors or through informal contacts with or formal requests to the audited entity)? *ISSAI 10:7; 20:3; 40:5; 3100:36-37*

Appendix 6.4 Recording forms for performance audit

Recording Form Performance Audit – Institutional Level

No.	Label	Rating			Detailed comments supporting the assessment
		Generally supporting the assessment Conforms	Partially Conforms	Does Not Conform	
REVIEW OF INSTITUTIONAL QUALITY CONTROL SYSTEMS					
1. Mandate and Methodology					
1.1	Mandate and access to info.				
1.2	PA Manual				
1.3	Pre-issuance reviews				
1.4	Quality assurance reviews				
2. Organisation, Management, and Communications					
2.1	Sustainable PA unit				
2.2	Quality requirements				
2.3	Strategy and plans				
2.4	Selecting audit topics				
2.5	Sound management practices				
2.6	Reporting SAI performance				
3. Developing and Securing Skills for Performance Audit					
3.1	Recruitment and retention				
3.2	Training needs				
3.3	Training plan and methods				
3.4	Comply with ethical standards				

Recording Form Performance Audit – Audit engagement level

No.	Label	Rating			Detailed comments supporting the assessment
		Generally supporting the assessment Conforms	Partially Conforms	Does Not Conform	
REVIEW OF INDIVIDUAL PERFORMANCE AUDIT ENGAGEMENTS					
4. Planning Performance Audits					
4.1	Approved audit plan				
4.2	Selecting audit problem				
4.3	Objective, questions, criteria				
4.4	Methodology				
4.5	Administrative plan				
4.6	Audit team				
4.7	Review of draft pre-study				
5. Executing Performance Audits					
5.1	Introduction to the auditee				
5.2	Different sources of data				
5.3	Data collected for evidence				
5.4	Relationship with auditee				
5.5	Documentation				
5.6	Supervision and review				
5.7	Review of draft audit report				

5.8	Good project management				
6. Reporting Performance Audits					
6.1	Important topic				
6.2	Appropriate audit design				
6.3	Relevant systems description				
6.4	Findings based on evidence				
6.5	Reasonable conclusions				
6.6	Value-adding recommendations				
6.7	Reader-friendly, tone				
6.8	Appropriate structure and focus				
6.9	Comments from the auditee				
6.10	Distribution of report				
6.11	Assistance to PAC				
7. Follow-Up Performance Audits					
7.1	Lessons learned				
7.2	Follow-up recommendations				

Appendix 6.5 Report on Performance Audit Quality Assurance Review

How we refer to standards for performance audit in this report.2

1. Mandate and methodology (ICBF Domain 1 and 4)

The standards and good practice

1.1 Does the SAI have and make use of unrestricted access to information and a mandate to independently carry out and separately report audits of economy, efficiency and effectiveness to Parliament and the audited entity as well as making the reports public? *ISSAI 1:4-5,10,16; 10:3-4*

1.2 Do all performance auditors have access to and use an updated manual (also covering documentation) aligned with international standards? *ISSAI 10:3; 40:5*

1.3 Considering the level of development of performance audit, does the SAI implement an appropriate system with pre-issuance reviews of all performance audit reports? *ISSAI 40:5*

1.4 Considering the level of development of performance audit, does the SAI implement an

appropriate system with independent review of the quality control systems for performance audits, incl. ex post review of a sample of completed audits (quality assurance)? *ISSAI 20:3; 40:6; 3100:38*

Observations and root causes

Recommendations
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2. Organisation, management and communication (ICBF Domain 2 and 5)

The standards and good practice

1.1 Is there a sustainable performance audit unit with clear responsibilities for key players, well established and documented procedures & principles for internal communication?

1.2 Does management set quality requirements and promote adherence to adopted standards, high quality reports and continuous improvement? *ISSAI 40:1,5*

1.3 Are there clear strategies and annual plans for the conduct and development of performance audit, with an appropriate allocation of staff and financial resources, and clearly communicated to staff, implemented and followed up? *ISSAI 3100:11;*

1.4 Apart from of audits requested by Parliament, are problem analysis (area watching, general surveys) or risk assessments used without outside pressure to select audit topics that are relevant (mandate, materiality, risks to the 3 Es), auditable and where the audit will lead to important benefits for public finance/administration, the audited entity or the general public? *ISSAI 10:3; 3100:11; Manual*

1.5 Are sound management practices is used, including performance management, direction and supervision (including coaching) of staff, time management and good project management in the implementation of performance audits? *ISSAI 20:6; 3100:24; Manual:2.9-10*

1.6 Does the SAI monitor, assess and report on its own efficiency and effectiveness in conducting performance auditing, including the extent to which audit recommendations are implemented? *ISSAI 10:7; 20:3,6; 40:6*

Observations and root causes

Recommendations
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2 We refer to ISSAI 3100, and when this is not sufficient also to ISSAI 3000 and the "Manual (AFROSAI-E performance audit template manual 2010. ISSAI 3100 in turn refers to ISSAI 100 – 400 and ISSAI 3000.

3. Securing and developing skills for performance audit (ICBF Domain 3)

The standards and good practice

3.1 Does the SAI have career paths, recruitment, promotion and retention of performance auditors with a multidisciplinary background based on assessments of the SAI's need for professional performance auditors to produce high quality reports? *ISSAI 40:4; 3100:*

3.2 Does the SAI evaluate the current level of knowledge and skills on a regular basis to determine training needs as well as current and future personal and organisational needs? *ISSAI 40:4*

3.3 Are training needs captured in a training plan that is successfully implemented using a variety of methods for capacity building, such as continuous professional education, on-the-job training, in-house training, and coaching? *ISSAI 10:3; 40:4*

3.4 Are there systems in place to ensure that the auditors and contractors comply with ethical standards for integrity, independence, objectivity, impartiality, professional secrecy and

competence? *ISSAI 10:3; 20:3; 30; 40:2*

Observations and root causes

Recommendations

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4. Planning performance audits

The standards and good practice

4.1 Did top management approve the audit design and milestones and allocated sufficient time, resources and technical support (based on a pre-study with specific and realistic plans) to carry out the assigned audit? *ISSAI 40:3*

4.2 Was the selection of an audit problem, related to the three Es, based on a pre-study with appropriate understanding of the operations, preliminary findings and an assessment of the relevance (mandate, materiality, risks to the 3 Es), auditability and the potential for change? *ISSAI 3100.11-12*

4.3 Does the work plan have a clear audit objective, an appropriate scope (who, what, when, where), a limited number of thematically related and exhaustive audit questions and sub-questions to be answered, and useful assessment criteria with clear sources? *ISSAI 3100:10,12-14,38c; Manual:3.5.2-5*

4.4 Does the work plan include an appropriate methodology (including methods for data collection, sampling and audit analysis) to efficiently collect sufficient audit evidence to conclude against the objectives and answer the audit questions? *ISSAI 3100:12, 16-17,28,30*

4.5 Include in the work plan a realistic administrative plan with an activity plan, main control points, monitoring, a competent audit team, estimated cost, as well as the planned regular communication with the audited entity and analyses of risks in the audit? *ISSAI 3100:12,38c; Manual 2.9-10, 3.5.9-10*

4.6 Did management appoint an audit team with clear roles (incl. team leader) and appropriate knowledge of subject matter, audit standards and techniques as well as the skills to carry out the audit (including support from external experts when needed)? *ISSAI 20:9; 40:4-5; 3100:38*

4.7 Was a draft pre-study memo and work plan systematically reviewed, incl. discussions within the unit and reviewed by the operational manager and top management before decision to start the audit? *ISSAI 40:5*

Observations and root causes

Recommendations

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5. Executing performance audit

The standards and good practice

5.1 Was the audit properly introduced to the audited entity (including notification of the audit objective, scope, questions and criteria) before the start of data collection and discussed at an exit meeting to clarify outstanding issues before finalisation? *ISSAI 20:3; 40:5; 3100:18*

5.2 Was qualitative/quantitative data from different sources (documentary, testimonial, physical, analytical) combined & carefully interpreted, guaranteeing anonymity? *ISSAI 3100:23; 3000:4.2*

5.3 Was data collected for reasonable, sufficient, relevant, valid and reliable audit evidence to satisfy the objective, answer all questions (complete) and derive conclusions? *ISSAI 3100:20-24*

5.4 Did the team maintain a good relationship with stakeholders and an active dialogue with the audited entity throughout the audit, making it easier to continuously check

preliminary findings and communicate instances of non-compliance or abuse? *ISSAI 3100:25,33; 3000:4.1*

5.5 Were the plans and the results of the fieldwork and analysis documented, filed and cross-referenced to the report, to enable an experienced auditor to determine the work performed in support of the findings, conclusions, and recommendations? *ISSAI 40:5; 3100:23-24; 3000:4.2*

5.6 Was the work of the audit team and working papers reviewed by the team leader, with supervision and review of the audit file by a supervisor and with regular monitoring of progress of the audit by appropriate levels of management? *ISSAI 40:5; 3100:19,38c*

5.7 Was a draft audit report systematically reviewed by the SAI, incl. discussions within the unit, review by the operational manager, possibly external experts and top management, documenting and resolving internal differences of opinion before issuing the report? *ISSAI 40:5; 3100:38*

5.8 Does the audit satisfy the requirement of good project management, was executed timely in line with the work plan and regularly monitored by management, with major decisions on changing the plan explained and documented in the file? *ISSAI 20:8; 40:5; 3100:19,24,38c*

Observations and root causes

Recommendations

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6. Reporting performance audits

The standards and good practice

6.1 Does the report address an important topic within the mandate, related to the economy and efficiency with which resources are acquired and used, and the effectiveness with which objectives are met and discloses standards followed and if regulations limited the audit? *ISSAI 3100:11, 27-28*

6.2 Does the report present an appropriate audit design (objective, questions, scope, assessment criteria, methodology, principles for sampling, limitations to data) to efficiently collect sufficient evidence to conclude against the objectives and answer the questions? *ISSAI 3100:13,16-17,30*

6.3 Does the report give the reader an appropriate understanding of the organisations, systems and processes subject to audit and how they are expected to function? I*SSAI 3100:30*

6.4 Does the report present findings, congruent with the objective and put into context, based on complete, reasonable, sufficient, relevant, valid, reliable, accurate, objective and logical audit evidence (referring to sources) answering the audit questions and when appropriate analysing the causes and consequences. *ISSAI 3100:20-21, 30-31; 3000:4.3*

6.5 Does the report present reasonable conclusions (statements deduced from the findings based on evidence, rationality and project specific criteria) clearly distinguished from findings and congruent with the audit objective, audit questions and findings? *ISSAI 3100:21,31; 3000:4.5; Manual:4.12*

6.6 Does the report add value, improve the knowledge, highlights improvements needed and (usually) include reasonably specific and practical recommendations relevant for PAC and the responsible entity, logically addressing the causes of findings usually without requiring additional resources? *ISSAI 3100:31-32; 3000:4.5*

6.7 Is the report balanced and fair in tone and content, convincing, constructive, reader-friendly (for PAC and other readers), clear, concise, well designed, without typographical errors and using simple un-ambiguous, non-technical language with explanation of abbreviations? *ISSAI 3100:31*

6.8 Is the report well structured, with focus on main findings, and appropriately use a

submission letter, table of content, an executive summary, a logical structure of chapters, informative headings, annexes, tables, charts and photographs? *ISSAI 3100:31*
6.9 Was a draft report sent to the audited entity, with an invitation to comment on findings, conclusions, and recommendations; documenting the feedback, analysing disagreements, correcting factual errors and documenting changes of the report? ISSAI 40:5; 3100:34
6.10 Has the report, within the provision of regulations, been submitted to the main recipients (e.g. Parliament, the audited entity), made public and widely distributed to media and other stakeholders and made available at the SAI and AFROSAI-E websites? *ISSAI 10:6; 20:8; 3100:35; 3000.5.4 p74*
6.11 Have the SAI assisted PAC to better understand the report and to take appropriate action (e.g. brief the chairman, suggest questions for its members, attend deliberations at appropriate management level and comment on a draft PAC report)? *ISSAI 20:7*

Observations and root causes

Recommendations
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7. Follow up performance audits

The standards and good practice
7.1. Does the SAI arrange internal seminars to discuss experiences or review completed audits, to learn for future improvement? *ISSAI 40:4; 3000.5.5 p75*
7.2. Does the SAI follow-up the implementation of the SAI and PAC recommendations on a regular basis (through follow-up audits, information from regularity auditors or through informal contacts with or formal requests to the audited entity)? *ISSAI 10:7; 20:3; 40:5; 3100:36-37*

Observations and root causes

Recommendations

Annex Summary assessment of performance audits in.....

No.	Label	Rating reviewed projects				Overall assessment
		1	2	3	4	
1 – 3. Review of the Institutional Quality Control Systems						
1.1	Mandate and access to info.					
1.2	PA Manual					
1.3	Pre-issuance reviews					
1.4	Quality assurance reviews					
2.1	Sustainable PA unit					
2.2	Quality requirements					
2.3	Strategy and plans					
2.4	Selecting audit topics					
2.5	Sound management practices					
2.6	Reporting SAI performance					
3.1	Recruitment and retention					
3.2	Training needs					
3.3	Training plan and methods					
3.4	Comply with ethical standards					

4. Planning Performance Audits						
4.1	Approved audit plan					
4.2	Selecting audit problem					
4.3	Objective, questions, criteria					
4.4	Methodology					
4.5	Administrative plan					
4.6	Audit team					
4.7	Review of draft pre-study					
5. Executing Performance Audits						
5.1	Introduction to the auditee					
5.2	Different sources of data					
5.3	Data collected for evidence					
5.4	Relationship with auditee					
5.5	Documentation					
5.6	Supervision and review					
5.7	Review of draft audit report					
5.8	Good project management					
6. Reporting Performance Audits						
6.1	Important topic					
6.2	Appropriate audit design					
6.3	Relevant systems description					
6.4	Findings based on evidence					
6.5	Reasonable conclusions					
6.6	Value-adding recommendations					
6.7	Reader-friendly, tone					
6.8	Appropriate structure and focus					
6.9	Comments from the auditee					
6.10	Distribution of report					
6.11	Assistance to PAC					
7. Follow-Up Performance Audits						
7.1	Lessons learned					
7.2	Follow-up recommendations					
	Generally conforms (%)		Partially conforms (%)		Does not conform (%)		Not assessed (%)

APPENDIX 7 - REPORT ON QUALITY ASSURANCE

Appendix 7.1 Annual/ Bi-Annual Report on Quality Assurance

To: Head of SAI

Introduction

The assigned responsibilities for the Quality Assurance Unit (QAU) include a review of the quality control policies and a review of selected audits. This report is issued in terms of paragraph (state paragraph) of the quality control policy which was approved by the Head of SAI on (*include date of issue*).

Scope of Work Done

This report includes a summary of the results of reviews conducted between (*beginning date*) and (*ending date*). The reviews covered the period from (*beginning date*) to (*ending date*) and include institutional, regularity audits and performance audit.

Institutional Review

The institutional review covered all the five domains of the AFROSAI-E Institutional Framework which are Independence and Legal Framework, Organisation and Management, Human Resources, Audit Methodology and Standards and Communication and Stakeholder Management. A separate detailed report was already issued. This section contains the material issues observed during the review:
.....
.....
.....

Regularity Audit

The regularity audit review also included some institutional issues which impact directly on the area and some selected audits (*Insert details of audits selected (including responsible unit, type of audit, name of auditee, year-end date*).

Name of Audit	Responsible Unit	Type of Audit	Name of Auditee	Year-End Date

The review of the above files using the checklist on annex (*insert checklist*) revealed deficiencies which appeared to be systematic, repetitive and significant and which require prompt corrective action by the SAI.

Please note that QAS has reported all deficiencies found, together with the underlying reasons why they occurred to the managers responsible for the different units. The main deficiencies are listed below:
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Performance Audit
The performance audit review also included some institutional issues which impact directly on the area and some selected audits (*Insert details of audits selected (including responsible unit, type of audit, name of auditee, year-end date*).

Title of the Audit	Responsible Manager	Name of Auditee	Stage of Completion

The review of the above files using the checklist on annex (*insert checklist*) revealed deficiencies which appeared to be systematic, repetitive and significant and which require prompt corrective action by the SAI.

Please note that QAS has reported all deficiencies found, together with the underlying reasons why they occurred to the managers responsible for the different units. The main deficiencies are listed below:

Recommendations

Please find the recommendations to improve the quality controls and procedures in the SAI.

Action Plan

In line with the Quality Control policy, the SAI is required to come up with an action plan within 30 days after the issue of this report. The action plan should include the following:

Item	Description of deficiency	Intended Action	Person to Implement	Deadline	Link to strategic/ operational plan

Appendix 8 – Quality Assurance Review Recording Form

QCQ Reference	Positive Observations	Negative Observations	Effects	Comments	Causal Factors	Name of Reviewer	Recommendations

Signed by ……..
Date……