

Comments on the exposure draft of ISSAI 3100

Country/institution	Comments
Kuwait	<p>1. The draft was formulated in a common understanding based on the fact that there is another standard (ISSAI 3000) that handles the general guidelines of performance audit. The exposure draft of ISSAI 3100 presents that concept in articles 1 and 6. The standard was to handle some matters in more details since they represent the performance audit core. Some of these matters are:</p> <ul style="list-style-type: none"> - Although article No. 9, paragraph (b) states that some of the performance audit goals are to assess the utilization of human and financial resources and other resources, and also to examine the information systems and the entity performance assessment procedures, the standard draft does not state the evidence to be based on to achieve this goal during the planning phase of performance audit implementation articles (12to18) or during performance audit implementation articles (19to25). - Although the article No.13 of the draft clarifies the importance and necessity to have suitable criteria to assess and audit performance, the draft does not mention these criteria sources. <p>The criteria could be local, regional or international and there are many units subject to audit where the auditor could not determine performance criteria for them and the obstacles that hinder the performance audit. The draft does not discuss whether these criteria have a financial nature or quantitative non financial nature. The draft states only that these criteria should be reliable, objective, useful and completed.</p> <p>2. The draft of ISSAI 3100 does not discuss the issue of hiring an expert to help the performance audit team to assess the entity audit efficiency. In this regard, article No.5 of the draft states that to achieve the performance audit goals, we must find answers to two questions. One of them is :</p> <ul style="list-style-type: none"> - Are things being done in the right way? <p>This requires hiring specialized experts to assess the technical performance of the entity. The draft does not refer to this issue.</p> <p>3. The draft of ISSAI 3100 has the success to present all the performance audit phases, but this matter requires showing the relation between an independent performance audit and full audit that includes performance audit and other audits.</p> <p>4. In addition the above, there are some topics that are to be covered as:</p> <ul style="list-style-type: none"> - Continuing professional Education of the performance auditors and the required Knowledge. - Compatibility with the financial control executive directives on performance issued in 2001.
Peru	<p>c. Paragraph 10 deals with Performance audit objectives</p> <p>As noted in the guideline draft, the Supreme Audit Institutions may take a more proactive role, besides the</p>

classic one. One of the features of a preventive control framework is to help management use resources more efficiently, keeping the possibility of dealing with this issue in a future control action. This situation could make those that are being audited think that since an aspect has already been dealt with in preventive control, it will not be analyzed later.

On this line, and incorporating part of our regulatory framework of preventive control, the paragraph could be stated as follows:

"The audit objectives are usually expressed in the form of a limited number of audit questions that the audit will answer and conclude against. Such questions are thematically related, complementary and not overlapping. Frequently, the audit questions addressed by performance audit are not exclusively based on a retrospective audit approach. In a performance audit, SAIs can take an early initiative and furnish proactive audit findings, and/or recommendations, were appropriate so as to improve the capacity and efficiency of government bodies in decision-making and in resource administration, optimizing their management processes, which will not limit any further control. Furthermore, financial and compliance audit aspects, including environmental considerations in the context of sustainable development, can also be included in a performance audit. Finally, the perspective of the citizen should be taken into account where possible".

d. Paragraph 11

This draft guideline clearly states that Performance Audit topics are selected mainly for risk assessment, materiality and significance. To avoid the consideration of the economic significance only, the guideline should incorporate social and political variables. Moreover, the issues to be considered in the audit should focus on the results of the implementation of public policies in order to maximize the degree of contribution of the audit report to management.

The proposed paragraph would be:

"Auditors should select audit topics that are significant, auditable, and reflect the SAIS mandate. Furthermore, the audit should lead to improved value for money, and/or other important benefits for public finance and administration, the audited entity, or the general public. Where there is an overlap between other types of audit and performance auditing, classification of a particular audit should depend on the primary purpose of that audit. Aside from audits carried out under legal mandate at the request of the Parliament or other empowered entity, performance audits topics should be selected on the basis of problem and/or risk analyses and materially or significance – not only financial significance, but also social and/or political significance, focusing on the results obtained through the application of public policies. The processes of strategic planning and establishing the annual audit programme, are useful tools for setting priorities."

e. Paragraph 15

Regarding this paragraph, if situations where abusive or illegal activities are detected through the evaluation of the reliability of internal control, they must be channeled by the SAI or the competent bodies in order to avoid distorting the performance audit objective. In this regard, we would like to suggest:

	<p>"In determining the extent and scope of the audit, auditors often need to assess the reliability of internal controls that assist in conducting the business of the audited entity. The extent of that assessment depends on the objective of the audit. Moreover, they should be alert to situations or transactions that could be indicative of illegal acts or abuse and should determine the extent to which such acts affect the audit findings in order to channel them through the appropriate audit type by the SAI or competent organism.</p> <p>f. Paragraph 25 and paragraph 26</p> <p>Regarding paragraph 26, we have no comment to make. On the previous one, we would like to point out that the audit work does not interfere with management despite maintaining a fluid communication with the managers. The proposed paragraph would be:</p> <p>"The development of good and proper external relations is a key factor in achieving effective and efficient performance audits. Therefore, auditors should seek to maintain good professional relations with all stakeholders involved, promote the free and frank flow of information in so far as confidentiality requirements permit, and conduct discussions in an atmosphere of mutual respect and understanding of the respective role and responsibilities of each party, being watchful that the audit work does not affect the management of the institution. The communication process between the auditor and audited entity begins at the planning stage of the audit and continues throughout the audit process, by a constructive process of interaction, as different findings, arguments and perspectives are assessed."</p> <p>g. Paragraph 34</p> <p>Regarding this paragraph, which is quite complete, we can only point out that publishing reports in the media could be done as long as each country's legislation allows it. In this regard, the paragraph would read:</p> <p>34. Unless prohibited by legislation or regulations, before publishing a performance audit report, the SAI should always consider giving the auditee(s) the opportunity to comment in the audit findings and recommendations. Where disagreements occur they should be analysed and factual errors corrected. Producing detailed audit reports and distributing them widely is vital for the credibility of the audit function. SAIs should decide about the method of distribution in conformity with their respective mandates. The reports should be distributed to the audited body, the Executive and/or the Legislature, and were relevant, the media and to other interested stakeholders" as long as the country's law does not consider regulative aspects that could restrict the publishing reports to the media.</p>
Afrosai (South Africa)	<p>Introduction</p> <p>Paragraph 3: "...assesses whether pre-defined objectives have been achieved..."</p> <p>According to the "EXPOSURE DRAFT Establishing a Sustainable Performance Audit Function: High Level Guidelines"</p> <p>Performance auditing in contrast to compliance auditing relates to the intentions behind government interventions and to the concepts of economy, efficiency and effectiveness.</p> <p>Her as it is stated it can be interpreted as compliance audit. You can delete the text.</p>

Paragraph 4: "...In the case of the former performance audit takes the intentions and decisions of the legislature for granted, while examining whether possible shortcomings in the laws and regulations have affected those intentions being met. Depending on their mandate, SAIs may audit the assumptions on which policy decisions were based and the impact of such policy decisions. The findings audit provide an objective assessment to inform the legislature on such issues as how to enhance policy target achievement and/or how to accomplish objectives more efficiently and effectively.

Can we audit the assumption behind policy decision, isn't that what is decided in parliament
Shouldn't a bottom up perspective also be more developed?

Paragraph 4: "...government undertakings, systems, programmes or organisations the audited entity in the performance of its functions and activities, not excluding the verification of the audited entity's compliance with established legislation and regulations..."

The audited entity can limit the thought of the reader therefore you can bring in the terms from paragraph 7 and add systems.

According to the "EXPOSURE DRAFT Establishing a Sustainable Performance Audit Function: High Level Guidelines"

Performance auditing in contrast to compliance auditing relates to the intentions behind government interventions and to the concepts of economy, efficiency and effectiveness.

Here as it is stated it can be interpreted as compliance audit.

Paragraph 7: Performance auditing is an independent and objective examination of government undertakings, systems, programmes or organisations, with regard to one or more of the three aspects of economy, efficiency and effectiveness, aiming to lead to improvements.

Paragraph 8: The performance audit task is a separately identifiable piece of audit work, typically resulting in the issuing of a statement, or report. It should have clearly identifiable objectives and pertain to a single or clearly identifiable group of activities, systems, programmes or bodies known as the "audited entity".

Paragraph 10: The audit objectives are usually expressed broken down in the form of a limited number of audit questions that the audit will answer and conclude against. Such questions are thematically related, (can be deleted, they should be related to the audit objective, that should be the theme) complementary and not overlapping. Frequently, the audit questions addressed by performance audit do not have to be exclusively based on a retrospective audit approach. In a performance audit, SAIs can take an early initiative and furnish proactive audit findings, and/or recommendations, where appropriate. Furthermore, financial and compliance audit aspects, including environmental considerations in the context of sustainable development, can also be included in a performance audit. Finally, the perspective of the citizen should be taken into account where possible. (Delete this text. Pa is not compliance audit, see earlier comments. Financial aspects and

environmental aspects are covered within the 3Es)

Paragraph 11: "...Furthermore, The audit should lead to improved value for money, and/or other important benefits for public finance and administration, the audited entity, or the general public Where there is an overlap between other types of audit and performance auditing, classification of a particular audit should depend on the primary purpose of that audit. Aside from audits carried out under legal mandate at the request of the Parliament or other empowered entity, performance audits topics should be selected on the basis of problem and /or risk analyses and materiality or significance. The processes of strategic planning and establishing the annual audit programme, are useful tools for setting priorities.

2.4.1 Planning an audit

Paragraph 12: The auditor should plan the audit in a manner which ensures that it is of high quality and is carried out in an economic, efficient and effective way and in a timely manner. Consequently, The audit planning documents should contain:

- a) the audits objective, questions or hypotheses, criteria, scope and period to be covered and by the audit methodology;
- b) background knowledge and information needed to understand the entity to be audited, to allow an assessment of the problem and risk, possible sources of evidence, auditability, and the materiality or significance of the area considered for audit;
- c) staffing requirements, i.e. competencies (including the independence of engagement staff) and possible external expertise required for the audit.
- d) The design of each audit should, include an overall activity plan, the estimated cost of the exercise, the key project timeframes and milestones, and the main control points of the audit;
- e) an indication of the sound knowledge of the auditors in the subject matter to be audited.

Paragraph 13: Performance audits should have suitable audit assessment criteria that focus the audit and provide a basis for developing audit findings. Audit Assessment criteria should be reliable, objective, useful, and complete.

Paragraph 14: The audit scope should clearly define the extent, timing and nature of the audit to be carried out. When laws, regulations, and other compliance requirements pertaining to the audit entity have the potential to

Kommentar [B1]: Isn't that the same as benefits for public finance? Can be deleted

Kommentar [B2]: Can be deleted. It is better to have a mandate that allow the SAI to choose topics for the audits, not the parliament or the auditee also some SAI do not have that freedom.

Kommentar [B3]: Delete period to be covered is part of the scope. It is also stated under para 14.

Kommentar [B4]: Change the order between a and b and start with b

Kommentar [B5]: Delete this is part of methodology or rephrase to possible audit problems

Kommentar [B6]: Make to a separate point do not concern staffing

Kommentar [B7]: Amalgamate with c)

Kommentar [B8]: Relates to 12 a, amalgamate with 2 a

Kommentar [B9]: Delete, it is the audit problem that shall focus the audit

Kommentar [B10]: Relates to 12 a, amalgamate with 2 a

Kommentar [B11]: Compare 12 a

significantly impact on the audit questions, then the audit should be designed to address these issues in order to conclude on the audit questions.

Kommentar [B12]: It is not clear?

Paragraph 17. Performance audits can draw upon a large variety of data-gathering techniques, such as surveys, interviews, focus groups, observations, documentary analysis, and transaction testing. Audit methods should be chosen which best allow the gathering of audit evidence in an efficient and effective manner. ~~While the aim of auditors should be to adopt best practices,~~ practical reasons such as availability of data may restrict the choice of methods. ~~Therefore, as a general rule,~~ it is advisable to be flexible and pragmatic in the choice of methods. For this reason, performance audit procedures should not be standardised in all their terms, as due to the flexibility, imagination and high levels of analytical skills required, being too prescriptive may hamper the functioning of performance auditing. ~~Nevertheless, the design of each audit procedure should, include an overall activity plan.~~

Paragraph 18: Auditees responsible for or involved in the audited entity should be notified of the key aspects of the audit, including the audit objective, the audit questions, the scope and the audit criteria, before the start of the data collection phase ~~or after the completion of the audit planning.~~

Kommentar [B13]: Use same order as in 12 a.

2.4.2 Conducting the Performance Audit

Paragraph 20: “The auditor...in nature” – Delete

Paragraph 21: ~~Evidence Data~~ may be categorized as physical, documentary, testimonial, or analytical. ~~The types of evidence to be obtained should be explainable and justifiable in terms of sufficiency, validity, reliability, relevance, and reasonableness. Audit evidence should be competent, relevant and reasonable in order to support the auditor’s judgment and conclusion regarding the audit questions. All audit findings and conclusions should be supported by audit evidence.~~

Kommentar [B14]: In AFROSAI-E we talk about execution which we think can be a better word

Paragraph 22: “Performance...their search for ~~sufficient evidence data~~. They must also be receptive to alternative views and arguments and seek ~~information data~~ from different sources and stakeholders...”

Paragraph 23: “The analysis of data involves combining the audit findings from different sources. It is ~~crucially~~ important that the auditor works systematically and carefully in interpreting the data and arguments collected...”

New paragraphs:

The auditor should obtain sufficient and appropriate audit evidence to satisfy the audit objective, to be able to draw conclusions and, if appropriate, to issue recommendations. All audit findings and conclusions should be supported by audit evidence.

The types of evidence to be obtained should be explainable and justifiable in terms of ~~sufficiency, validity, reliability, relevance, and reasonableness.~~ Audit evidence should be ~~competent, relevant and reasonable~~ in order to support the auditor’s judgment and conclusion regarding the audit questions.

Kommentar [B15]: Will the reader understand the terms? Needs to be explained, maybe in a footnote?

The nature of the audit evidence required in performance audit is determined by the subject matter and the audit objective. Performance audits are more open to judgment and interpretation, due to the fact that audit evidence

Kommentar [B16]: Will the reader understand the terms?

is more persuasive ("points towards the conclusion that...") than conclusive ("right/wrong") in nature.

Paragraph 23 "Audit documentation...~~In general, the organization of the audit should also satisfy the requirements of good project management.~~

Paragraph 24: The development of good and proper external relations is a key factor in achieving effective and efficient performance audit results. ~~Therefore,~~ Auditors should seek to maintain good professional relationships with all stakeholders involved, promote ~~at the~~ free and frank flow of information in so far as confidentiality requirements permit, and conduct discussions in an atmosphere of mutual respect and understanding of the respective role and responsibilities of each ~~party stakeholder~~. The communication process between the auditor and audited entity begins at the planning stage of the audit and continues throughout the audit process, by a constructive process of interaction, as different findings, arguments and perspectives are assessed.

Paragraph 25: "~~However~~ Auditors..."

Paragraph 26: "In a performance... ~~and recommending changes designed to result in improvements.~~"

The examples do not deal with the variation in scope and nature.

Paragraph 28: "The auditor... ~~Where the nature of the audit allows this to be done in relation to specific areas of an entity's activities.~~ The auditor ~~should~~ is expected to provide a report which..."

Paragraph 29: "The audit report..., sources of ~~audit evidence data~~, any limitations to the data used, and audit findings. ~~# The findings~~ should clearly conclude against the audit ~~questions objective~~, ~~and audit findings should be put into perspective.~~ Congruence..."

Paragraph 32: "Auditors should, ~~within the scope of the audit~~, refer ~~in the audit report~~ to all ~~significant instances~~ of non-compliance..."

If the auditors find instances of non compliance or abuse outside of the scope they should still report it, not necessarily in the PA report.

Paragraph 33: "Unless prohibited... ~~Factual errors should be corrected.~~ Where disagreements occur they should be analysed. ~~If disagreements still occur the SAI's opinion shall be stated in the report, the auditees opinion can be described in the report clearly stated that it is not the SAI's opinion or be attached to the report and factual errors corrected.~~ ~~Distributing Producing detailed~~ audit reports ~~and distributing them~~ widely is vital for the credibility of the audit function. SAIs should decide about the method of distribution in conformity with their respective mandates. The reports should be distributed to the audited body, the Executive and/or the Legislature, and ~~where relevant~~, ~~made assessable to the general public directly and through~~ the media and to other interested stakeholders.

Paragraph 34: Follow-up of the audit report ~~should be part of the audit cycle~~ is important to improve the audit work in future audits but also a tool that can be used to strengthen the impact of the audit. The priority of follow-up ~~tasks~~ should be assessed as part of the overall audit strategy of the SAI . Sufficient time should be allowed for the audited entity to implement appropriate action.

	<p>Paragraph 35: delete “tasks”</p> <p>Paragraph 36: Performance audits should be subject to a system of quality assurance and control which provides reasonable assurance that the audit has been conducted in accordance with professional standards and regulatory and legal requirements, and that the reports are appropriate. In this regard SAIs should apply the provisions of ISSAI 40 which provides a framework in relation to establishing and maintaining an appropriate system of quality control which covers all audit, assurance and other work performed by SAIs. For the purpose of performance audit, the following issues are important to ensure the quality of audit work</p>
Tunisia	<p>We are pleased with that document and we are sure it will improve and clarify the audit work and provide important guidance to Supreme Audit Institutions on the essence of performance auditing.</p>
Malta	<p>Section 2 PERFORMANCE AUDITING STANDARDS Performance audit objective</p> <ol style="list-style-type: none"> 1. In paragraph 10, reference is made to the audit objectives that are “<i>expressed in the form of a limited number of audit questions that the audit will answer and conclude against. Such audit questions are thematically related, complementary, and not overlapping.</i>” NAO Malta would like to add that these audit questions are also to be collectively exhaustive of the audit subject. The second sentence quoted above would thus be reworded to “<i>Such audit questions are thematically related, complementary, not overlapping and collectively exhaustive of the examined issues.</i>” <p>Planning an audit</p> <ol style="list-style-type: none"> 2. With reference to paragraph 12 (a), after the word methodology, the phrase “<i>including the techniques to be used for gathering evidence and conducting the audit analysis</i>” is to be inserted within brackets. 3. With respect to paragraph 12, the audit planning documents should also include as 12 (e) <i>the determination of quality assurance procedures for the audit</i>, and 12 (f) <i>reporting format and procedures</i>. 4. In paragraph 13, it might be useful to provide a definition of audit criteria. 5. Following paragraph 18, a short paragraph might be added to include the carrying out of a preliminary study in order to determine whether the conduct of a full audit is possible. <p>Conducting the Performance Audit</p> <ol style="list-style-type: none"> 6. An opening sentence may be inserted in paragraph 19 which states that “<i>Audit examination work takes place on the basis of audit planning already undertaken, and the planning documents thereby developed.</i>” 7. A brief description is to be given of each category of audit evidence mentioned in paragraph 21 namely

physical, documentary, testimonial or analytical in an Appendix.

8. Moreover, the proposed Appendix referred to above might also include the characteristics of high quality audit evidence. For instance, evidence obtained from various sources is more reliable than that gathered from one source only. Other examples would be that documentary evidence is usually considered to be more reliable than oral evidence and examination of original documents is generally more reliable than the examination of copies.
9. In paragraph 23, one can refer to the distinction between qualitative and quantitative analysis of data.
10. Paragraph 24 is to include a reference to an Appendix that would include the typical contents and characteristics of Performance Audit Working Papers.
11. Paragraph 25 is to include the relations with other external auditors and experts during the audit.

Reporting

12. Section 2.4.3 can provide more details on the report drafting stage to include the preparation of a report outline at the early stages of an audit, and developing it into a more detailed drafting plan when the audit is complete.
13. Reference is also to be made to the fact that audit reports are to be reviewed by senior management of the SAI.
14. Moreover, mention is to be made of the review of SAI reports by an appropriate Parliamentary Committee.
15. In paragraph 34, after the sentence "*Where disagreements occur they should be analysed and factual errors corrected*", one would add the sentence "*The examination of feedback received is recorded in working papers so that any changes that are made to the draft audit report on the basis of feedback, or reasons for not making changes, are documented.*"

Audit follow-up

16. Reference can be made in the Standard to the fact that the process of conducting an audit follow-up is similar to that of a normal audit. An Appendix to the Standard might be added to include the steps necessary to perform a follow-up audit i.e. the planning, conduct and reporting of such audits. These steps include:
 - i. Planning the Follow-Up Audit;
 - a. The review of findings and recommendations of the previous audit report;
 - b. The preparation of the initial follow-up plan;

	<ul style="list-style-type: none"> c. The communication of the proposed follow up audit to the public sector entity concerned; d. Interviews with senior management of the entity to determine current status of implementation of audit recommendations; e. The finalisation of the audit follow up plan; f. Resourcing the audit follow up; ii. The performance of follow up audit testing procedures; iii. The documentation of the audit follow up procedures; iv. The conclusion reached by the audit team based on the results of the follow up audit; v. The draft of the Audit Follow Up Report; vi. Review, finalisation and publication of the Audit Follow Up Report. <p>Quality control</p> <p>17. In particular, reference is to be made in the Standard to the development by SAIs of key qualitative and quantitative performance indicators identified for the tracking of progress towards the strategic and operational objectives.</p>
<p>Institute of Internal Auditors</p>	<p>Paragraph 9 (c) – This section should be expanded to include as an audit objective an assessment of whether management within the audited organization has established systems and procedures to measure and report on the effectiveness of their programs. Such an adjustment would recognize the variation in mandate that exists between SAIs.</p> <p>Paragraph 10 – The last sentence in this paragraph should be deleted as the mandate of most SAIs does not extend beyond the duty owed to elected bodies. Alternatively, citizens could be recognized as a secondary stakeholder.</p> <p>Paragraph 10 – The paragraph refers to both audit questions and audit objectives. The text should be clarified to indicate that the questions to be answered by the audit engagement form the basis from which audit objectives are established. The exposure draft should ensure consistency in the use of these terms as they appear in many sections of the document.</p> <p>Paragraph 11 – This paragraph refers to audits conducted for Parliament. The text should reflect “appropriate legislative body” to address situations where the legislative body is other than Parliament.</p> <p>Paragraph 11 – The IIA supports the consideration of risk and materiality in determining the areas to be audited. In our view the guidance on risk should be elaborated to include the development of a risk based audit plan that takes into consideration the organization’s risk management framework, including management’s risk appetite levels.</p> <p>Paragraph 12 (c) – This paragraph should also contain a reference to having sufficient resources in addition to having the necessary competencies.</p> <p>Paragraph 12 – Planning documents might also include the results and recommendations of previous audits of the subject matter, including the results of the work of internal audit in government organizations.</p>

	<p>Paragraph 13 – This section should include language to require the identification of the source of the audit criteria to be used. For example whether audit criteria is based on legislative or policy requirements etc.</p> <p>Paragraph 20 – The last sentence of this paragraph should be deleted as it implies that audit findings and conclusions are subjective in nature and may not be supported in a performance audit. The last sentence is also not consistent with other guidance which requires conclusions against objectives and the evaluation of the conditions observed relative to established audit criteria.</p> <p>Paragraph 21 – The second to last sentence should read “...regarding the audit objectives.” The last sentence should read “All audit findings and conclusions <i>must be</i> supported by audit evidence.”</p> <p>Paragraph 29 – We agree with the draft guidance that opinions in performance audit reports relate to the objectives established for the audit and relate to the specific scope of work undertaken.</p> <p>Paragraph 34 – The last two sentences should be combined to read “SAIs should distribute their reports in accordance with their mandate and in a manner that is consistent with other applicable legislation.”</p> <p>Paragraph 35 – We agree with the principle set out in the draft guidance that follow-up audits should be an integral part of the SAIs overall audit strategy.</p> <p>Paragraph 36 – We suggest the second sentence be modified to read “...whether actions taken on observations and recommendations remedy the underlying conditions.”</p> <p>Paragraph 37 – Refers to ISSAI 40. This paragraph should reinforce the distinction between internal quality controls and independent external quality or peer reviews, both of which are essential elements of a sound quality management framework.</p> <p>Paragraph 37 – The three sub elements of this paragraph would fit better with other areas of the guidance. Sections (a) and (b) appropriately require that, collectively, audit teams have the necessary skills and resources to carry out the audit assignment. The guidance would benefit from a paragraph or section that deals with audit resources.</p> <p>Paragraph 37 – This paragraph should include a requirement to ensure work was properly carried out in accordance with the approved audit plan and that findings are supported by appropriate audit evidence.</p> <p>The draft guidance should incorporate a section or paragraph that discusses the independence and objectivity of staff assigned to the audit.</p>
Switzerland	<ol style="list-style-type: none"> 1) The document insist may be not enough on the importance to have a strategy over several years with concrete indicators for choosing the right subjects and the importance to have criteria of choice for the final selection of the subjects. 2) The document should likewise better explain his role in relation of the following publications : <ul style="list-style-type: none"> • IMPLEMENTATION GUIDELINES FOR PERFORMANCE AUDITING Standards and guidelines for performance auditing based on INTOSAI’s Auditing Standards and practical experience, July 2004

	<ul style="list-style-type: none"> • PROGRAM EVALUATION FOR SAIs A PRIMER, INTOSAI, May 2009
Vietnam	<ul style="list-style-type: none"> • For terminology, one of the words “auditee”, “audited entity” and “audited body” should be chosen to use as a united word in paragraphs of standard. • For choosing topic of Performance Audit (paragraph 11), we comment that the selected topic should be clarified and determined how to take shape based on INTOSAI Guidelines for Performance Auditing. • For Audit Criteria (paragraph 13), we propose that the build-up methods for audit criteria should be complemented, based on INTOSAI Guidelines for Performance Auditing.
Egypt	<p>Paragraph 3: The paragraph did not clearly explain what is meant by the two approaches. Actually there are two approaches to audit performance : Standard Approach that compares actual results of actual performance with a group of standards in order to determine deficiencies and dealing with it and there is also the analytical approach which analyzes problems without reference to any standards to determine reasons behind them and its reflection on effectiveness and efficiency.</p> <p>Paragraph 10: The Performance audit objectives should be comprehensive, flexible, innovative and not related to achieving previously determined targets. It is also concerned with covering a period of time of several years rather than one fiscal year in order to be able to assess the development of performance in auditees and it is not based on retrospective audit approach as mentioned in the paragraph.</p> <p>The perspective of citizens that is related to performance of auditees should be taken into consideration when possible.</p> <p>Paragraph 11: The paragraph is not clear enough and did not mention the importance of auditee to consider the social commitment as well as improving value for money.</p> <p>The point of legal mandate but it did not mention in detail its importance to Performance Audit and what are the procedures taken to avoid overlapping with audit scope of financial auditors.</p> <p>Paragraph 15: The paragraph did not make clear the difference between, the financial auditor and internal control system and the performance auditor and internal control system and it is a crucial point always misunderstood among auditors where most of performance auditors usually do not rely on internal control system and usually out of their competence, and their audit scope, out of belief that it is the core of financial audit work only.</p> <p>Paragraph 26: Financial auditors should report any financial irregularities where appropriate, since the</p>

	<p>performance auditor does not usually report irregularities to concerned entities.</p> <p>Paragraph 29: The performance auditor should provide in his report all evidence gathered that are related to audit objectives and should indicate its relation with the 3 Es : Economy, Efficiency, Effectiveness beside its social commitment and this does not necessitate to write each item separately . The most important that audit report should contain 6 conditions: Complete, accurate objective, convincing, constructive, clear and concise.</p> <p>Paragraph 34:</p> <p>The performance auditor does not inform the audited entity with his remarks and recommendations before issuing the report. First the primary report is sent to the audited entity then they can reply on the remarks and recommendations and after that all reply's and comments where found – shall be included with the report in its final form.</p> <p>We agree with what is included in this paragraph except that concerning reporting the media it should report the content of the report without figures since it is considered confidential.</p>
<p>El Salvador</p>	<p>Paragraph 10:</p> <p>In our opinion this paragraph should not only include aspects regarding the new initiatives that may be considered as audit questions, but also propose mechanisms to answer such questions. Thus, we would like to make the following considerations:</p> <ul style="list-style-type: none"> • If the environmental part is to be considered, it is best to include an environmental technician in the audit group who would be a part of the audit specialists. • It is necessary to open dissemination channels that will establish forms and procedures and foment the criterion of discretion, in order to accept the denunciations filed by citizens; counting on a department that can technically filter the information contained in the denunciations. To improve the credibility of the SAI, the denouncing party may stay anonymous and be informed of the results of the investigation. • The Citizen Participation department should have a budget that enables it to effectively disseminate its functions. • Countries that have a customer service center could create a partnership with the SAIs since all denunciations received do not always refer to complaints against a private company; many are directed to the public sector. <p>Paragraph 11:</p> <p>In addition to selecting audit topics, in this paragraph there should be a planning of the topics aiming at structuring the annual work plan and enforcing it under the SAI mandate, keeping in mind fulfilling the need for information available regarding the performance of specific public management areas. Therefore, a consideration should be included regarding circumstances that affect the audit work plans, such as, for example, works arising from national emergencies, special exams, specialist reports, citizen denunciations, among other, since these factors affect personnel assignment and reduce the time for executing the work plan.</p>

Paragraph 15:

Since internal control is the key to determining the level and scope of audit, this paragraph should emphasize mechanisms that will allow carrying out good internal control, for example: it is necessary to have full knowledge of the organization, to identify key personnel, verify the evidence of the answers given by the administration during the interview and direct the questions to the pertinent personnel.

The interview should be carried out according to the job done by the person being interviewed, because the questions should be directed specifically to the activities of each job position.

Paragraph 25:

Considering that the audits are carried out by human beings who have very different conducts and principles and who will need to interact in order to develop the audit, there should be assurance that external relation will be good and appropriate. Thus, in this paragraph, there could be a recommendation to SAIs to establish relationship limits between the auditors and the people who belong to the audited organization; the different levels of communication between the auditors and the auditees should be clearly defined, always maintaining the level of independence.

Paragraph 26:

We would like to comment on communication about the performance of an organization. Although the internal audit reports constitute a tool to get firsthand knowledge of the situation in an organization, we believe that, when specifically dealing with the abovementioned auditors, it should be defined that communication with them should cover only the deficiencies found by them so that the SAI can implement the recommendations. Communication could also cover other subjects in which the auditor finds limitations or restrictions in his work. Communication should not be as broad as established in this paragraph.

There should be a definition regarding who will be the person in charge of communicating with third parties, since the media insists with auditors in an attempt to obtain information regarding the audits carried out.

Paragraph 29:

In this paragraph is necessary to aggregate that in order to guarantee an opinion that is based on economy, efficiency and efficacy, one could request SAIs to establish specific indicators per area to enable measurement of the economy, efficiency and efficacy. Priority should also be given to the indicators that reflect the social impact and consider those indicators that the auditee himself/herself defined in his/her work plans.

Paragraph 32:

In order to make a more in-depth comment on this paragraph we propose the creation of a legal framework to make enforcement of the recommendations issued by the SAIs mandatory. However, recommendations should be understandable, feasible and directed not only at revealing the effect of the finding but also at eradicating definitively the cause that generates the finding.

Audit monitoring carried out by the SAIs should be mandatory and the auditor that reported the observation

	<p>should have knowledge of its final result.</p> <p>The SAIs should regulate the timeframe for the audited organization to hand in its answers, taking into account the time needed to carry out the audit.</p> <p>Paragraph 33:</p> <p>We propose that in this paragraph auditors should also refer in writing to instances of lesser importance that represent a risk in the long term and, thus, could cause harm to the auditee.</p> <p>Paragraph 34:</p> <p>We believe that not only should the auditee's opinion be taken into account, but additionally, that the auditor should detail the criteria that led to the findings. To this end, the auditor should document the observations of each member of the audit committee to show that the evidence was thoroughly reviewed and that the findings were in fact revealed by the evidence. This process ensures that the different points of view involved in the audit are duly documented.</p>
Poland	<ol style="list-style-type: none"> 1. Point 2.1: An additional paragraph should be introduced, covering the definitions of economy, efficiency and effectiveness, e.g.: <ol style="list-style-type: none"> a. Economy – minimising the costs of the used resources or public assets involved in the given activity while maintaining the appropriate quality. b. Efficiency – a relationship between the outputs and the inputs used to produce the outputs. It can be achieved either through maximising the outputs (of certain quality) that can be produced with the given inputs, or through minimising the inputs needed to produce the given outputs (of certain quality). c. Effectiveness – the degree to which the predetermined activities are in compliance with these actually achieved. <p>(The content of paragraph 9 does not cover the definitions of these three criteria, but it refers to the area of audits with regard to examination of the three Es.)</p> 2. Point 2.3, paragraph 11: We should consider moving the third sentence from point 11 (<i>Where there is an overlap between other types of audit and performance auditing, classification of the particular audit should depend on the primary purpose of that audit</i>) to point 10 as the last but one sentence, because this point speaks about extending performance auditing. 3. Point 2.4.1: <ol style="list-style-type: none"> a. Paragraph 12: There should be a direct reference to audit assumptions – the scope and subject matter of an audit (i.e. what and who is to be audited), and the present text seems inconsistent. Do not c) and d) repeat the same thing to some extent? An “indication” of the sound knowledge is in fact equal to staffing requirements.

- b. Paragraph 12 b): In the process of audit planning, the stakeholders should be also identified as well as audit assumptions with regard to the addressees of the report on audit results (the plan should cover the addressees of audit results).
- c. Paragraph 12 c): In this point, there should also be a reference to teamwork, which is necessary in performance audits as they rely on judgement and interpretation.
- d. Paragraph 13: It is not quite clear what audit criteria are meant here. Audit criteria for performance audits have been already referred to in paragraph 12. Is it to mean assessment measures, assessment standards, detailed assessment criteria etc? (in the context of: reliable, objective, useful and complete).
- e. Paragraph 17: A very good point. It ideally reflects the idea of VFM.
- f. Paragraph 18: Maybe it should also say that the nature of a performance audit requires the auditee to be positively involved in the audit process and even to cooperate, so that audit assumptions are achieved. Basically, performance audits, unlike financial audits, call for active participation of persons responsible for audited tasks (processes) in audit proceedings.
- g. In this point, it should be stressed that development of performance audit indicators in the public administration is very important for conducting performance audits.

4. Point 2.4.2:

- a. Paragraph 21: We suggest to change the provisions with regard to categorisation of documents so that to differentiate quantitative and qualitative evidence, direct and indirect evidence, but always – written (the cannon). It also seems worth adding that application of qualitative tests is connected with “crossing” of evidence, with using it frequently as a complement to or the starting point for quantitative tests.
- b. Paragraph 22: Taking into account the necessity of applying qualitative methods in performance auditing (as referred to in paragraph 20), it is also necessary to include in this context the importance of professional internal consultations and teamwork. Besides, it must be pointed that the documents obtained directly by the auditor in connection with the audit, always have priority (this refers to evidence obtained with the use of both quantitative and qualitative methods). All evidence obtained directly should be confronted (evidence-crossing method, several pieces of evidence from various sources).
- c. Paragraph 25: A very good and important point, yet the issues indicated here should be announced before, under general rules.
- d. Paragraph 26: The generally formulated ban on transmitting information obtained within an audit to “third persons” can be incompliant with the right to access to public information. The wording of the draft ISSAI 40 seems to be better: *SAs should balance the confidentiality of documentation with the need for transparency and accountability.* It seems that it would be advisable to state the

	<p>need to maintain confidentiality of the information obtained in compliance with respective national regulations.</p> <p>e. Paragraph 29: A very important point, consistent with the audit assumption of VFM.</p> <p>5. Point 2.4.3:</p> <p>a. Paragraph 31: A very important and accurate point.</p> <p>b. Paragraph 34: There is inconsistency with the provisions of the draft ISSAI 40 (element 5) which speaks about possibilities to access the report by “parties affected”, which is a broader notion than “auditee(s)”. For practical reasons, the both documents should refer to auditees only.</p> <p>c. We suggest adding that it is important that the reports are discussed by respective parliamentary committees and that audit recommendations have parliamentary support – it is particularly vital for performance audits where recommendations are not about eliminating irregularities only, but they rather concern improvement of the audited activity, which can meet with resistance on the part of the auditees.</p>
United Arab Emirates	<p>Overall comments</p> <ul style="list-style-type: none"> • The exposure draft is very broad. We disagree with this approach. Our reason for this is because as we understand, this exposure draft will form the new ISSAI 3100 which should be able to be applied to the different stages of a performance audit work such as planning, implementation, reporting and follow up. A broad standard does not do that and as such the usefulness of the exposure draft becomes questionable. • Further, being so broadly stated, the exposure draft does not cover the “How to” of performance audit, rather only makes more generalized comments. • As this exposure draft will become ISSAI 3001 (which will have been drawn upon concepts from <i>ISSAI 3000 – Implementation guidelines for Performance Auditing</i>, we suggest that this fact explicitly be stated in this exposure draft and as part of ISSA 3001. This will clearly point out to SAI’s on where to go for guidance in implementation of Performance audits. <p>Comments specific to the paragraphs that the PAS requested for:</p> <p>Paragraphs 10-11 on the nature of performance audit and how topics should be selected;</p> <ul style="list-style-type: none"> • In paragraph 10, again the concept of an ‘audit question’ comes in. Suggest there be a definition of what an ‘audit question’ is in relation to performance audit included as part of ‘Definitions’ section. • Paragraph 10 third sentence states that ‘performance audits are not exclusively based on a retrospective audit approach’. Our understanding is that an audit is usually <i>historical</i> ie based upon something that has

already occurred. Therefore, those engagements which are not based upon a retrospective approach are really a "Review" and/or a "Consulting" type arrangement. Consideration should be given to this and the narration at paragraph 10 amended accordingly.

- Under section 2.3 Selecting Audit topics does not address the ramifications of not selecting an audit topic as per what's been stated at 2.3.11.
- Also suggest to include the following paragraph as part of 'Selecting Audit topics' section, 'Where a SAI has a Public Accounts Committee or a similar committee in place, the SAI should strongly consider the proposals or suggestions made by the Public Accounts Committee in selecting audit topics. However resource constraints on the SAI could mean that their performance auditors direct their attention to areas where the largest resources are involved and where 'Value for Money' is judged to be most at risk. Also suggest including a definition of 'Value for Money' as part of Definitions section.

Paragraph 15 – on the assessment of internal controls

- To include another paragraph to the effect that "Performance auditors need to understand and document the control environment of their subject matter. Performance auditors will then need to assess and test the *operating effectiveness* of the internal controls associated with the subject matter that is being audited. Performance auditors should note that these internal controls that they will be required to test for operating effectiveness may or may not have been tested by the financial auditors (where there is also a Financial audit team for a given audit client)."

Paragraphs 25-26 on communication with third parties

- We believe that paragraphs 25-26 are not adequate in terms of communication to third parties. In communicating to third parties, we also need to be mindful of the impact of what we are communicating. As such, suggest including concepts of 'Significance', 'Susceptibility' and 'Sensitivity' in these paragraphs or as an additional paragraph. We have provided suggested wording as follows (pl note that this is only at a brief level and the actual wording could be more precise);

'Significance of the information that the performance auditors provide to a third party are important. Information can be 'significant' based on the monetary value or based upon subjective judgment. 'Sensitivity' refers to the likely perception and emotional response by others to conditions or circumstances. Determining sensitivity requires judgment based on the circumstances in each case, but some issues likely to be judged as sensitive include issues that have received media coverage, issues that have been the subject of congressional interest and inquiry, etc. A high degree of risk exposure may

be indicated by either the significance or the sensitivity of the subject matter under review, or matters may be both significant and sensitive.

And 'Susceptibility' refers to the propensity for noncompliance with laws and regulations. An issue of large significance does not necessarily involve great susceptibility.

- Strongly suggest that another paragraph be added under paragraph 25. The new paragraph should cover the principles of *ISA 260 – Communication with those charged with governance*. Essential principle of ISA 260 is that any issues found during the audit should be communicated to those charged with corporate governance in a timely manner as opposed to at the end of the audit. Also suggest that the definition of 'what a corporate governance level staff is' should also be included as part of definitions in the exposure draft.

Paragraphs 29, 32-34 on Audit Opinion and reporting

- Amend first sentence in paragraph 29 to 'Performance audits extend beyond the examination of the financial affairs and transactions of a government agency to encompass wider management issues of significance to the community. As such, an overall audit opinion is not necessarily provided.'
- Paragraphs 2.4.3, 2.4.4 and 2.5 are Quality control, Follow up and Reporting. Our understanding is elements of quality control, follow up and reporting are present in all audits. Therefore the information under these headings (except for the quality control heading) should essentially be the same as that in the international auditing standards. For quality control information, consider including aspects of the *International Standard on Quality Control (ISQC) 1*.

Other comments

- Paragraph 6 states that it will not be possible to propose detailed common auditing standards to cover all situations. Accordingly, auditors are required to apply their own professional judgments". We disagree with this paragraph; The auditing standards relate to how the audit is conducted and the broad principles of auditing ie it provides a framework for auditing. It *still provides and allows* for an auditor to use their professional judgments in audits (regardless of audit type and complexity of audit). Therefore, we believe it is very possible to conduct a performance audit within the International Auditing Standards framework.
- Suggest amending the heading in section 2 from 'Performance Auditing Standards' to 'Performance Audit Process' which will more accurately reflect the content of section 2 which is focused on the Performance audit 'process' as opposed to standards. Also, the heading 'Performance Audit Process' should be numbered section 3 and the sub heading at paragraph 2.1 'Definitions' should become section 2 –

Definitions. This will add structure to the exposure draft ie Introduction, Definitions, Performance Audit Process and so on.

- Paragraphs 7, 8 and 9 are an exact replica of section 1.1 of *ISSAI 3000*. Consider re-stating paragraphs 7, 8 and 9 in a much briefer paragraph mainly to the extent that it covers the key assertions of economy, efficiency and effectiveness and then mentioning to refer to *ISSAI 3000* for further information. This is because it is a given that if an audit organization have access to the *ISSAI*'s, they would have access to all of the *ISSAI*'s and as such the information given at paragraphs 7.8, 9 becomes redundant.
- Further paragraphs 7, 8, 9 and 10 do not form part of the definitions. They should be under a sub-heading of 'What is a performance audit?'. And the 'definitions' section should cover actual definitions of terms used in the rest of the document for example definitions of an 'Audit criteria', 'Audit question', etc. Having a good and extensive definition section will be very useful as even *ISSAI 3000* does not have a definition section.
- Paragraph 9 mentions that 'an individual performance audit should have one of more of these three *aspects*' and then states the principles of economy, efficiency and effectiveness. Suggest that 'aspects' be changed to 'assertions'.
- Paragraph 2.4.1 is rather the pre-engagement activities and not planning activities.
- At paragraph 2.4.13, we suggest that the following should be included, "the robustness of audit criteria's should also be assessed by a performance auditor against the effective, efficiency and economy assertions".
- Paragraphs 14-16 are more in line with the International auditing standards. Suggest that these paragraphs could be adapted or used directly for performance audit.
- Suggest including the following as part of Paragraphs 17-18, "The audit scope, audit criteria and the designing of the appropriate audit procedures could also be done as part of a Performance audit Planning Memorandum workpaper".
- Suggest that the following sentences should be included as part of paragraph 19, "A competency and review matrix should be developed by each SAI which structures out the performance audit team and clearly defines lines of responsibility. The reviewers should be clearly distinguished from field staff".
- Paragraph 20 covers the extent of documentation and evidence required. Suggest to include aspects

	<p>from <i>ISA 230 Audit Documentation</i> in this paragraph.</p> <ul style="list-style-type: none"> Paragraph 21-23 mentions that evidence obtained should be justifiable in terms of sufficiency, validity, reliability, relevance and reasonableness. Suggest that this should be stated clearly and consistent with ISA 500 – Audit Evidence. (ISA 500 – Audit Evidence also has narration on what sort of evidence to collect, what to do when there are doubts on audit evidence obtained etc. We believe that this is more explicit and useful than broad statement on justifying the audit evidence.
United Kingdom	<p>In our view many types of performance audit can be seen as assurance engagements, as defined by the International Audit and Assurance Board. The IAASB’s ISAE 3000 provides a framework for assurance engagements and we have found this increasingly relevant where our performance audit sets a clear set of criteria upon which we are delivering an opinion. For example, where we are required to state if departments have achieved the efficiency savings which they have claimed to achieve, we have used ISAE 3000 to guide our work. We therefore believe that the standard should discuss more explicitly the link between this type of performance audit and ISAE 3000.</p> <p>Section 2.4.1 para 17 – Reference should be made to quantitative methods such as analysis of economic, financial and performance data.</p> <p>Section 2.4.3 para 30 – Suggest that the first sentence reads “The audit report should include <u>information about</u> the audit objective, audit questions, audit scope, audit criteria, methodology, sources of audit evidence...” To avoid any suggestion that the actual audit evidence itself should be set out in the report.</p> <p>Second line could read “It should clearly conclude against the audit questions or <u>explain why not possible.</u>”</p> <p>Section 2.4.4 para 32 – In the last sentence we might want to add “or on occasions, addressed more widely to a group of bodies if the recommendation is of more general applicability.” There may be circumstances in reports considering broad, thematic issues where the recommendations are made to categories of organizations.</p>
CAS (Norway)	<p>The Compliance Audit Subcommittee has developed a set of guidelines for Compliance Audit ISSAI 4000, 4100 and 4200 – which deals with the responsibility of the SAI to audit whether the activities of public sector entities are in accordance with the relevant laws, regulations and authorities that govern such entities. These guidelines have been developed in close cooperation with the Financial Audit Subcommittee and contain systematic references to the ISSAI 1000 and 3000 series.</p> <p>ISSAI 3100 makes references mainly to INTOSAI’S fundamental auditing principles and to ISSAI 3000. CAS believe that the Performance Auditing Standards would benefit by making systematic reference to both the ISSAI 4000 and ISSAI 1000 series and other relevant standards.</p> <p>We particularly would like to draw your attention to the following paragraphs:</p> <p>Paragraph 5: We are of the opinion that the ISSAI 4000 series should have been mentioned in paragraph 5 of ISSAI 3100, as this is the ISSAI standard that deals with the audited entity’s compliance with established</p>

legislation and regulations.

Paragraph 10: We believe that this paragraph also would benefit from making reference to the ISSAI 4000 series.

The relationship between compliance auditing and performance auditing is mentioned systematically throughout the ISSAI 4000-series, such as in paragraph 12 of ISSAI 4200:

In some cases, the audit mandate may set out the audit subject matter and scope of a particular compliance audit. In other cases, the subject matter and scope of the compliance audit may be based on the professional judgment of the public sector auditor. Factors that may influence public sector auditor's determination of the audit subject matter and scope may include:

...

*d) risk assessments performed in connection with financial or **performance audits** indicating specific areas where there is risk of non-compliance (for example across sectors such as procurement, or large sector-specific program areas such as revenue collection, defence, welfare benefits, etc)*

Both ISSAI 4100 and 4200 makes further reference to ISSAI 3000 in relation to:

- Ethical considerations
- Quality control
- Audit strategy and plan
- Understanding internal control and the audited entity
- Materiality
- Risk assessment
- Gathering evidence
- Documentation
- Communication
- Considerations related to the reporting of suspected unlawful acts
- Evaluating evidence and forming conclusions
- Reporting
- Follow-up processes

An equal reference in ISSAI 3100 to the ISSAI 4000-series would in our opinion strengthen the consistency of the ISSAIs.

	<p>Paragraph 29: The concept of opinion takes its origin from financial auditing. ISSAI 4100 and 4200 has adopted the concept into compliance audit as follows:</p> <p><i>Opinion – The auditor’s report on the financial statements may contain a clear written expression of opinion on compliance in addition to the opinion on the financial statements. An unqualified opinion may be expressed when the auditor concludes that, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them.</i></p> <p>CAS would recommend that consideration be given to the definitions of the concept of “opinion” both in the ISSAI 1000 and ISSAI 4000 series as the concept has been adopted in performance auditing.</p>
<p>Madagascar</p>	<p>2.1 & 2.2 DEFINITION AND PERFORMANCE AUDIT OBJECTIVE</p> <p>In Performance Auditing, Auditors are free to apply their own judgements and professional standards according to the diverse situations, so it is difficult to have common auditing standards in detail. However, Auditors should pay attention to the points that they have to think in order to achieve the goal of their mission.</p> <p>We know that the examination should be based on the three principles as:</p> <ul style="list-style-type: none"> - Economy, - Efficiency, - Effectiveness <p>But the question is to know what good practices are involved so that performance auditing will really benefit for all and lead into improvements in public administration and government or in audited entity.</p> <p>We totally agree the fact that audit questions addressed by performance audit are not limited on retrospective audit approach. SAls can also take initiative and furnish proactive audit findings and recommendations where appropriate.</p> <p>Of course, as the purpose of performance auditing is to lead to improvements, it is important that all aspects should be included.</p> <p>As far as the perspective of the citizen is concerned, we think that it must be included in performance audit because as tax payer, the citizens are the first who will support the impact of it. Furthermore, all government’s actions should be based on general public interest with respect of the laws or rules.</p> <p>2.3 SELECTING AUDIT TOPICS</p> <p>It is true that Auditors’ choice should be based on the importance of the topic and its significance. So they have to pay attention to their choice which should be very useful and helpful for the audited entity and all stakeholders for improvements.</p> <p>We agree the fact that the topic is selected on the basis of problem, risk analyses, materiality or significance.</p> <p>2.4 THE AUDIT PROCESS</p>

	<p>2.4.1 Planning an audit</p> <p>We don't have any special remark about this section.</p> <p>We just want to emphasize the importance of assessment of internal controls in Paras 15. Not only it helps auditors to understand the situation, transaction or circumstances happening in the audited entity but also gives them the point that they have to know more for their investigations.</p> <p>This stage shouldn't be neglected.</p> <p>However, auditors have to choose the appropriate methods so that their judgements won't be wrong.</p> <p>As far as Para 25 is concerned, it is important that Auditors keep good relationship with stake holders in order to get all information which is necessary for their mission. However, this kind of relationship shouldn't be an obstacle for their independence in achievement of their mandate.</p> <p>About the para 26, it is true that Auditors shouldn't communicate to third parties any information they get from their work. Nevertheless, it depends on the legal mandate or obligation of the SAIs.</p> <p>2.4.3 Reporting</p> <p>We don't have any special comment about this section.</p> <p>We totally agree that the audit report should mention the audit objective, audit questions, scope, criteria, methodology, findings and conclusions.</p> <p>It's essential too that before publishing, SAI should give opportunity to the audited entity to comment on the audit findings and recommendations. It may help the SAI to correct some errors if it exists.</p>
Hungary	<p>We agree with the general approach of the draft, namely focusing on key issues of performance audit. Therefore, it is proper to use the expression 'standards' in the title of the document, the requirements included can really be interpreted as standards. As written in the Introduction, 'this document outlines a common understanding of what defines high quality work in performance auditing'. (One should bear in mind that SAIs apply the INTOSAI auditing standards differently, due to their differing mandates, legal and administrative environments.)</p> <p>However, we see a problem with the number and title of document. As to its nature, the document contains standards, but logically it would not be reasonable to rank it among INTOSAI auditing standards (ISSAI 100-400), because it applies only to one type of audit.</p> <p>It would be desirable to explain the relationship between the present draft ISSAI 3100 and the already existing ISSAI 3000, given the many references in the draft to ISSAI 3000 and the considerable overlaps between the two documents.</p> <p>We recommend the insertion of the following amendments into the subsection 2.3 ('Selecting audit topics'):</p> <p>'When selecting audit topics it should be considered, in the context of the final use of public resources, whether the topics to be chosen are likely to reveal areas, processes, causes posing high corruption risk'.</p>

'Audit capacities and the selection of the performance audit topics should be harmonized in a way that the benefit expectable from the audit can be maximized.' (We suggest inserting it before the last sentence.)

The draft distinguishes two approaches (the result-oriented and the problem-oriented one), while, beyond these two, ISSAI 3000 also specifies a third one, namely the system-oriented approach. This is all the more important for our institution, since methodologically this third approach serves as an international basis for SAO's systems audits. Assuming that ISSAI 3100 ('standards') is meant to be a higher-level document, above ISSAI 3000 ('guidelines'), the system-oriented approach should be included in the draft, too.

Paragraph 37 (under subsection 2.5) is using the terms 'quality control' and 'quality assurance' combined, practically as synonyms. ('A system of quality assurance and control, which provides...') This 'merger' of the two terms is confusing and makes the two terms seem identical. Please pay attention to the unambiguous and consistent use of the above expressions.

Though the footnotes are generally well-selected and justified, we have discovered some inaccuracies. That is, they should be inserted elsewhere or they should refer to another document.

Footnote 1: This includes reference to two paragraphs (14 and 17) of ISSAI 100. It would be reasonable to divide this footnote into two and place them in the following way in ISSAI 3100's 1st paragraph: insert a footnote at the end of the first sentence ('their work') referring to para 14 and insert another footnote at the end of the second sentence ('of the SAI') referring to para 17.

Footnote 2: This refers to a 4-page long subsection in ISSAI 3000. To allow for an easier identification of the relevant text please, change the reference to 'ISSAI 3000, para 1.8, page 27'. (That is, adding 'page 27').

Footnote 7: Please remove this footnote to the last sentence of para 11 as follows: 'processes of strategic planning7'. The cited para is addressing only strategic planning.

Footnote 10: The information given should be further specified, page number should be added as follows: 'ISSAI 3000, para 2.2, page 38'

Footnote 13: The information given should be further specified, page number should be added as follows: 'ISSAI 3000, para 1.8, page 29'

Footnote 14: Please put the footnote to the very end of the last sentence in para 18, and specify the text as follows: ISSAI 300, para 1.4 (g)

Footnote 20: Please put the footnote to the very end of para 14's second last sentence as follows: '...and recommendations20'.

Footnote 23: The cited information doesn't really match ISSAI 3100's relevant text. Therefore, please refer to ISSAI 400, para 7 (a), instead of ISSAI 400, para 22.

Footnote 35: Part of the cited information doesn't match. (ISSAI 200, 2.45 is about other auditors and not external experts). Please change the text to 'ISSAI 200, para 1.18 and 2.43-44'.

Footnote 36: This footnote makes reference to para 1.24 and 1.26. Please cancel the latter one, because it deals

	<p>with quality assurance, while the sub-section 2.5 in question is addressing, as stated, the issue of quality control.</p> <p>Some additional proposed changes to be considered:</p> <p>Paragraph 9, item (c), second line: we suggest cancelling 'audit of'.</p> <p>Paragraph 12, item (a): we suggest cancelling the colon after 'the audit'</p> <p>Last but not least: please, do not forget to number the pages when finalising the document.</p>
Germany	<p>I. General comment</p> <p>The German SAI supports INTOSAI's endeavour to develop common principles for performance audits and to develop a common understanding of approaches, practices and perspectives for these audits. As stated in the introduction to ISSAI 3100, due to the diverse audit mandates of SAIs and the differences in their organisational structures and procedures SAIs may not all be able to comply with any obligatory professional audit standards.</p> <p>II. Comments on the individual paragraphs:</p> <p>Item 5, line1:</p> <p><u>Proposal</u></p> <p>Whichever approach or perspective is adopted, performance audit aims mainly towards examining the economy, efficiency and effectiveness of the audited entity in the performance of its functions and activities, not excluding the verification of the audited entity's compliance with established legislation and regulations. Where appropriate, the impact of the regulatory or the institutional framework on the performance of the entity should also be taken into account. Performance audit often achieves this by attempting to answer two basic questions: are the right things being done, and are things being done in the right way?</p> <p>Reasons for proposed rewording:</p> <p>The audit of the economy, efficiency and effectiveness with which an entity performs its functions should not be restricted to the performance of the entity's own operations but should also look into the overall process and the general framework within which the entity operates (e.g. misguided incentives or unintended effects of framework conditions).</p> <p>Item 10, line 9:</p> <p>Proposal</p> <p>...can also be included in a performance audit. Finally, the perspective of the citizen should be taken into account where appropriate.</p> <p>Reasons for proposed rewording:</p> <p>It is likely that taking the perspective of the citizen into account will be possible in most cases. We feel that the critical issue is to consider whether taking the perspective of the citizen into account is appropriate in the specific case under audit. This also depends on SAI independence. ISSAI 3100 should provide for the auditor's</p>

	<p>judgment.</p> <p>Item 32, line 4: Proposal</p> <p>They should be addressed to the entity having responsibility and competence for their implementation. The SAI may inform the Parliament or other superior institutions if overall activities are necessary.</p> <p>Reasons for proposed rewording:</p> <p>Audit missions should always focus on an overall process. Cases of poor performance should be pointed out even if the responsibility for the framework conditions affecting performance does not lie with the audited entity.</p> <p>Item 34, line 5: Proposal</p> <p>Producing detailed audit reports and distributing them can support the credibility of the audit function.</p> <p>Reasons for proposed rewording:</p> <p>We feel that deciding whether and audit result is suitable for wide distribution or whether handling audit results confidentially is more likely to accomplish the audit objective is a matter of SAI independence. ISSAI 3100 should reflect the auditor's judgment.</p>
USA	<p>1. Introduction</p> <ul style="list-style-type: none"> • Paragraph 4. Replace “audit takes” with “does not question”. Also replace “for granted, while examining” with “but instead examines”. <p>2.3 Selecting audit topics</p> <ul style="list-style-type: none"> • Paragraph 11. Replace “analyses” with “assessment”. <p>2.4.1 Planning an audit</p> <ul style="list-style-type: none"> • Paragraph 12. Replace “exercise” with “audit”. • Paragraph 17. Replace “as due to the flexibility, imagination and high levels of analytical skills required, being too prescriptive may hamper the functioning of performance auditing “ with “since being too prescriptive may hamper the flexibility, professional judgment, and high levels of analytical skills required in a performance audit. <p>2.4.2 Conducting the Performance Audit</p> <ul style="list-style-type: none"> • Paragraph 20. Replace “are more open to” with “require significant”. • Paragraph 21. Replace “justifiable” with “measurable”.

	<ul style="list-style-type: none"> • Paragraph 22. Replace “own” with “original”. • Paragraph 23. We suggest rewriting the following sentence to better explain the intent or delete the sentence in order to reduce confusion—“The analysis of data involves combining the audit findings from different sources”. • Paragraph 24. Replace “Audit documentation produced by the auditor need...” with “The auditor needs to prepare audit documentation...” Also, in the second sentence replace “They” with “The documentation”. • Paragraph 26. In the last sentence, we suggest deleting “For example” and start the sentence with the “Auditors”. <p>2.4.3 Reporting</p> <ul style="list-style-type: none"> • Paragraph 31. In the last sentence, replace “arguments” with “viewpoints”. • Paragraph 32. Replace “argued” with “presented”. <p>2.4.4 Follow-up</p> <ul style="list-style-type: none"> • Paragraph 35. Replace “audit cycle” with “audit plan/strategy”. • Paragraph 36. Replace “tasks” with “of audit recommendations”. Also replace “remedied” with the term “corrected” which is common in the profession. <p>2.5 Quality Control</p> <ul style="list-style-type: none"> • Paragraph 37 a- replace “involve the solution of “with “address”. Also replace the term “imposed” with “required” which is common in the profession.
Sweden	<p>General comments on definitions and objectives</p> <p>The definition of Performance Audit is in compliance with ISSAI 100. Nevertheless, it is no news that the definition of Performance Audit has been subject to discussions for a long time. There is an ongoing debate both within and between SAIs about how the concepts of effectiveness, efficiency and economy (“the three Es”) should be interpreted, with room for both narrower and wider definitions. One background is the fact that the mandate for Performance Auditing vary among SAIs. With a rather narrow interpretation of the three Es, it can be assumed that the Performance Audit carried out by the Member States often would not meet these standards. Another background can be differences in views on the relation between the three Es and the concept of accountability. According to our experience, the accountability perspective is common in auditing efficiency, economy and compliance, but less common in auditing effectiveness.</p> <p>For these reasons, there may be a need for a deeper discussion concerning the significance of the three Es. Perhaps this is an issue that ought to be elaborated in the future by PAS.</p> <p>Comments on a more detailed level:</p> <p>2.2 Paragraph 10:</p>

It may be worth mentioning that it is also common to address one overall question, or a primary purpose of the audit, followed by a number of audit questions.

The sentence *“In a performance audit, SAIs can take an early initiative and furnish proactive audit findings...”* can be misinterpreted. In many countries, there is no other mandate than to focus on former and existing state activities, not future activities. We suggest that following text is added to the sentence: *“...if this is explicitly allowed by the legal mandate”*.

2.4.1 Planning an audit. These seven standards emphasize the planning process, which of course is natural. However, the planning phase also involves different kind of research efforts, which is not fully visible in the text. One example is investigating whether data relevant to the audit is available or not. There is a hint in paragraph 17, “while the aim of auditors should be to adopt best practices, practical reasons such as availability of data may restrict the choice of methods”, but it is not mentioned that there is a job to be done during the planning phase before the auditor can establish this fact. We propose a paragraph like following:

“The planning phase should always involve certain research efforts, with the aim of building knowledge, test various designs, and check whether data needed is available. This makes it easier to choose the most appropriate audit method.”

Paragraph 15: This is the only paragraph implicating that the auditor have to leave his/her desk during the planning phase (see the comment above). But it concerns a rather limited question.

2.4.2 Conducting the Performance Audit. Carrying out a performance audit is mainly a question of collecting relevant data, documenting audit evidence, communicating with the audited entities, and formulating audit findings and conclusions supported by the audit evidence. Overall, the eight paragraphs reflect this.

Paragraph 26: Most standards in this Exposure Draft point out what the auditor should do, but a few standards point out what *not* to do. It can be discussed if this is the best way to establish standards, there is a lot of activities an auditor should not do.

2.4.3 Reporting. These eight paragraphs covers well the issues at hand.

Paragraph 34:

It can be argued to also include the word conclusions in the initial sentence, “...to comment on the audit findings, *conclusions* and...”. As information to the PA Subcommittee; In the SNAO, the routine has earlier been to decide from case to case if the audited body should have the opportunity to comment on the draft report with or without conclusions. From 2010, we now have an internal guideline saying that the audited body should have the opportunity to comment the draft report including conclusions. For this reason we suggest that the word *“consider”* is deleted in the sentence.

The text is divided into two separate units, concerning activities before publishing (the two first sentences) and after publishing (the three last sentences). These activities have partially different purposes. For this reason, it can be a good idea to split the text into two separate paragraphs, without changing the text.

	<p>Comments on Exposure draft Establishing a Sustainable Performance Audit Function: High Level Guidelines</p> <p>Introduction (p.3): to add the following text in the end of the introduction.</p> <p>“It is important to consider other relevant ISSAIs such as ISSAI 3000 Implementation Guidelines for Performance Audit Standards when establishing a performance audit function.”</p> <p>Section 4.1 (p.10): to change the first sentence into the following sentence:</p> <p>“SAls should avoid trying to do too much too quickly. Performance audits are time consuming, and even more so for SAls with no previous experience from performance auditing.”</p> <p>Section 4.2 (p.11): to insert the word “not” in the first sentence under the headline <i>People</i> so that it will read as follows: “It would not be possible to conduct a competent initial performance audit using less than 3-5 full time equivalent staff (though if the performance auditing function is to be sustainable, the number will need to grow from this base point).”</p>
Bangladesh	<p>We are in agreement with general contents of the draft. However, we would like to suggest that after Para 37 (a) under Quality Control, a new Para "Supervision and Reviews" could be added since supervision and review is one of the important and indispensable activities for ensuring the standard of the Performance Audit and inclusion of this will surely enrich the International Standards for Supreme Audit Institutions (ISSAI) 3100.</p>

