

Compliance Audit Subcommittee (CAS)

Project Reporting 2007-2010 & Work Plan 2010-2013

PSC Steering Committee meeting
May 2010

A The achievements of CAS 2007-2010

1. The Working Group on Compliance Audit was established at the Auditing Standards Committee (ASC) meeting in Budapest 10 October 2004, with the overall objective to develop INTOSAI guidelines for compliance audit to be presented at INCOSAI 2007. The Working Group was renamed Compliance Audit Subcommittee (CAS) after establishment of the Professional Standards Committee. According to the Terms of Reference agreed upon at the Budapest meeting, CAS should aim to:
 - Provide an overview of the different mandates, etc., SAIs have regarding compliance audits;
 - Elaborate on and clarify the term "compliance audit";
 - Give practical guidance on how compliance audit should be planned, executed and reported.
2. CAS has 14 members: Norway (chair), Brazil, Denmark, European Court of Auditors, India, Lithuania, Mexico, Namibia, Saudi Arabia, Slovakia, South Africa, Sweden, Tunisia and Ukraine. Since the last INCOSAI in 2007, CAS has met three times; April 2008 in Tunisia (Tunis), September 2008 in Bratislava (Slovakia) and March 2009 in Stockholm (Sweden).
3. An overview of different mandates, etc., was presented at the ASC meeting in Oslo in September 2005, and used as input to the further work. An Issues Paper elaborating on the term "compliance audit" and discussing the overall approach to compliance audit guidelines was presented and approved by ASC at the meeting.
4. CAS presented a draft of compliance audit guidelines dealing with compliance audit as an integral part of the audit of financial statements to the PSC Steering Committee meeting in Bahrain 23-24 April 2007. The meeting decided that the draft should form part of a complete set of guidelines for compliance audit, consisting of:
 - A general introduction to guidelines on compliance audit
 - Compliance audit guidelines related to audit of financial statements
 - Further guidance on compliance audit – e.g. as part of performance audit or as a separate audit type
5. In accordance with the adjusted Work Plan for 2008, CAS presented to the PSC Steering Committee meeting in June 2009:
 - **ISSAI 4000** Compliance Audit Guidelines - General Introduction

- **ISSAI 4100** Compliance Audit Guidelines – Compliance Audit Performed Separately from the Audit of Financial Statements
 - **ISSAI 4200** Compliance Audit Guidelines – Compliance Audit Related to the Audit of Financial Statements
6. In addition a draft of a possible ISSAI 4300, containing specificities of compliance audit in a court of accounts environment, was discussed at the CAS meeting in September 2009. CAS' recommendation was to not take up on an ISSAI 4300 at this point, but to elaborate on more specific issues concerning court of accounts with in the framework of ISSAI 4100 and 4200.
 7. The Steering Committee approved ISSAI 4000, 4100 and 4200 (endorsement versions) at its meeting in June 2009 to be presented as a complete set of guidelines on compliance audit at INCOSAI 2010.
 8. The Compliance Audit Guidelines give practical guidance on how compliance audit should be planned, executed and reported. The guidelines state that the objective, scope and nature of a particular compliance audit depends on a number of factors, including the mandate and constitutional role of the SAI, as well as laws and regulations that are relevant to the audited entity. The guidelines cover the broader scope of compliance auditing in the public sector and introduce concepts from financial auditing into this field. However, in general, the objective of compliance auditing is to enable the SAI to report to the appropriate bodies on the audited entity's compliance with a particular set of criteria.
 9. In developing the guidelines CAS has focused particularly on the following issues:
 - How and in what circumstances the assurance framework is relevant in compliance auditing
 - Reporting in compliance auditing, and the relationship between the mandates of SAIs and form and content of a compliance audit report
 - The continuum between financial, compliance and performance audit
 - Opinion on compliance
 - Regularity vs. propriety
 - Materiality
 10. CAS has worked in close cooperation with Financial Audit Subcommittee (FAS) in developing the guidelines. A Compliance Audit Reference Expert Group (CAREG) was set up to ensure the consistency between the FAS and the CAS within the PSC structure for developing standards and guidance.
 11. The Compliance Audit Guidelines makes systematic reference both to the ISSAI 1000 and 3000 series.

B CAS - Work plan 2011-2013

12. Raising awareness, implementation and maintenance of the Guidelines for Compliance Audit will be the focus of the Compliance Audit Subcommittee in the work plan 2010-2013. The INTOSAI Compliance Audit Guidelines provide







professional guidance on how to enable SAIs to report to the appropriate bodies on the audited entity's compliance with a particular set of criteria.

13. The implementation and maintenance of the guidelines will focus on the development and use of the concepts in SAIs. Capacity building and cooperation with other bodies on these matters are an important element in the implementation of the Compliance Audit Guidelines.
14. CAS has organized the work ahead in three different working groups within the committee;
 - Court of Accounts issues (see item 6 above)
 - Awareness/implementation
 - Maintenance of the guidelines, related to issues as:
 - a. limited vs. reasonable assurance
 - b. negative assurance
 - c. materiality
 - d. monitoring
 - e. need for application material

ISSAI 4000-series

Work plan & milestones for 2010 – 2013

April 2010

Objective	Project phases	Activity / Involvement	Time-frame
<p>Give practical guidance on how compliance audits should be planned, executed and reported on;</p> <p>ISSAI 4000 General Introduction to Compliance Audit</p> <p>ISSAI 4100: Compliance Audit Guidelines for Audits Performed Separately from the Audit of Financial Statements</p> <p>ISSAI 4200 Compliance Audit Guidelines Related to the Audit of Financial Statements</p>	Present to PSC:  Final ISSAI 4000  Final ISSAI 4100  Final ISSAI 4200	PSC-members	PSC-meeting in Brasil June 2009
	Present to Governing Board  Final ISSAI 4000  Final ISSAI 4100  Final ISSAI 4200 <i>(English version)</i>	PSC	November 2009 in South Africa
	Translation of ISSAIs 4000 – 4200	Chair	March 2010
	Review of translations and distribute final versions to CAS members for "fatal flaw review"	Selected CAS members with native language skills	May 2010
	Finalize ISSAIs 4000 - 4200 including packaging and presentation for INCOSAI 2010	Chair	September 2010
	Participate in PSC meeting	Chair	May 2010 Copenhagen
	CAS-meeting	CAS members	September 2010 Oslo
	Approve ISSAI 4000, 4100 and 4200 at INCOSAI 2010	INTOSAI members	Ca November 2010 in South Africa

