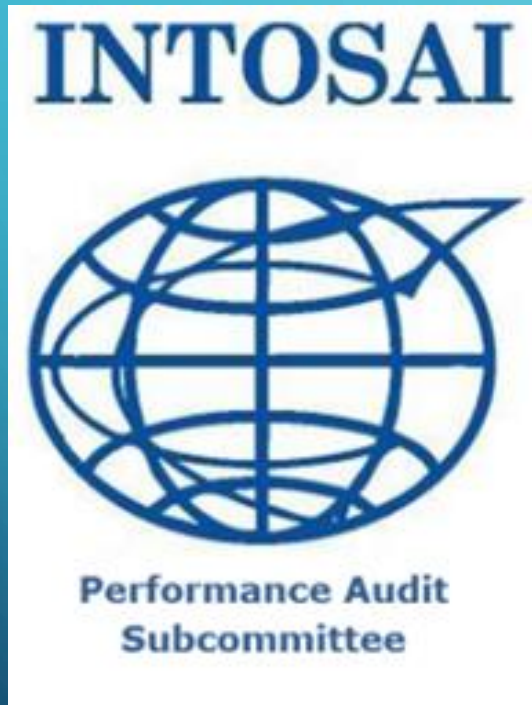


MEETING OF THE  
PERFORMANCE AUDIT  
SUBCOMMITTEE  
25–26 MAY 2021

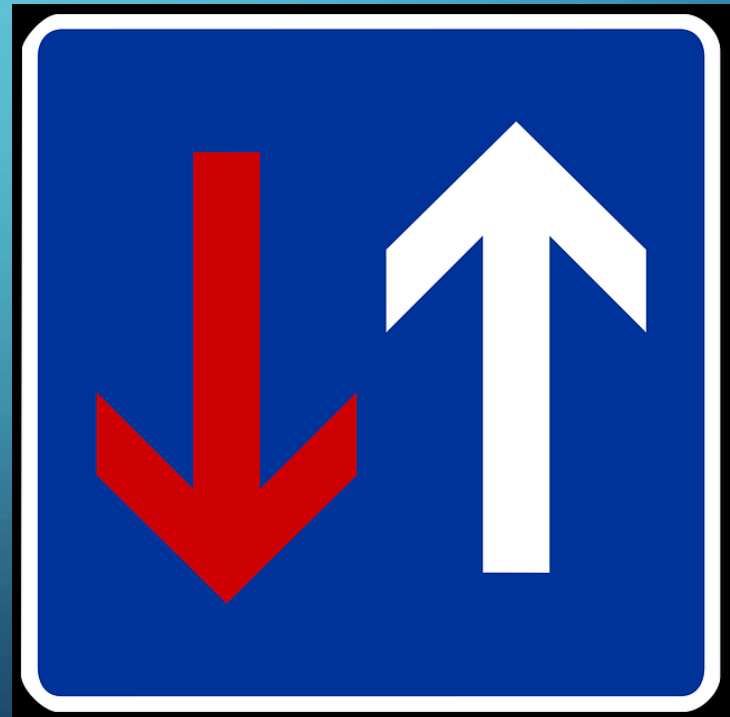


# AGENDA DAY 1

- ☐ Opening remarks
- ☐ PAS Work Plan 2020–2022
- ☐ Update on INTOSAI processes and PAS activities
- ☐ Technical update: Combinations in public sector auditing with a focus on performance

# AGENDA ITEM 1-B

PAS WORK PLAN 2020-2022



# RECAP: PAS WORK PLAN 2017–2019

- ❑ Support implementation of the ISSAI 3000 series, in close cooperation with IDI.
- ❑ Work towards realising the SDP for the IFPP.
- ❑ Contribute to the follow-up and review of the UN Sustainable Development Goals, crosscutting priority 2 of the INTOSAI Strategic Plan goal 2:
  - undertaking performance audits that examine the economy, efficiency, and effectiveness of key government programs that contribute to specific aspects of the SDGs
- ❑ Be an arena for sharing good practices in performance audit.

# WORK PLAN: PROCESS

- ❑ The Performance Audit Subcommittee's overall strategies are reported in a triennial work plan, which corresponds with the INCOSAI cycles and is approved by consensus at the first PAS meeting after an INCOSAI.
- ❑ Cancellation of 13<sup>th</sup> annual PAS meeting 2020, due to Covid-19 outbreak.
- ❑ 2020-2022 Work Plan: to be adopted tomorrow.

# 2020–2022 WORK PLAN PRIORITIES

- ❑ The 2020–2022 PAS Work Plan is focused around six main priorities, consistent with PAS' mandate and strategies.
- ❑ Involvement in external projects and initiatives (category: “other priorities”) will depend on an assessment of perceived relevance and available resources, and thus be subject to negotiation in each individual case.

# MAIN PRIORITIES 2020–2022

- ❖ Support the implementation of the INTOSAI standards on performance auditing by focusing on PAS specific projects and the development of additional support material for performance audit.
- ❖ Follow up and conclude PAS participation in existing engagements from the Strategic Development Plan for the INTOSAI Framework of Professional Pronouncements 2017–2019.
- ❖ Contribute to realizing the Strategic Development Plan for the INTOSAI Framework of Professional Pronouncements 2020–2022, specifically related to:
  - Component 1: Reviewing and refining the conceptual framework, and:
  - Component 2: Development work on key topics, when relevant.



# MAIN PRIORITIES CONT.

- ❖ Start planning scheduled maintenance of ISSAI 3000 and GUIDs 3910 and 3920
  - Including GUID 3910 Appendix: Building a Performance Audit Function
- ❖ Continue to be an arena for sharing knowledge and good practice in performance audit.
- ❖ Finalise IDI's Performance Audit ISSAI Implementation Handbook.

# OTHER PRIORITIES

- ❖ Support, when possible, other INTOSAI standard setting projects that may require the involvement of performance audit experts.
- ❖ Support, when possible, capacity building and training efforts of relevant INTOSAI bodies.



# FEEDBACK, CONSULTATION PROCESS



# GENERAL COMMENTS

- “The below provides the priorities but can we have a detailed work plan. The work plan may include specific projects under each priority, expected deliverables, tentative timeline, team members involved etc.”.
- “Our suggestion is that you list the projects from the SDP 2017–2019 and SDP 2020–2022 that involve work from the PAS according to the level of PAS resources needed for each project. Some might need more detailed drafting, others only PAS consultation”.

# SUPPORT THE IMPLEMENTATION OF THE INTOSAI STANDARDS ON PERFORMANCE AUDITING

by focusing on PAS specific projects and the development of additional support material for performance audit

❑ “Could we specify the projects and plans?”

# START PLANNING SCHEDULED MAINTENANCE OF ISSAI 3000 AND GUIDS 3910 AND 3920 – INCLUDING GUID 3910 APPENDIX

- ❑ Comment: Consider consulting observers as part of the maintenance process.
- ❑ Question: What motivates a maintenance process?

# CONTINUE TO BE AN ARENA FOR SHARING KNOWLEDGE AND GOOD PRACTICE IN PERFORMANCE AUDIT

☐ Suggestion: organise events and member seminars on methodological issues and interesting topics

☐ Comment:

“...recommend to describe it in detail including the following issues»:

- ✓ «How can Member SAs benefit from it
- ✓ In which form, i.e. trainings, study tours, online meetings will it be provided
- ✓ And in which directions and spheres is it planned to be implemented»

# ONE MEMBER SAI...

«... considers that the priorities of the draft PAS Work Plan 2020–2022 are consistent with both PAS' mandate and strategies and with the Strategic Development Plan for the implementation of the INTOSAI Framework for Professional Pronouncements 2020–2022. Therefore, we agree with the proposed project and we have no additional comments”.



# OTHER PRIORITIES CATEGORY

Suggestion: «Support, when possible, efforts to apply performance audit to the evaluation of the measures implemented as a result of the COVID 19 pandemic”.

- ☐ As a general rule, involvement in «other priorities» (often meaning external requests) must be based on an assessment of each individual project.
- ☐ We consider the above suggestion to be covered in the existing text (*other priorities category*).



# EXTERNAL REQUESTS

- ❑ PAS support/consultation should not be automatically assumed, but be:
- ❑ Included in the PAS work plan, as an original priority or an addition, following:
  - Negotiations with PAS
  - An assessment of relevance, accuracy and available resources in PAS
  - Agreement about process, responsibilities, mandates

# AGENDA ITEM 1-C

UPDATE ON:

- INTOSAI PROCESSES
- PAS ACTIVITIES



# IN THIS SESSION

- ❑ Member updates
- ❑ Communication: initiatives and status
- ❑ ISSAI updates
- ❑ Resources and priorities
- ❑ INTOSAI/PAS consultations

# MEMBER UPDATES

- ☐ New members 2020: SAls Thailand, Azerbaijan, Ireland

## Future membership:

- ☐ How do we combine being inclusive with being influential and efficient?
- ☐ Seeking confirmation from inactive members about their membership status
- ☐ How do we define active membership in the future?

# DECISIONS 2019 PAS MEETING (SELECTED)

- ☐ INTOSAI processes
- ☐ PAS activities update
- ☐ Future PAS activities and the next PAS Work Plan
- ☐ Strategic Development Plans for the INTOSAI Framework of Professional Pronouncements (SDP for the IFPP) 2017–2019 and 2020–2022
- ☐ Initiatives in data science

# COMMUNICATION: INITIATIVES AND STATUS

- ❑ Meetings and events
- ❑ 2019/2020 Priority: figure out effective communication channels. Transparency issue as well as a practical issue:
  - PAS website
  - Newsletter
  - Email contact – remember to update contact list

# ISSAI UPDATES

- ❑ Migration process (PSC) finalised 2019
  - Re-numbering and re-labelling
  - Translation: official languages
  - Formatting
- ❑ Ongoing: Component 1 “Reviewing and refining the conceptual framework”
- ❑ GUID 3910 Appendix: Building a Performance Audit Function



# SDP FOR THE IFPP 2020–2022

## Component 1 review



# PAS PRIORITIES/ACTIVITIES

- ☐ Mandatory INTOSAI processes
- ☐ PAS strategies and priorities (Work Plan)
- ☐ Additional activities

# THE RESOURCE SITUATION

- ☐ Need to prioritise
- ☐ Need to communicate clearly PAS' priorities
- ☐ Need to provide predictability for PAS members involved in projects, as well as chair/secretariat
- ☐ Need to discuss the committee's structure?

# PAS/INTOSAI CONSULTATIONS

- ❑ Legitimacy that comes from having your support and considering your insights and experiences
- ❑ Valuable information, new ideas
- ❑ Professional discussions, addressing methodological questions

# CONSULTATIONS: CHALLENGES

## Practical:

- ☐ Resource situation and priorities
- ☐ Mandate

## Technical:

- ☐ No prior involvement: a dilemma
- ☐ PAS not officially a part of quality control of IFPP products
- ☐ The reviewer role versus active involvement
- ☐ The issue with subject matter specific guidance





## INTERNAL (PRIORITIES)

- ✓ Priorities (Work Plan)
- ✓ Strategies
- ✓ Resources (membership)
- ✓ Organisation
- ✓ Results

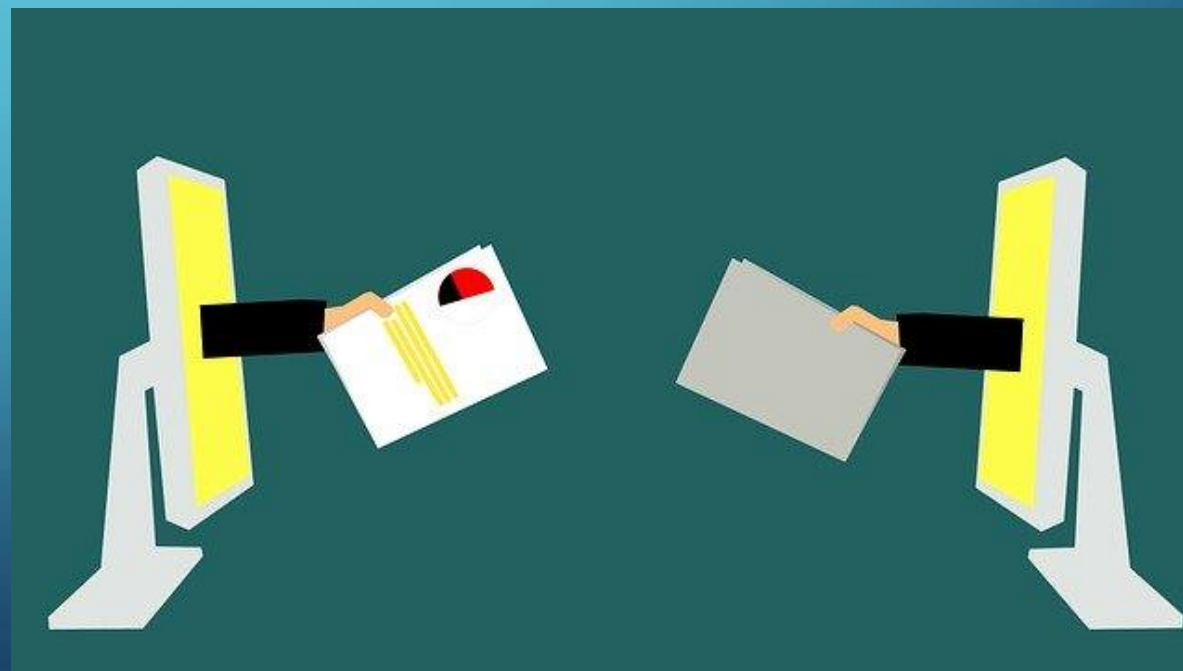
## EXTERNAL

- ✓ Mandatory INTOSAI processes (standard setting)
- ✓ External requests for support
- ✓ Consultations

# AGENDA ITEM 1-D

TECHNICAL UPDATE:

COMBINATIONS IN  
PUBLIC SECTOR  
AUDITING WITH A  
FOCUS ON  
PERFORMANCE







SWEDISH NAO

# **Performance auditing**

## **Combinations and overlap of audit types**

Lars Florin, Swedish National Audit Office

Performance Audit Sub-committee meeting 2021

# Background

- Clear: Three main audit types – Financial - Performance - Compliance
- Clear: Other types of audits, requiring other standards, and other studies
- Unclear: What does it mean to “comply” with standards?
- Unclear “Combinations” – “Overlaps”: Confusion and misunderstanding
- A paper with my understanding: on request from Hege (Project 2.3)

# Combining aspects in one audit type

- "Finance" and "performance" are broad concepts and can be addressed in different types of audit, but these audit types are reasonable specific
- "Compliance" can also be addressed in different types of audits, but is also a broadly defined audit type
- Different aspects can be covered within one audit type
  - Financial: linked to the financial statement, required or agreed
  - Performance and Compliance: depend on the audit objectives

# Performance vs compliance audit – limited overlaps

- Compliance is relevant for performance, creating confusion
  1. A cross cutting value or objective – a generic element of performance
  2. Be relevant for performance in specific cases, i.e. ensuring the rights for applicants
  3. Rules/regulations a source for performance relevant criteria, objectives as well as process
  4. The same evaluation technique is sometimes used in performance audits (identifying and reporting on gaps versus criteria)
- A small area of "overlap" – when criteria in no. 4 are derived from rules
- The reports would be very different depending on the SAIs choice between using the performance or compliance audit standards

# Combining different audit standards

- Other standards can be adopted in order to address performance aspects to be addressed without applying ISSAI 300 (i.e. performance information)
- Combining PA with an attestation engagement: Questionable
- Combining PA with another direct reporting (compliance) audit: possible, but with few exceptions difficult to see reasons for doing so
- National legislation may create needs for specific SAls to combine PA with other audit standards, i.e.
  - enabling the use of sanctions for non-compliance
  - defining all audit work during one year as "one" audit
  - using a more narrow definition of performance audit than ISSAIs

# My interpretation of trends/discussions in INTOSAI

- "Integrating aspects" – combining different aspects with the annual financial audit, and adopt other standards for those aspects
- "Integrated audits" – eliminating the distinction between audit types
- "Specialisation and separation of duties" – Improving the quality of audits of different types