Project Proposal

This form is used to stand as a record of the proposal from the project team.

PART A: PROJECT IDENTITY

Description	Information						
Project number and title as per SDP	3.8 - Obtaining an understanding of Economy, Efficiency and Effectiveness of an entity and applying relevant methods in the context of a performance audit						
Working title(s) for the new pronouncements	**Not Applicable (N/A). We recommend that project 3.8 not be continued.**						
Project aim	N/A						
Project objectives	N/A						
Project duration	N/A						
Name of the lead WG	N/A						
Key contacts	**Name**	**Surname**	**Address**	**Email**	**Office Phone**	**Business Mobile Phone**	**Organization/ Sponsoring SAI**
	Hege	Larsen	Office of the Auditor General of Norway, PAS Secretariat	Hege.Larsen@riksrevisjonen.no	+4722241104	+4791572119	OAG Norway, Chair of Performance Audit Subcommittee
Project Group Lead	Cathleen Berrick, US GAO, Washington DC, berrickc@gao.gov, 202-512-3404						
Contact persons for the goal chair	Rafael	Lopes Torres	Tribunal de Contas da União Brazil, PSC Chair	rafaellt@tcu.gov.br	+55 61 3316 7626	55 61 98124-8538	TCU Brazil, Chair of Professional

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							Standards Committee
FIPP liaison officer							

Other anticipated project team members (list of names and organizations) N/A

Key contacts	Name	Surname	Address	Email	Office Phone	Business Mobile Phone	Organization/ Sponsoring SAI
	N/A						

PART B: PROJECT MILESTONES

[This is not applicable since we recommend that project 3.8 not be continued]

Stage		Due process milestones			
1.	**Project Proposal** (including time for	**Start Date**	**End Date**	**Expected Time in Total**	**Comments**
		N/A			

	constituting a project team)	**N.B. Allow three months between end date of stage 1 and start date of stage 2 for FIPP approval of the project proposal**			
2.	**Exposure draft**	**Start Date**	**End Date**	**Expected Time in Total**	**Comments**
		<mark>N/A</mark>			
		N.B. Allow three months between end date above and start date below for FIPP approval of the project proposal			
	Exposure period	**Start Date**	**End Date**	**Time in Total (not negotiable)**	**Comments**
		<mark>N/A</mark>			
3.	**Endorsement version**	**Start Date**	**End Date**	**Expected Time in Total**	**Comments**
		<mark>N/A</mark>			
		N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval of the project proposal			
4.	**Final pronouncement, including translation into all official INTOSAI languages***	**Start Date**	**End Date**	**Expected Time in Total**	**Comments**
		<mark>N/A</mark>			

PART C: INITIAL ASSESSMENT AND PROJECT PROPOSAL

		Initial assessment – Matters to be covered (Due Process, pages 6 and 7)
C.1.	Explanation of the need for the project	**We recommend that project 3.8 not be continued**. Our research and survey of PAS members showed that the ISSAI 3000-3200 series adequately addresses, for the purpose of overarching guidance, the application of economy, efficiency, and effectiveness in the context of a performance audit. The PAS members who responded to questions we administered cited a need for more tactically focused guidance—such as how to put together an audit plan to obtain an understanding of the 3Es, and the identification of best practices—rather than modifications that need to be made

		to the ISSAI 3000 series itself. Therefore, we believe there may be utility in helping SAIs translate the existing INTOSAI guidance into practice. These options could include, among others: o The PAS partnering with, if feasible, the IDI in the development of their Performance Audit Handbook. o Developing a website to share lessons learned and best practices regarding the application of economy, efficiency and effectiveness in the context of performance audits from member countries. o Using social media and other collaboration tools to enable SAIs to reach out to each other on an as-needed basis regarding the application of economy, efficiency and effectiveness in the context of performance audits. The PAS will discuss potential options at its April 2019 annual meeting in South Africa. For more information about the initial assessment process and results, please see Annex 1.
C.2.	Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)	N/A
C.3.	Description of different types of SAIs/audit engagements that must be accommodated in the new pronouncement	N/A
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	N/A
C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional pronouncement(s) will be ensured	N/A
C.6.	Explanation of the extent to which it will be possible and desirable to build on pronouncements from other internationally recognized regional or national standard-setters and if so, the extent to which supplementary pronouncements are	N/A

	needed to provide clarity on new pronouncement.	
	Project proposal – Matters to be covered (Due Process, page 7)	
C.7.	Explanation of organisation of the project describing how project group members will be drawn from relevant sub-committees/working groups/other interested parties	<mark>N/A</mark>
C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	<mark>N/A</mark>
C.9.	Explain the quality processes that will be applied in the drafting process (see Due Process, page 7 and 8) along with the parties that the project group will consult and engage with.	<mark>N/A</mark>

PART D: AUTHORITIES

PERSON	NAME	SURNAME	DATE	SIGNATURE
Project Leader	N/A			
Responsible Goal Chair	Rafael	Lopes Torres		

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Annex 1:

Performance Audit Subcommittee (PAS)

Results of Initial Assessment - Strategic Development Plan Project 3.8

Source: Project 3.8 is included in INTOSAI's Strategic Development Plan 2017-2019. INTOSAI's Performance Audit Subcommittee (PAS) [1] was designated as the lead for project 3.8.

Description of Project 3.8: Obtaining an understanding of Economy, Efficiency and Effectiveness of an entity and applying relevant methods in the context of a performance audit

General Tasking: PAS members from the Auditor General of Norway, Auditor General of South Africa, and US Government Accountability Office (GAO) will conduct a preliminary assessment of the value and need for initiating Project 3.8, specifically, whether revisions or additional ISSAIs in the 3000-series or GUIDs in the 3900-series are needed. Target for completion of this preliminary assessment is February 2019.

Project Team:
Ms. Elise Fidjestol Eriksen, Office of the Auditor General of Norway: elise.fidjestol@riksrevisjonen.no
Mr. Kevish Lachman, Auditor General of South Africa: KevishL@agsa.co.za
Mr. Corrie Pretorius, Auditor General of South Africa: cori@agsa.co.za
Ms. Cathy Berrick, US GAO: berrickcgao.gov
Ms. Diana Maurer, US GAO: maurerd@gao.gov

Work Completed Assessing Project 3.8:

- The team identified and reviewed existing INTOSAI and other guidance related to economy, efficiency, and effectiveness (hereafter referred to as the 3Es) in the context of a performance audit:
  - Reviewed and summarized INTOSAI guidance, including ISSAIs 300, 3000, 3100, and 3200[2], as well as INTOSAI GOV 9400.

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[1]The INTOSAI Professional Standards Committee (PSC) leads the efforts within INTOSAI to provide to the Supreme Audit Institutions relevant, professional and clear standards and guidance that add credibility to the work of the individual auditor and the resulting audit reports. The Performance Audit Subcommittee (PAS) was created by the PSC in September 2005 to, among other things, develop standards and guidelines for performance auditing.

[2]As part of the SDP's Priority 1 task of reorganizing and reclassifying existing standards and guidance, the Professional Standards Committee is moving ISSAI 3100 (Performance Audit Guidelines: Key Principles) and ISSAI 3200 (Guidelines for the Performance Audit Process) to the GUID 3900 series.

- o Reviewed guidance from other PAS members (e.g., United States Government Accountability Office, European Court of Auditors, etc.)
- o Reviewed PAS Good Practice documents[3] (e.g., "Making Performance Audit Reports Reader Friendly" and "Selecting Performance Audit Topics").

- The team obtained perspectives of an IDI official regarding the need for additional guidance addressing the 3Es.
- The team surveyed PAS members for their views on the following 3 questions:
  - (1) Do you believe there are any gaps in the existing INTOSAI guidance referenced above (ISSAI 300 series) that need to be filled regarding obtaining an understanding of the economy, efficiency, and effectiveness of an entity and applying relevant methods in the context of a performance audit?

  - (2) Do you believe that additional INTOSAI training, or other type of support beyond guidance, is needed regarding obtaining an understanding of the economy, efficiency and effectiveness of an entity and applying relevant methods in the context of a performance audit?

  - (3) Is there any additional information you would like to provide regarding the need for additional INTOSAI guidance concerning obtaining an understanding of the economy, efficiency, and effectiveness of an entity and applying relevant methods in the context of a performance audit?

Results:

- Our review of INTOSAI guidance on performance auditing found that the relevant ISSAIs (ISSAI 3000, 3100, and 3200) adequately addresses, for the purpose of overarching guidance, the application of economy, efficiency, and effectiveness in the context of a performance audit. For example:
  - o ISSAI 300, "Fundamental Principles of Performance Auditing," discusses economy, efficiency, and effectiveness as it applies within the framework of performance auditing. It provides definitions for these terms and descriptions of how they should be included in a performance audit, particularly the degree to which the 3Es are/not met and how criteria can be used to assess performance against the 3Es.
  - o ISSAI 3000, "Standard for Performance Auditing," which expands upon the explanation of the 3Es included in ISSAI 300, discusses how a performance audit should take into account the principles of economy, efficiency, and/or effectiveness, particularly as it relates to the audit objectives and criteria used.
  - o ISSAI 3200, "Guidelines for the Performance Auditing Process" includes specific discussion of building the 3Es into the framework an audit team uses in conducting and conveying the results of a performance audit. Among other things, it includes examples of criteria, data sources, and analytical methods that can be used to address the 3Es as part of a performance audit.

- IDI's view was that there was no need for additional guidance on the 3Es—specifically that the current ISSAI 3000 series documents were sufficient. Instead, IDI identified a need and a desire for additional training on how to carry out performance audits. IDI noted that its ongoing efforts to develop a performance audit training handbook were designed to help address these training needs.

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[3] Relevant information in these good practice documents was included in ISSAI 3000-3200. Due to their inclusion in ISSAI 3000-3200, they were formally withdrawn at the 2017 PAS meeting. Although withdrawn, we reviewed them as additional sources of information related to obtaining an understanding of the economy, efficiency and effectiveness of an entity and applying relevant methods in the context of a performance audit.

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- We surveyed all 27 PAS members and have received 13 responses to date to the three questions posed. In general, the PAS members conveyed a solid understanding of the 3E terms and framework, but identified a need for more tactically focused guidance—such as how to put together an audit plan to obtain an understanding of the 3Es, and the identification of best practices—rather than modifications to the ISSAI 3000 series itself. For example, several of the respondents requested, rather than additional guidance or formal training, having the SAIs learn from each other about the best ways in which to manage performance audits. Suggestions provided included sharing good practices in managing performance audits (e.g. designing deliverable audit plans, meeting short deadlines, and building multidisciplinary audit teams), and knowledge sharing regarding the practical aspects of performing and planning engagements assessing the 3Es. It was suggested that a website could be established where such practices could be shared between SAIs. Other respondents suggested more tactical-level tools, such as examples of questions, objectives, and criteria related to the 3Es, as well as examples of steps, techniques and innovative ways to audit within the 3E framework.

- The team concluded that providing detailed approaches for applying the 3Es in the context of a performance audit is more suited to the sharing of best practices, application-level guidance (such as IDI's Performance Audit Handbook), and training.

Recommendations:

We recommend that project 3.8 be terminated and removed from the Strategic Development Plan, as existing INTOSAI guidance provides a sufficient framework and guidelines for incorporating the 3Es into performance audits. However, there is likely utility in helping SAIs translate existing guidance regarding the application of the 3Es into practice, and therefore options for doing so should be explored and pursued as appropriate. Such options could include, among others:

- The PAS partnering, if feasible, with IDI in the development of the Performance Audit Handbook. As the Performance Audit Handbook is already under development, partnering with IDI could increase the value of the document and avoid the proliferation of additional guidance produced by the PAS that may not be necessary.
- Developing a website, or other mechanism, to share lessons learned and best practices for applying the 3Es from member countries.
- Using social media and/or other collaboration tools to enable SAIs to communicate with other on an as-needed basis with questions and input related to the application of the 3Es.

We recommend that the PAS discuss potential options for addressing the practical application of the 3Es in performance audits during its April 2019 annual meeting.