

### Applying the “3Es” in Performance Audit

INTOSAI has long been committed to the capacity development and performance improvement of its members. This commitment is reflected in the third crosscutting priority of INTOSAI’s 2017 – 2022 Strategic plan: *Ensuring effective development and coordination among standards-setting, capacity development, and knowledge sharing to support SAIs and improve their performance and effectiveness*, and incorporated in the Performance Audit Subcommittee (PAS) [Work Plan](#). The PAS’ new knowledge sharing blog is a valuable effort in support of this goal, and is one of multiple knowledge sharing initiatives the PAS is supporting and pursuing.

The idea for a blog to facilitate information sharing related to performance audits stemmed from a project included in INTOSAI’s Strategic Development Plan (SDP) 2017-2019. Project 3.8 tasked the PAS with reviewing existing INTOSAI guidance and determining what actions, if any, were needed to help auditors obtain an understanding of economy, efficiency, and effectiveness—the “3Es”—of an entity and applying relevant methods in the context of a performance audit. Specifically, Project 3.8 charged the PAS with assessing whether revisions or additional International Standards of Supreme Audit Institutions (ISSAIs) or INTOSAI guidance (GUIDs) were needed related to the 3Es.

To answer these questions, PAS members from the Auditor-General South Africa, the Office of the Auditor General of Norway, and the United States Government Accountability Office reviewed relevant [INTOSAI Professional Pronouncements](#), and compared these documents against a sample of national-level guidance providing potential models for how to address the 3Es in the context of a performance audit. The team also surveyed PAS members for their views, and reached out to the INTOSAI Development Initiative (IDI) for their input based on their capacity building efforts with SAIs.

The team’s review of INTOSAI pronouncements found that the relevant standards (ISSAIs 300 and 3000) and the corresponding implementation guidance documents (GUIDs 3910 and 3920) adequately address, for the purpose of overarching guidance, the application of the 3Es in performance audit. For example, the team found that ISSAI 300, “Performance Audit Principles”, discusses the 3Es and how they fit within the framework of performance auditing. It defines these terms and describes how they should be included in a performance audit, including how criteria can be used to assess performance against the 3Es. Similarly, the team found that GUID 3920, “The Performance Auditing Process,” addresses building the 3Es into the audit framework and includes examples of criteria, data sources, and analytical methods that can be used in doing so.

Regarding the survey of PAS members, most members cited a need for additional training related to the application of the 3Es. Members also identified a need for more tactically focused guidance—such as how to put together an audit plan to obtain an understanding of the 3Es, or the identification of best practices, rather than gaps in the ISSAI 3000 series itself. The INTOSAI Development Initiative (IDI) agreed that existing INTOSAI guidance regarding the 3Es was sufficient, but identified a need for additional training in applying the guidance, which IDI was developing.

Based on these results, the PAS recommended to the Forum for INTOSAI Professional Pronouncements (FIPP) that Project 3.8 be discontinued, and rather the PAS would pursue additional actions to help auditors apply the 3Es in performance audit. These actions included partnering with IDI in developing a Performance Audit Handbook that contains “how to” guidance in applying the 3Es; developing a PAS website to share lessons learned and best practices in applying the 3Es; and using social media or other collaboration tools to enable SAIs to connect with each other as-needed regarding the application of the 3Es. The PAS and IDI has since successfully partnered and issued the [IDI Performance Audit ISSAI Implementation Handbook](#) in August 2021, and the PAS launched its website in 2020 in part to further knowledge sharing among its members.

## PAS Blog Post 11 October 2021

The launching of this blog is the PAS's latest effort in implementing the Project 3.8 team's recommendations, and I am very excited by the promise it holds. It provides an opportunity for increased engagement among our PAS colleagues, tapping into each other's expertise related not only to the application of the 3Es but in other areas of mutual interest as well. I urge each of you to use this blog as a resource and contribute to it. It is through this type of engagement that we can more fully realize the many benefits that the PAS and its most valuable resource, each of you, provides.

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