

## **14<sup>th</sup> Annual Performance Audit Subcommittee Meeting**

**Dublin Castle, Dublin, Ireland**

**28 – 29 March 2023**

**Meeting minutes**

### **Day 1 – Tuesday 28 March 2023**

The 14<sup>th</sup> annual PAS meeting was hosted by the Office of the Comptroller and Auditor General, Ireland. It took place in Dublin, Ireland on 28-29 March 2023.

#### **Agenda item 1a - Opening remarks and introduction**

The Comptroller and Auditor General from the Office of the Comptroller and Auditor General in Ireland welcomed the PAS representatives to Dublin.

#### **Agenda item 1b - Presentation of the agenda**

The PAS Chair Secretariat Ms Deirdre Quaid (SAI Ireland) welcomed members and observers and presented the agenda.

#### **Agenda item 1c - Round table introductions**

21 member SAIs and two observers as well as a representative from the Professional Standards Committee (PSC) attended the meeting. SAI Qatar attended the meeting virtually. Please see participant list for a complete overview.

#### **Agenda item 1d - Group Photo**

A group photo of all attending members was taken in the grounds of Dublin Castle.

#### **Agenda item 2a - Farewell by outgoing chair country, SAI Norway and introduction to new chair, SAI Ireland**

The outgoing Chair, Ms Lene Siljeholm Christiansen noted that SAI Norway held the Chair of PAS for two consecutive terms i.e. from 2016 – 2022. She noted that her predecessors in SAI Norway Mr. Jan Roar Beckstrøm, held the chair from 2016 to 2019, then Morten Nordberg held the chair from 2019-2021. Lene took over the position as Chair from 2021 to 2022. She also noted the PAS Secretariat during SAI Norway's term as Chair as Hege Larsen and Lise M. Styrk Hansen.

Lene spoke about the work carried out by PAS over the last couple of years in relation to supporting the implementation of ISSAI 3000, working with PSC on realising the SDP, developing the PAS

website, blog and newsletter, establishing a formal consultation group on standard related issues and working with IDI in relation to the Performance Audit handbook.

Lene provided a definition of performance auditing from 1951 and noted the role of PAS as being the global standard setter for performance audit with a strong voice in the INTOSAI community.

***Please see PowerPoint presentation for more details.***

### **Agenda item 2b - Overview of PAS work plan 2023 – 2025**

The Chair provided an overview of the PAS Work Plan 2023-2025 which was approved at the end of 2022. The work plan focus is around a number of key priorities. Support the implementation of the INTOSAI standards, participation in the Strategic Development Plan, review of PAS Terms of Reference, scheduled maintenance of ISSAI standard 3000, GUID 3910, including appendix and GUID 3920, and finally to continue and expand mechanisms for the sharing of knowledge and good practice.

The committee discussed the impact of the draft SDP on PAS work and the work on the standards should be aligned with the SDP. The planned work on the standards was discussed with points raised about looking at overlaps between 300 and 3000 and whether 3000 is consistent with 300. A point was raised whether we need to consider the definition of performance audit and if it gives us the framework for the breadth of work we are doing.

**Conclusion:** The work plan and meeting discussion demonstrates a need to look at the PAS standards. The planned maintenance work will be included in the feedback on the SDP and a project group will be set up in due course when the timing of the work is agreed.

### **Agenda item 2c - Group discussion - PAS terms of reference**

The purpose of this session was to commence work on the review of PAS's Terms of Reference (ToR). Discussion documents were provided in advance and members split into four groups to discuss changes to the ToR. Groups were as follows:

1. Australia, Austria, Azerbaijan, Brazil, Canada, Denmark and Ireland.
2. ECA, France, Georgia, Hungary, IDI, India, United Kingdom and the Netherlands.
3. Norway, PSC, Romania and South Africa.
4. Sweden, Uganda, United States of America, WGEPPP and Ireland.

The groups provided feedback that will be considered by the PAS Secretariat and an updated draft of the ToR will be circulated among members for review, comment and approval.

### **Agenda item 3 - Group discussion - criteria for admitting members and retaining PAS membership**

The purpose of this session was to establish clear criteria for membership of PAS, how membership requests should be considered and how to retain membership. Discussion documents were provided in advance and members split into four groups (same groups as for the ToR discussion) to discuss membership criteria.

The groups provided feedback that will be considered by the PAS Secretariat and included in the updated draft of the ToR which will be circulated among members for review, comment and approval.

#### **Agenda item 4 - PAS website and blog**

**Presenter: U.S. GAO - Ms. Cathy Berrick**

The PAS blog was launched in 2021 to provide for the sharing of knowledge and perspectives on initiatives and topics of direct interest to performance audit practitioners around the globe.

There are guidelines available on the PAS website for the management of the blog and its content. Wilfred Aquilina (ECA) and Cathy Berrick monitor the PAS blog. The PAS Secretariat has the final decision on what is posted to the blog.

Ideas discussed for the blog included: referencing reports produced by other countries, sharing international comparisons and sharing best practice guides. It was noted that the activity on the blog needs to be more regular in order to keep members aware of it.

The wider point of the committee being involved in knowledge sharing was discussed. PAS was set up as a standard setting committee and members discussed to what degree should knowledge sharing be part of the PAS activities and what this could look like.

#### **Agenda item 5a - Data science applied: the innovation lab and performance audit.**

**Presenter: SAI Norway - Mr. Sverre Lunde**

Sverre Lunde delivered a presentation on data science and noted that an Innovation lab was established due to a desire for more speed in technological development, improved speed of transactions and benchmarking with other SAIs. The innovation lab is involved in data wrangling, data analytics, custom search apps, machine learning and cloud technologies.

Sverre identified how to start such an initiative by starting small and identifying the problem, identifying relevant people and giving them full freedom to solve the identified problems. The problem may not be completely solved but another problem may be solved. It is important to take the risk. With freedom comes responsibility – so there should be a tangible output after the work is carried out. A cost benefit analysis should be carried out. Everything that the lab does should be new and innovative.

Sverre then spoke about using machine learning in performance auditing e.g. ICT crime and satellite data and food security i.e. is agricultural land actually used for producing food. Sverre then spoke about auditing algorithms and carrying out a performance audit on the use of artificial intelligence in government. Sverre spoke about using a custom built search app to carry out a search of 100,000 PDF documents on different web pages. He also spoke about using Google Maps and how this can be used for example in determining if road maintenance is being carried out where needed. Sverre also commented on R-packages and how they can be used for easier access to open data.

***Please see PowerPoint presentation for more details.***

### **Agenda item 5b - Data visualisation: storytelling in the oversight community**

**Presenter: U.S. GAO – Ms. Amie Lesser**

Amie Lesser spoke about why data visualisation matters and how processing data moves it from information into knowledge and finally to wisdom. During the presentation Amie provided illustrations of common visual types e.g. data charts, maps and photographs and more advanced visual types e.g. interactive graphics and videos.

Translating information into a visual such as a map or a data graphic makes information easier for the brain to understand. Looking at past data reveals patterns and relationships and can give insight to the future. Identifying visual opportunities for this data is helpful for understanding large data sets and avoiding confusion. Amie discussed the key steps in turning information into knowledge – identify the information you need, clean the raw data, try different ways to visualise the information and then review it to check the effectiveness of your visualisation. The visualisation should accurately represent the data and its message and be easy to understand.

Amie emphasised the need to know your audience and the message you want to convey with the key takeaways being – choose an effective visual, set the context, know your audience and keep it simple.

***Please see PowerPoint presentation for more details.***

### **Day 2 – Wednesday 29 March 2023**

The Chair opened the meeting on day 2 and welcomed everyone back.

### **Agenda item 6 - Draft SDP and relevant updates**

**Presenter: PSC (ECA) - Mr. Niels-Erik Brokopp**

Niels stated that his presentation would cover the following areas: a competent framework, the main outcomes of component 1, moving forward with the SDP, the initiatives within the SDP and other news from SDP.

The purpose of the auditing standards framework was noted, which is to ensure the quality of the audits conducted, strengthen the credibility of audit reports, ensure transparency, specify auditor's responsibilities and provide a common language for public sector auditing. Non-compliance with ISSAIs was presented via a graphic, with the main reason for non-compliance being 'insufficient capacities or resources to implement all of the requirements'. There is a correlation between quality and practice.

The main outcomes of component 1 were discussed, being clarity, relevance, robustness and accessibility.

Neils noted that the paper era is over – the online platform is in use and many issues can be overcome by embracing modern technology.

In terms of progressing with the SDP, there are a number of components to be achieved e.g. the approval of the process, goal chairs and FIPP discussing the content, the draft SDP being ready for



exposure, the draft being updated according to exposure comments, parts A and B being finalised and finally PSC approval and GB endorsement of the SDP. It was noted that it will most likely be adopted in September 2023 and endorsed in November 2023. Neils referenced the initiatives A, T, P, C and G and the glossary of key terms, it was noted that the committee needs to determine when each should be worked on and in what sequence. The committee discussed the re-writing of these initiatives and it was noted that there is scope to update these initiative and compile them as one document but the decision has yet to be taken.

The presentation concluded with news of the PSC – there is a new chair and secretariat and the PSC steering committee will be held on 28 June online and 27-28 September.

The committee discussed the language issue and the challenge of translating and the need for clarity. It was noted that documents go through five reviews and the ability to accept/reject changes should aid in the resolution of the translation issues being encountered. A discussion around the initiatives took place regarding how they will be actioned, if they'll be re-written and the impact on the scheduled maintenance of the PAS standards. Currently there are unknowns in how things will be actioned but subcommittees will be involved and interfaces will need to be carefully managed with good communication.

***Please see PowerPoint presentation for more details.***

#### **Agenda item 7 - Update from ISSAI 140 project**

**Presenter: SAI Ireland - Mr. Andy Harkness**

Andy Harkness is the Financial Audit and Accounting Subcommittee (FAAS) representative on the ISSAI 140 project team. His presentation looked at why there is a need to revise ISSAI 140, international standards on quality control versus quality management and the timeline of the project.

Andy spoke about how ISSAI 140 was revised into a principle-based standard and that the draft has been published. The current standard is set around processes. A system of quality management requires establishing quality objectives and Andy spoke about the risks to achieving them. There are now eight core organisational requirements, increased from six.

The committee discussed the timelines at play (June to November 2022) and the interaction with IDI on the development of the draft. The processes of ISQM1 were also discussed and the importance of communicating with our auditors on the risk and opportunities presented and the reasons why we do what we do in this regard.

The presentation concluded by noting that there are other useful guides from IAASB in relation to ISQM1 and ISQM2 which SAIs may find informative.

***Please see PowerPoint presentation for more details.***

### **Agenda item 8 - How can SAIs add value through performance audits?**

**Presenter: IDI - Ms. Maria Lucia Lima**

Maria Lucia Lima noted that IDI is a small organisation of circa. 50 people. There are 13 people in the Professional and Relevant SAIs Department. In our initiatives, we always have SAI auditors cooperating with us.

The presentation addressed the question ‘How can SAIs add value through performance audit?’ The answer being through sustainable performance audit practices. The presenter brought the committee through the elements needed to achieve this, namely effective leadership, competent auditors and professional and relevant audit practices. The IDI initiatives linked to these elements were discussed in detail. Regarding the development of competent auditors, the IDI have helped to develop this competency framework and it was noted that continuous professional development is important. The Professional Education for SAI Auditors (PESA) is launching in Spanish and English and there is no limit on the number of SAI participants able to partake. The pass rate of the exam was discussed at the meeting, with the IDI noting that the current pass rate of 55% is largely due to language barriers and time management issues. Still under competent auditors, it was mentioned that the IDI wants to create a centre for SAI audit professionals. With regard to professional audit practices, this relies on a number of factors, for example, the adoption of standards by SAIs, the alignment of methodology and audit plans, supporting pilot audits and engaging with stakeholders. The Performance Audit Handbook has proved to be a very successful tool, with almost 20,000 downloads of the handbook to date. The System of Quality Management is being piloted in 12 SAIs and there is an IDI/ADB (Asian Development Bank) initiative in place called *Strengthening Performance Audit Capacity in Asia and the Pacific*.

***Please see PowerPoint presentation for more details.***

### **Agenda item 9a - Fulfilling the objectives of sustainable development on the environmental component, essential for a sustainable future**

**Presenter: SAI Romania – Mr. Adrian Gogolan**

Adrian Gogolan’s presentation looked at an audit performed on the Ministry of the Environment (MMA). The MMA was responsible for the national implementation of the previous sustainable development strategy, a number of important SDGs and providing data for a number of 27 indicators. The audit had three objectives around the efficiency of the MMA. The key findings from the audit were that:

- there is greater scope for work to be undertaken regarding the achievement of SDGs and more should be done on this area
- measures were not sufficiently efficient and the reason for this should be analysed by MMA and
- segregation of duty was unclear.

The main take away of the audit report is that the MMA only has a few years until 2030 and they need to focus on the target and on the results.

***Please see PowerPoint presentation for more details.***

**Agenda item 9b - Real time audit on flood relief and Government's readiness to manage disasters**  
**Presenter: SAI South Africa – Mr. Corrie Pretorius**

The presentation focused on a real-time audit undertaken by SAI South Africa on the topic of flood relief funds. The reason for this audit was discussed and the background provided for the members. The findings from the audit were disheartening, namely the lack of co-operation between layers of government delayed the spending of funds allocated to flood relief and service delivery to the citizens. The presentation noted the outdated disaster management plan of the government and the presenter raised points for discussion around how SAIs can ensure Governments are ready. During the discussion after the presentation, it was noted that the use of national risk registers to inform reporting topics in the area of dealing with disaster is a starting point with the longer term value for money to be considered. For real time audits, there was a discussion on how to balance urgency in collecting data and achieving results with the presence of the auditor disrupting work. How citizens and civil society organisations can be engaged during the audit was also discussed.

*Please see PowerPoint presentation for more details.*

**Agenda item 10a - Leveraging scientific and technological tools for conducting performance audits**  
**Presenter: SAI India – Ms. Atreyee Das and Mr. Abhishek Singh**

SAI India presented on the topic of the use of scientific and technological tools in performance audit. A number of audits by SAI India were presented, which highlighted the challenges faced by the SAI and how scientific and technological tools were employed to address the challenges and conduct these performance audits. Performance audits were presented that made use of

- remote sensing which is the process of obtaining information from a distance using unmanned aerial vehicles such as drones. This allow retrieval of data in regions that are difficult to access
- computer based tools for mapping and analysing geographically referenced data such as location and terrain analysis. This is helpful in risk analysis and audit design
- data analytics that facilitates analysis of 100% of electronic transactions rather than just a sample. It helps highlight specific risk areas, outliers or anomalies.

*Please see PowerPoint presentation for more details.*

**Agenda item 10b - Using technology to assist in analysis of unstructured data**  
**Presenter: SAI Australia – Ms. Michelle Page**

Michelle Page of SAI Australia delivered a presentation on the use of technology to assist in the analysis of unstructured data. The presentation covered forensic investigative software known as eDiscovery/Nuix that SAI Australia first procured in 2010 to assist with an audit where there was poor record keeping and reliance on data contained in emails in lieu of formal documentation was key.

Since 2015, use of this tool has been increasing within the SAI and such a powerful tool can be used to sift through vast amounts of data in a very short period of time, with a high degree of accuracy. At

present, eDiscovery is used in approximately 15 performance audits per year. SAI Australia is broadening its experience with the tool and eDiscovery is still evolving. There was a discussion around stakeholder buy-in and email sensitivity and it was noted that it can be time-consuming explaining to new audit entities that the tool will be used for reviewing emails and there can be push-back from audited bodies but the benefit is that there will be less requests from auditors during the audit however there can be legal challenges.

***Please see PowerPoint presentation for more details.***

### **Agenda item 11a - Ensuring quality through independent quality review**

**Presenter: ECA – Mr. Wilfred Aquilina**

Wilfred Aquilina of the European Court of Auditors (ECA) presented on the topic of ‘*Ensuring quality through independent quality review*’. The presentation covered the purpose of independent quality reviews (IQRs), details on how IQRs are conducted and focused on key points to note in relation to the main audit question(s) and sub-questions, observations made, evidence gathered, findings and conclusions drawn and recommendations made. The importance of the executive summary being clear and complete was also discussed, along with helpful suggestions regarding tone, consistency and wording to be used when drafting. There was a discussion around the IQR being conducted by an independent, qualified external individual, outside of the audit process and the consideration given to ensure that the conclusions reflect the findings.

***Please see PowerPoint presentation for more details.***

### **Agenda item 11b - Assessing the impact of performance audits**

**Presenter: SAI Australia – Ms. Michelle Page**

The topic of ‘Assessing the impact of performance audits’ was presented by Michelle Page. Recommendations made as a result of the audit was a key area discussed. It was noted that it is important to make recommendations that audited entities can implement – it is important to get feedback from the auditees at this stage of the process and to ensure that the recommendations focus on material issues. SAI Australia discourage the ‘partially agree’ option for auditees on recommendations made, as this is essentially taken to mean ‘disagree’ in reporting. The Joint Committee on Public Accounts and Audit (JCPAA) has expressed support for this position – it wants a clear signal from entities on whether they will implement a recommendation made.

The inclusion of a new appendix on impact during the audit was discussed. This appendix records the actions the entity has carried out following and/or during the audit. Audit committees follow up on recommendations and SAI Australia can sit in as observers to these committee meetings. It was noted that follow-ups on implementation of agreed recommendations is an important task to be undertaken. The presentation concluded with the finding that there has been mixed success across entities, in implementing agreed recommendations. There is a strong correlation between entities’ governance arrangements and successful implementation of recommendations. The members engaged in discussion on how implementation of recommendations is assessed by the auditor and the point was made that not all SAIs perform a follow-up on recommendations made.





***Please see PowerPoint presentation for more details.***

**Agenda item 12 - Any other business Open to floor**

There were no other business matters noted.

**Agenda item 13 - The big reveal: next year's meeting location SAI to be revealed!**

Giorgi Kapanadze informed members that the 2024 PAS annual meeting will be held in Georgia.

**Closing remarks**

The Chair thanked the attending members and those who attended virtually and all who assisted in the preparation for the PAS annual meeting 2023.