

# Eurosai seminar on audit quality

Budapest 1-2 March 2007

## Lessons learnt

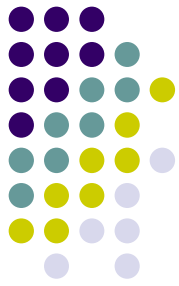


- **Quality matters**: the quality of the audit work is essential to fulfil the duties of the SAI. Better quality audit will improve the SAI's contribution to public sector accountability and performance.
  - **Poor management = Bad Quality**
  - **Introduce the notion of “Integrate Quality Management System”**; identify and act in all the elements of the system in a way to improve the quality of our work.
  - **Long-term, Step by step & continuous process**
  - **Focus on results: good quality reports**
    - Relevant – useful – “clients’ satisfaction”
    - Reliable, based on evidence
    - Objective – constructive – acceptance of recommendations
    - Clear - understandable
    - Timely
    - Cost-efficient
- “QUALITY CRITERIA “ How to evaluate SAI performance?**

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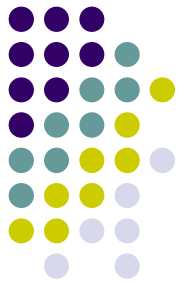


- **Starting points:**
  - Standards set by professional & international organisations. IFAC & INTOSAI (ISA, ISQC-1, auditing standards, code of ethic)
  - Guidelines on Audit Quality
  - Best practices – electronic data-base - networking
  - Define & formalize “quality requirements” for the SAI
  - quality concern: involve leadership & all staff in the process
- **Main elements of the Quality Management system**
  - Leadership, strategy & planning
  - Processes: audit methods, decision making procedures, etc.
  - Staff
  - Support & learning
  - Direction & supervision
  - Control & Assurance
  - Stakeholders: external relations
- **The main characteristics:**
  - Accepted; do not add unnecessary requirements/procedures
  - Division of responsibilities
  - Constructive; focused on learning

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- **Aim at adding quality in each Audit Phase:**
  - **Programming: identification and selection of tasks \*setting priorities, making available & allocating resources.**
  - **Planning the audit task: setting objectives, approach, scope, techniques, calendar.**
  - **Carrying out the task: collecting evidence (sufficient, relevant, reliable), reviewing & supervising the work; documenting.**
  - **Reporting**
  - **Impact of the report – Follow-up**

**Improving any element of the Quality Management System should have an impact on adding quality to the audit process**

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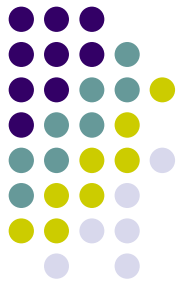
### Quality requests to (1)

- **Define quality requirements: IFAC & INTOSAI**
- **Adequate staff**
  - Involve – motivated (salaries, rewards...)
  - Qualified (recruitment & training)
  - Support
  - Foster sound judgement
  - Facilitate Team-Work
- **Methods**
  - Ensure implementation of the standards
  - Standardise – Questionnaire - facilitate the work
  - Develop close to practice
  - IT technology

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### Quality requests to (2)

- **Monitoring & review**
  - Quality control (hot-review)
  - Quality Assurance (cold, ex-post)
  - External review (Peer review)
  - Objectives: ensure standards, evidence collected & documented, findings reported, conclusions balanced, practical recommendations
  - Anticipate problems (Pre-study, halfway reports...)
- **Active quality Support: advise, coaching...**

Quality is not only control !
- **Feed-back from stakeholders**
  - Parliament
  - Auditee
  - Public – Media
  - Post audit review (impact of the reports)

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## Pending issues

- **The Path to quality: which steps to take first ?**
- **Terminology problem adds some difficulties**
- **EUROSAI Congress in 2008: QUALITY GUIDELINES**