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### The ISSAI Harmonisation Project

New fundamental auditing principles developed by the INTOSAI Professional Standards Committee (PSC)

ISSAI Harmonisation Project Group:

- Chaired by the PSC Secretariat (DK)
- Representatives mainly from the Financial, Performance and Compliance Subcommittees, but also ...
- Representatives from other key INTOSAI bodies
- SAI's of Austria, Brazil, China, Denmark, European Court of Auditors, India, Mexico, Norway, Slovakia, South Africa, Sweden, UK, USA

- Close coordination during the project between project group and the subcommittees (eg Performance Auditing Subcommittee, PAS)

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### Why new Fundamental Auditing Principles?

- Harmonize the ISSAIs
- Ensure consistency in the ISSAI framework
- Provide a common definition of public-sector auditing
- Provide the foundation for the full system of guidelines in the ISSAI framework

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**The International Standards of Supreme Audit Institutions (ISSAI)**

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**Founding Principles**

ISSAI 1 The Lima Declaration

**Prerequisites for the functioning of SAIs**

ISSAI 10 The Mexico Declaration on SAI Independence  
 ISSAI 20 Principles of Transparency and Accountability  
 ISSAI 30 Code of Ethics  
 ISSAI 40 Quality Control for SAIs


**Fundamental Auditing Principles**

ISSAI 100 Basic Principles  
 ISSAI 200 General Standards  
 ISSAI 300 Field Standards  
 ISSAI 400 Reporting Standards

**Auditing guidelines**

**General auditing guidelines:**  
 ISSAI 1000-2999 Financial Auditing Guidelines  
 ISSAI 3000-3900 Performance Audit Guidelines  
 ISSAI 4000-4999 Compliance Audit Guidelines

**Specific guidelines:**  
 ISSAI 5000-5099 International Institutions  
 ISSAI 5100-5199 Environmental Audit  
 ISSAI 5200-5299 Privatisation  
 ISSAI 5300-5399 IT-audit  
 ISSAI 5400-5499 Audit of Public Debt  
 ISSAI 5500-5599 Guidelines on Audit of Disaster-related Aid  
 ISSAI 5600-5699 Guidelines on Peer Reviews




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**ISSAI**  
 International Standards of Supreme Audit Institutions • INTOSAI Guidance for Good Governance

Introduction  
 About the ISSAI framework

1. Founding principles  
 2. Prerequisites for the functioning of SAIs  
 3. Fundamental auditing principles  
 4. Auditing guidelines

INTOSAI guidance for good governance (INTOSAI GOV)  
 Audit guideline packages  
 Appendices, notes and forewords  
 Implementation

**Level 3: Fundamental Auditing Principles**

Click [Appendix](#) if you want to access appendices, notes or forewords to the document.

New ISSAI 100	Fundamental Principles of Public Sector Auditing Endorsed 2013	To be reviewed at least every 15 years
New ISSAI 200	Fundamental Principles of Financial Auditing Endorsed 2013	To be reviewed at least every 9 years
New ISSAI 300	Fundamental Principles of Performance Auditing Endorsed 2013	To be reviewed at least every 9 years
New ISSAI 400	Fundamental Principles of Compliance Auditing Endorsed 2013	To be reviewed at least every 9 years

**www.issai.org**

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**Characteristics of the new fundamental auditing principles**

- Cover all types of public-sector audits
- Provide the bedrock for ISSAI guidance on auditing
- Provide a common, globally recognized professional basis for the INTOSAI community
- Provide the core of the more detailed auditing guidelines at level 4
- Clarify the authority of the ISSAIs and explain how SAIs can make references to the ISSAIs

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### ISSAI 100 – Fundamental Principles of Public-Sector Auditing

- Purpose and authority of the ISSAIs
- Framework for Public-Sector Auditing
- Elements of Public Sector Auditing
- Principles of Public-Sector Auditing
  - Organisational requirements
  - General principles
  - Principles related to the audit process

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ISSAI 100 – FUNDAMENTAL PRINCIPLES OF PUBLIC-SECTOR AUDITING

#### PURPOSE AND AUTHORITY OF THE ISSAIs

7. ISSAI 100 establishes fundamental principles, engagements, irrespective of their form or content, further develop the principles to be applied to compliance auditing respectively. They shall not prevent SAIs from carrying out investigations specifically covered by the existing ISSAIs.

8. The Fundamental Auditing Principles form part 4 of the ISSAI framework. The principles of the framework are developed in three ways:

- as a basis on which SAIs can develop standards
- as a basis for the adoption of consistent national standards
- as a basis for adoption of the General Auditing Principles

SAIs may choose to compile a single standard-setting document or a combination of standard-setting and other authoritative documents.

SAIs should declare which standards they apply when conducting audits, and this declaration should be accessible to users of the SAI's reports. Where the standards are based on several sources taken together, this should also be stated. SAIs are encouraged to make such declarations part of their audit reports; however, a more general form of communication may be used.

• develop standards  
• adopt standards  
• use level 4

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## Framework for Public Sector Auditing

- Mandate – constitution, legislation, strategic decisions
- **Definition** and objectives of public-sector auditing

*“a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria.”*

- Types of public-sector auditing – financial, performance, compliance

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## Elements of Public-Sector Auditing

- The three parties (auditor, the responsible party, intended users)
- Subject matter, criteria and subject matter information
- Types of engagement (attestation, direct reporting)
- Confidence and assurance

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**GENERAL PRINCIPLES**

Ethics & independence	Professional judgment, due care and scepticism	Quality control	Audit team management & skills
Audit risk	Materiality	Documentation	Communication

**PRINCIPLES RELATED TO THE AUDIT PROCESS**

**Planning the audit**

- Establish the terms of the audit
- Obtain understanding
- Conduct risk assessment or problem analysis
- Identify risks of fraud
- Develop an audit plan

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**Conducting the audit**

- Perform the planned audit procedures to obtain audit evidence
- Evaluate audit evidence and draw conclusions

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**Reporting and follow-up**

- Prepare a report based on the conclusions reached
- Follow up on reported matters as relevant

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**ISSAI 200**  
**Fundamental Principles of Financial Auditing**

- Provide overview of nature, elements and principles of auditing financial statements. Consistent with the ISAs and the financial guidelines on level 4
- Purpose and authority of the fundamental principles for financial auditing
- Framework for financial auditing
- Elements of financial auditing
- Principles of financial auditing

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**ISSAI 300 – Fundamental Principles of Performance Auditing**

- Provides INTOSAI's principles for auditing economy, efficiency and effectiveness
- Purpose and authority of the principles of performance auditing
- Framework for performance auditing
- Elements of performance auditing
- Principles for performance audit engagements

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**ISSAI 400 – Fundamental Principles of Compliance Auditing**

- Provides INTOSAI's principles of compliance auditing – auditing of compliance with **authorities:**  
*Laws and regulations and principles of sound public sector financial management and the conduct of public officials.*
- Purpose and authority of the fundamental principles of compliance auditing
- Framework for compliance auditing
- Elements of compliance auditing
- Principles of compliance auditing.

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**ISSAI**  
International Standards of Supreme Audit Institutions • INTOSAI Guidance for Good Governance

**ISSAI - International Standards of Supreme Audit Institutions**

This is where you will find the complete and updated collection of professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI). The vast majority of the professional standards and guidelines are available in INTOSAI's five official languages - all ready to be consulted, printed and applied.

**The International Standards of Supreme Audit Institutions (ISSAI)** stating the basic prerequisites for the proper functioning and professional conduct of Supreme Audit Institutions and the fundamental principles in auditing of public entities.

**INTOSAI Guidance for Good Governance (INTOSAI GOV)** providing guidance to public authorities on the proper administration of public funds.

**Increasing SAI credibility, quality and professionalism**

The benefits and values of using the ISSAIs are many and diverse, but include increased and uniform quality of audit, enhanced credibility and professionalism. In the years ahead much effort and significant amounts of time will be devoted to raising awareness of the ISSAIs in the INTOSAI community and encouraging SAIs to implement the ISSAI framework.

**www.issai.org**

**ENDORSEMENT VERSIONS OF ISSAI 100, 200, 300 and 400**

**ANALYSIS OF COMMENTS RECEIVED ON ISSAIs 100-400**

**ANALYSIS OF EXPOSURE COMMENTS ON ISSAI 12**

**Introduction**  
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Audit guideline packages  
Appendices, notes and forewords  
Implementation guidance  
Classification principles

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