

## Terms of Reference for the EUROSAI Project Group on the introduction of reactive and rapid audit reporting

### 1. General provisions

#### 1.1 Name of the Project Group:

Reactive and rapid audit reporting: using facts-only reports to assist public accountability

#### 1.2 Background and objective of the Project Group:

##### *Background*

Since 2014 the United Kingdom National Audit Office (NAO) has conducted *investigations* to establish the underlying facts in circumstances where concerns have been raised with it, or in response to intelligence that it has gathered through its wider audit and assurance work.

Investigations report facts – they do not report an audit opinion. Investigations provide value to Parliament and the public by disclosing and clearly brigading information the National Audit Office has statutory access to, in a way that allows the reader to form their own judgements on the stewardship of public funds, the performance of publicly-funded organisations, or particular projects or programmes. They address specific concerns, and are narrowly scoped to facilitate rapid reporting.

Investigations can therefore be produced more quickly, more cost-effectively and with just as much impact and influence as the NAO derives from its traditional audit and assurance products, such as financial and value-for-money audit. We are increasingly seeing Members of Parliament and the public calling on the NAO to investigate issues of public concern into a wide range of public-sector activities, in order to contribute to a live debate – rather than after the opportunity has passed.

Interest in our investigations activities from our peers has grown noticeably in the last few years, as other Supreme Audit Institutions (SAIs) seek to leverage their unique public-sector finance insight in pursuit of transparency and accountability for public funds. The NAO has undertaken over 40 different investigations and we have received a number of enquiries from other SAIs who are looking to use a similar approach. This Project Group provides an opportunity for SAIs with similar interests and areas of development to gather and share different approaches, and for all to learn from the successes, and challenges, which have characterised the development of similar audit approaches in their organisation.

##### *Objective*

The objective for this project group is to share best practice, and identify common challenges and associated risks, in the development and practice of rapid, facts-only auditing.

#### 1.3 Link with EUROSAI Strategic Plan:

The nature and aims of this Project Group are entirely in line with the EUROSAI Strategic Plan 2017-2023:

1. Supporting effective, innovative and relevant audits by promoting and brokering professional cooperation;
2. Helping SAIs deal with new opportunities and challenges by supporting and facilitating

their institutional capacity development.

In particular they satisfy the following strategic goals.

### **1.3.1. Strategic Goals:**

#### **Strategic Goal 1, objective 1.2**

*Support the development of innovative audit approaches and methods*

New 'state of the art' approaches have been developed by members and shared with the EUROSAI community, for example using data analytics, or auditing complex cross-cutting issues and the implementation of the SDGs.

#### **Strategic Goal 1, objective 1.3.1**

*To facilitate the sharing of knowledge and experience within EUROSAI and with external stakeholders and partners*

- A 'market place' – that is easily and swiftly accessible – exists for the exchange of knowledge, audit skills, expertise and experts.
- EUROSAI brokers best practices, innovation initiatives and public sector audit-related knowledge between members, within specific focus groups such as YES! and during specially arranged events.
- Members make effective use of available databases, products and experiences of others engaged in the external audit field.

### **1.3.2. No duplication or overlaps with other activities of the EUROSAI Strategic Plan:**

Goal 1 co-chairs (Czech Republic and Germany) have advised that there are no other Project Groups addressing this particular aspect of external public audit.

## **2. Structural provisions**

### **2.1 Lead SAI:**

NAO

### **2.2 Contact person(s):**

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### **2.3 Participants:**

A number of SAIs have been in touch with the NAO over the last few years to learn more about how we conduct investigations. Participants for this event have been selected from those organisations within EUROSAI which have demonstrated an interest in, or are actively pursuing, this type of audit output.

## **3. Technical and procedural provisions**

### **3.1 & 3.2 Intended results and benefits to EUROSAI Membership:**

1. SAI peer-to-peer sharing of strategic and operational experience, best practice and risks in relation to conducting rapid facts-only audit products into emerging issues of high Parliamentary and public interest.

2. Facilitating the development of an informal network to help SAIs achieve their objectives in relation to type of audit.

### **3.3 Duration & Key Milestones:**

- October 2018 - invitations sent/attendees confirmed
- November 2018 – event hosted at the NAO headquarters, London; output produced
- December 2018 – output distributed to participants; feedback sought on success of event
- January 2019 – output finalised; consider drafting article for *EUROSAI Innovations Newsletter* or annual *Magazine*

### **3.4 Working Methods:**

The Project Group will hold a workshop for the NAO and other interested SAIs to discuss their approaches to this type of audit product. Topics will include:

- **Setting up an investigations function** – vision, strategy and resourcing
- **Commissioning** – selecting audits
- **Delivering** – conducting fieldwork, data analysis, drafting and client management
- **Output** – reporting findings
- **Outcome** – maximizing impact

All SAIs will be invited to share their experiences and best practice. Breakout sessions will cover strategic and operational aspects of this type of audit in more detail.

If feedback is positive, and suggests that participants would welcome further activities under the auspices of the Project Group, then follow-up work will be considered.

### **3.5 Necessary resources:**

The NAO will host the workshop, and lead the production of the official output.

All costs relating to travel and subsistence for delegates will be met by the relevant SAIs.

### **3.6. Reference documents and materials:**

Participants may wish to access the [investigations page](#) of the NAO website, read some of our recent [published investigations](#), and a short [blog](#) by the NAO Director of Investigations.