



**Report on the implementation of ISSAI  
within EUROSAI**

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**Report on the implementation of ISSAI within EUROSAI****Introduction**

The strategic goal 2 laid down in the EUROSAI strategic plan is to *“promote and facilitate the implementation of the International Standards of Supreme Audit Institutions (ISSAI) and contribute to their further development”*.

The objectives of Goal Team 2 are to raise the awareness of these standards, to support EUROSAI members in their implementation, and to contribute to their further development. To carry out the associated activities and projects, our first aim was to get an overview on how EUROSAI members apply the ISSAI and which support they might need in doing so. With the information gathered, we might also provide input to the on-going revision of the central documents on level 3 of the ISSAI framework.

To gain the necessary information, we sent a questionnaire to all 50 EUROSAI members with questions on

- I SAs’ motivation to apply the ISSAI,
- II SAs’ status of applying the ISSAI,
- III the support SAs might need in applying the ISSAI,
- IV translation of the ISSAI into national languages, and
- V any further ideas SAs might have on the ISSAI.

We received answers from 37 EUROSAI member SAs (74% of all EUROSAI members), of which 35 SAs (70%) returned the completed questionnaire. One SAI informed us that it is obliged to apply the ISSAI by law, but did not return the completed questionnaire. One SAI informed us that it has been implementing most of the International Standards of Supreme Audit Institutions, independently from the INTOSAI standards, in accordance with law and with the guidelines of the Lima and Mexico Declarations, and that therefore the questionnaire was supposed to be irrelevant for this SAI.

The results of this survey are presented on the following pages. For better evaluation of the results we decided to present the results in a detailed manner, indicating

- the total number of answers given in the returned questionnaires and
- the percentage of answers in relation to the number of returned questionnaires.

An extrapolation of the results to EUROSAI as a whole is not possible since about one fourth of the EUROSAI members did not participate in the survey.

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### Main results

- For most SAIs the ISSAI levels 1, 2 and 3 and on level 4 the implementation guidelines on Financial, Performance and Compliance Audit are relevant
- Most SAIs apply the ISSAI, usually a part of the framework
- Most SAIs apply the ISSAI either as SAI standards or as guidelines supporting other standards
- Limited human resources are the main obstacles for applying the ISSAI, followed by financial reasons and language problems
- Support for the application of the ISSAI in SAIs is needed mostly with regard to ISSAI level 4, especially for applying the implementation guidelines on financial and performance audit, preferably in the form of seminars, cooperation or consulting with other SAIs and guidelines, handbooks or good practice examples

### Results in detail

#### I Motivation for applying the ISSAI

##### 1. Which ISSAI are relevant for your SAI?

	Level 1	Level 2	Level 3	Level 4 Financial Audit	Level 4 Perform. Audit	Level 4 Compl. Audit	Level 4 Specific guidelines	INTOSAI GOV
Total of returned questionnaires	33	33	31	33	34	31	23	21
% of returned questionnaires	94%	94%	89%	94%	97%	89%	66%	60%

Most SAIs stated that the ISSAI levels 1, 2 and 3 and on level 4 the implementation guidelines on Financial, Performance and Compliance Audit are relevant for them. The Specific Guidelines on level 4 (ISSAI 5000-5999) and the INTOSAI GOV are less relevant.

##### 2. Is your SAI obliged to apply ISSAI?

	Yes	<i>(multiple answers possible)</i>			No
		By law	Stakeholders' expectations	Other	
Total of returned questionnaires	16	12	2	3	19
% of returned questionnaires	46%	34%	6%	9%	54%

There are almost as many SAIs that are obliged to apply ISSAI as those that are not. Those that are obliged have to apply the ISSAI mostly by order of law, but other reasons have also been stated, as e.g. the obligation “to conduct audits in accordance with the generally accepted rules and practices of the professional activities of auditors which could be interpreted as ISSAI”.

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**3. Does your SAI communicate the application of ISSAI?**

	Yes	<i>(multiple answers possible)</i>			No
		National stakeholders	Addressees of audit reports	Public	
Total of returned questionnaires	26	17	18	18	9
% of returned questionnaires	74%	49%	51%	51%	26%

Most SAIs communicate the application of ISSAI to national stakeholders, addressees of audit reports and/or the public. Only 23 % do not inform their stakeholders that they apply the ISSAI.

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**4. Has your SAI put in place internal policies and procedures to make sure that audits are carried out in accordance with applied ISSAI (i.e. quality control, supervision, review)?**

	Yes	No
Total of returned questionnaires	32	3
% of returned questionnaires	91%	9%

Most SAIs make sure that audits are carried out in accordance with applied ISSAI. The methods to do so range from making sure that audit rules comply with the ISSAI to implementing quality control procedures based on ISSAI 40.

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**5. Is your SAI guided by the INTOSAI GOV in its administrative tasks?**

	Yes	No
Total of returned questionnaires	14	21
% of returned questionnaires	40%	60%

Only 12 SAIs stated that their SAI is guided by the INTOSAI GOV in its administrative tasks. This might also hint at the INTOSAI GOV not being too relevant for the EUROSAI members (compare question 1.)

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**Report on the implementation of ISSAI within EUROSAI**
**II Status of applying the ISSAI****6. Does your SAI apply the ISSAI?**

	Yes	All 4 levels	In part	No
Total of returned questionnaires	31*	12	19	4
% of returned questionnaires	89%	36%	58%	11%

\* plus two SAIs that did not return the questionnaire

Only very few SAIs do not apply the ISSAI. Of those that apply them, the majority applies a part of the ISSAI framework. 10 SAIs have stated that they have implemented all 4 ISSAI levels.

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*6a/b. How does your SAI apply the ISSAI?*

	National Standards		SAI Standards		Guidelines		Reference		
	New manuals	Manuals reviewed	New manuals	Manuals reviewed	New manuals	Manuals reviewed	Audit reports	General reports	General communication
<b>All 4 levels applied</b> (total of returned questionnaires)	0	0	4	1	4	4	3	4	3
<b>Applied in part</b> (total of returned questionnaires)	1	3	4	9	4	7	5	8	12
<b>Total</b>	<b>1</b>	<b>3</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>11</b>	<b>8</b>	<b>12</b>	<b>15</b>
% of returned questionnaires	3%	9%	22%	29%	22%	31%	23%	34%	43%

Most SAIs apply ISSAI either as SAI standards or as guidelines supporting other standards, both to develop new audit manuals on the basis of the ISSAI or to review existing manuals in the light of the ISSAI. Quite a number of SAIs also make reference to the ISSAI in their audit reports, general reports or in general communication.

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*6b. Which ISSAI does your SAI apply?*

Most of those SAIs that apply a part of the ISSAI framework have implemented levels 1, 2 and 3. On level 4, the application ranges from a few selected implementation guidelines to “*all of level 4 except the 5000-5999 series*”.

Most of these SAIs plan to apply more ISSAI between 2012 and 2015.

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6b/c. Why has your SAI not yet applied all /not applied the ISSAI and INTOSAI GOV?

Reason	Application planned but not yet started				Application not planned			
	Financial reasons	Human resources	Lack of skills	Language problems	Conflicting mandate	Other conflicting legislation	Conflicting strategy	Not covering requirements
<b>Not all applied</b> (total of returned questionnaires)	4	9	2	6	1	0	1	0
<b>Not applied</b> (total of returned questionnaires)	2	2	0	1	0	1	0	0
<b>Total</b>	<b>6</b>	<b>11</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>
% of returned questionnaires	17%	32%	6%	20%	3%	3%	3%	0%

Limited human resources are the main reason why the application of (further) ISSAI has not yet started, followed by financial reasons and language problems.

Conflicting mandate, legislation or SAI strategy do not seem to be the reason for not planning to apply (further) ISSAI. Those SAIs that gave other reasons for this mostly stated that other ISSAI than those already applied are not necessary for their work.

## 7. Has your SAI met obstacles/problems in applying the ISSAI?

	Yes	<i>(multiple answers possible)</i>						No
		Financial reasons	Human resources	Language problems	Lack of skills	Conflicting mandate	Other conflicting legislation	
Total of returned questionnaires	25	8	16	12	10	4	2	9
% of returned questionnaires	71%	23%	46%	34%	29%	11%	6%	26%

The answers to question 7 corroborate the results above (questions 6b/c). They also show that quite a number of SAIs have overcome the obstacles they met at first.

## 8. How did your SAI manage to solve any problems encountered in applying the ISSAI? (If you can provide solutions for more than one problem encountered or for various levels/sets of ISSAI please state them separately)

The most common solutions stated by SAIs were

- *Training* (regular training, specific training programmes, professional literature)
- *Translation* into national languages (compare question 14)
- *Cooperation* within the framework of INTOSAI and EUROSAI, with other SAIs and with professional bodies such as IFAC, Internal Auditors' Associations, Private audit companies (compare question 13)

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- *Adapting audit manuals* to the ISSAI by either revising existent or developing new audit manuals (compare questions 6.a/b)
- *Raising awareness* among audit staff, audited bodies and the government in general

Some SAIs also stated other approaches, such as

- Employing staff with appropriate qualifications and qualification of employees
  - Implementing a new audit tool
  - Identifying the gaps between the SAI's mandate and the ISSAI
- 

**9. Did your SAI develop manuals/guidelines/good practices for applying the ISSAI?**

	Yes	Willing to share			No
		within EUROSAI	EUROSAI website	SAI website	
Total of returned questionnaires	18	1	1	8	17
% of returned questionnaires	51%	3%	3%	23%	49%

Several SAIs developed or revised their audit manuals and guidelines with respect to how to apply the ISSAI. Some of them are willing to share these documents. However, most of them are only available in the respective national language.

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**III Support in applying the ISSAI****10. Does your SAI need support in further applying the ISSAI?**

ISSAI level (multiple answers possible)	Approach		Application in SAI	
	Total	%	Total	%
ISSAI framework in general	2	6%	1	3%
ISSAI level 1 (Founding Principles)	2	6%	3	9%
ISSAI level 2 (Prerequisites for the Functioning of SAIs)	4	11%	5	14%
ISSAI level 3 (Fundamental Auditing Principles)	3	9%	4	11%
ISSAI level 4 (Implementation Guidelines):				
ISSAI 1000-2999 (Financial Audit)	7	20%	20	57%
ISSAI 3000-3999 (Performance Audit)	7	20%	19	54%
ISSAI 4000-4999 (Compliance Audit)	6	17%	16	46%
ISSAI level 4 (Specific Auditing Guidelines):				
ISSAI 5000-5999	8	23%	14	40%
INTOSAI GOV	5	14%	11	31%

Rather few SAIs have stated a need for support in *approaching* the ISSAI. Support for the *application* of ISSAI in the SAIs is needed mostly with regard to ISSAI level 4, especially for applying the implementation guidelines on financial and performance audit, closely followed by the guidelines on compliance audit and the specific guidelines.

8 SAIs (27% of returned questionnaires) have stated that they need no support.

**11. Which form of support would your SAI prefer?**

(multiple answers possible)

	Seminars	E-learning	Guidelines	Cooperation/ Consulting
Total of returned questionnaires	24	11	20	23
% of returned questionnaires	69%	31%	57%	66%

Most SAIs prefer seminars, cooperation or consulting with other SAIs and guidelines, handbooks or good practice examples. Only 30% would like to be supported by E-learning courses.



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## 12. Could your SAI provide expertise on the ISSAI framework?

	Yes	Seminars			Expert advice	To be decided	No
		Keynote speech	Case study	Moderator			
Total	8	3	4	1	2	23	4
% of returned questionnaires	23%	9%	11%	3%	6%	66%	11%

Several SAIs are willing to provide expertise on the ISSAI framework, either in seminars or to counsel/advise other SAIs. The subjects on which expertise can be provided are mainly

- *Experience with implementing the ISSAI/Gap analysis/Revision of audit manuals*
- *INTOSAI GOV*
- *Financial audit*
- *Performance audit*

## 13. Does your SAI cooperate with other entities on applying the ISSAI?

	Yes	No
Total	23	12
% of returned questionnaires	66%	34%

There are several *bilateral cooperation* projects, mostly in the framework of technical assistance, bilateral agreements, twinning projects, and other cooperative activities. Several SAIs also cooperate with *bodies of EUROSAI and INTOSAI*, as e.g. the PSC and its sub-committees, the ISSAI Harmonisation Project or EUROSAI Goal Team 2, but also with *external bodies* such as Associations of Internal Auditors (national and international) or national Associations of Accountants.

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**Report on the implementation of ISSAI within EUROSAI****IV Translation of ISSAI into national languages****14. Has your SAI translated any ISSAI or is doing so?**

The ISSAI have been translated into Russian (the only official EUROSAI language that is not an official INTOSAI language) by the SAI of the Russian Federation. These translations will be provided on the EUROSAI website as soon as possible.

Several ISSAI have also been translated into 16 other national languages (Azerbaijani, Dutch, Bosnian, Bulgarian, Croatian, Czech, Estonian, Macedonian, Hungarian, Lithuanian, Norwegian, Polish, Portuguese, Romanian, Serbian, and Slovak). Some of these translations can be found on the respective SAIs' websites.

**V Further remarks****15. Do you see any need for changes regarding the ISSAI framework?**

*SAIs' statements:*

“Care should be taken not to be too specific and to allow for all systems of audits and SAIs to be included in the international consensus.”

“A standard on performance audit performed together with compliance audit could be useful, as principles of sound management are by now legal obligations in many countries.”

“Level 2 is very general (especially ISSAI 40).”

**16. Please share any ideas you might have on the subject of applying the ISSAI**

*SAIs' statements:*

“As a rapidly developing SAI, we would like to introduce other countries' good practices on the implementation of ISSAIs, the troubles on the way and strategic solutions, the impact of the environment in which SAIs operate on the process.”

“Our experience and practice has shown that a self-assessment procedure is a very useful tool for assesment of ISSAI implementation on all levels, and based on that an assesment of needed changes and improvements, as well as preparation of action plans for alignment with ISSAIs.”

“Guidelines on Financial audits are based on ISA which are private sector audit standards. Practice Notes could be adopted for audits of public sector like audit of revenues.”

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“In small SAIs, resources for implementing ISSAI are limited / efficient tools are needed.”

“More seminars and/or workshops could be organised on the application of ISSAI.”

“The INTOSAI PSC subcommittees may elaborate course materials including case studies on how to apply ISSAI which could be used by SAIs for their professional training programme.”

“Sharing experience and consulting with experts and SAIs experienced in ISSAIs could be very useful for the further improvement of audit approach of SAIs.”

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### **Conclusions for Goal Team 2’s work:**

1. In line with activities 2.1.1, 2.2.2 and 2.3 of its Operational Plan, Goal Team 2 should further *focus on encouraging translations, organising seminars and workshops and promoting cooperation* (cf. answers to question 8).
2. A second/follow-up awareness-raising seminar (activity 2.1.3 of Goal Team 2’s operational plan) seems not to be necessary. Goal Team 2 should concentrate its efforts on *providing support on the application of ISSAI* (activity 2.2.2) and also check the possibilities to provide ISSAI sessions in other Goal Teams’ seminars, e.g. for seminars on financial or performance audit (cf. answers to question 10).
3. Under activity 2.2.2 of its Operational Plan, Goal Team 2 should concentrate its efforts on *organising seminars and - if possible - arrange cooperation or consultation with experienced SAIs*, e.g. via an expert database (in cooperation with Goal Team 3). Under activity 2.2.3, Goal Team 2 should also focus on *collecting and promoting guidelines, handbooks and good practice examples* on the application of ISSAI (cf. answers to question 11).
4. Under activity 2.3.1 of its Operational Plan, Goal Team 2 should *enhance cooperation* with bodies of EUROSAI and INTOSAI as well as with external bodies such as the European Confederation of Institutes of Internal Auditors (ECIIA) (cf. answers to question 13).