Eurosai seminar on audit quality
## Budapest 1-2 March 2007
Lessons learnt

- **<u>Quality matters</u>: 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 "<u>Integrate Quality Management System</u>"; 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**
- **<u>Focus on results</u>: good quality reports**
  - Relevant – useful – "clients' satisfaction"
  - Reliable, based on evidence
  - Objective – constructive – acceptance of recommendations
  - Clear - understandable
  - Timely
  - Cost-efficient

<u>" QUALITY CRITERIA " How to evaluate SAI performance?</u>

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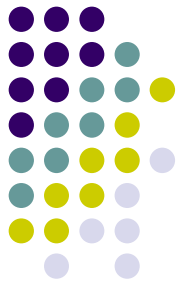
- **Starting points:**
  - **Standards set by professional & international organisations. IFAC & INTOSAI (ISA, ISQC-1, auditing standards, code of ethic)**
  - **Guidelines on Audit Quality**
  - **Best practices – electronic data-base - networking**
  - **Define & formalize "quality requirements" for 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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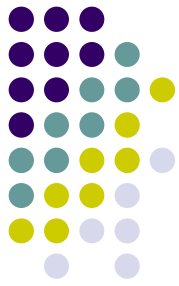
- **Aim at adding quality in each Audit Phase:**
  - **Programming: identification and selection of tasks *setting priorities, making available & allocating resources.**
  - **Planning the audit task: setting objectives, approach, scope, techniques, calendar.**
  - **Carrying out the task: collecting 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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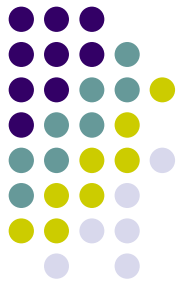
Quality requests to (1)

- **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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Lessons learnt

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)**

Pending issues

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