

Strengthen System for Development and Maintenance of Performance Audit Methodology

What is an ISSAI Compliant Performance Audit Methodology?

The International Standards of Supreme Audit Institutions (ISSAIs) provide a robust framework and requirements for conducting performance audits (PA). The ISSAIs are written at 'a principle level' and they inform the SAIs on 'what' requirements need to be followed. Each SAI needs to find a 'fit for purpose' method that helps it meet these requirements on a consistent and sustainable basis.

PA methodology complements and operationalizes ISSAIs. It refers to the systematic approach and techniques employed in conducting performance audits, encompassing the **processes,**

The IDI recommends that the PA methodology possesses the following characteristics:

- Embeds ISSAIs into the specific country's environment, context, legal and regulatory framework, and aligns with the SAI's mandate.
- Promotes consistency and uniformity in the PA process by providing a consistent set of procedures, tools, techniques, and templates. This facilitates the achievement of consistent and reliable audit results across different audits and auditors.
- Incorporates supervision and quality review mechanisms within the PA process to enhance adequacy and rigor of audit processes, and the overall quality of audit work.
- Supports continuous improvement in audit practices. Being an 'alive' document methodology allows auditors to learn from past experiences by adapting approach based on lessons learned, and by documenting best practices and innovative techniques.

In summary, while auditing standards provide the foundation, methodology plays a crucial role in guiding auditors on how to effectively apply those standards in specific contexts, ensuring consistency, efficiency, quality, and continuous improvement in the audit process.

PA methodology covers the entire PA cycle, including planning, conducting, reporting, and follow-up of performance audits. It **integrates considerations of audit impact throughout the entire process.**

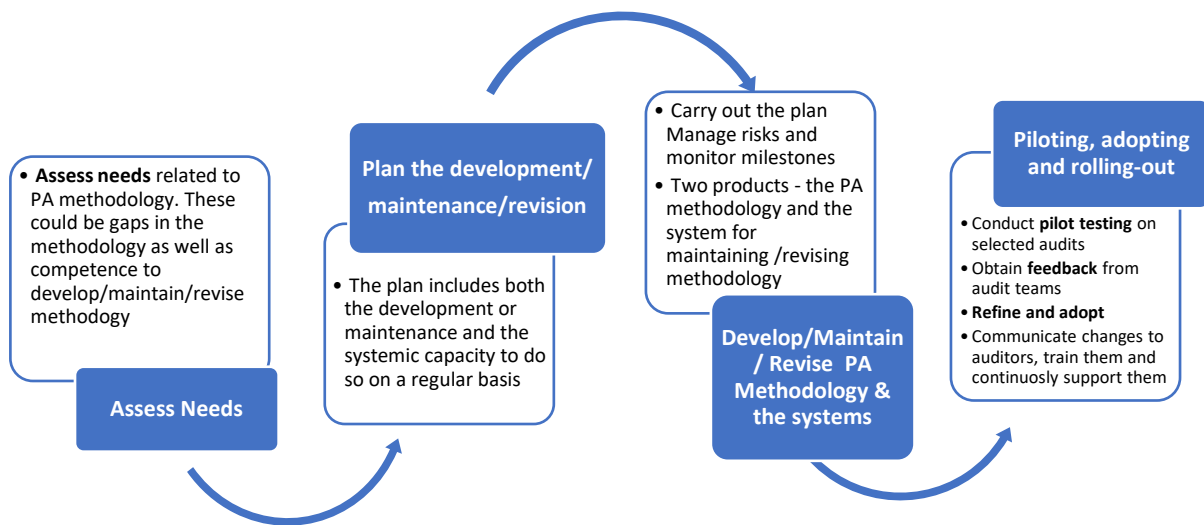
Why should SAIs invest in ISSAI Compliant PA Methodology?

The reason for SAI's leadership to invest in compliant and advanced PA methodologies is two-fold.

Looking from **top-down perspective** such PA methodology ensures common approach to interpretation of ISSAIs by audit teams resulting in conducting audits in systematic and effective manner, and maintaining high quality. This contributes to enhancing the credibility and reliability of SAI's PA audit reports and strengthens public trust in the SAI.

Looking from **bottom-up perspective** such PA methodology brings invaluable support to performance auditors in their audit work, raises their confidence and facilitates knowledge sharing. Equipping staff with appropriate tools to facilitate excellency in their work is a part of 'employee-centric' or 'employee-friendly' policies which enhance employee motivation, productivity, and retention while fostering a positive workplace culture.

How can SAIs develop, maintain or revise PA methodology on a sustainable basis?



What support will IDI provide under this envelope ?

As part of Phase I, SAIs would have identified their needs for sustainable PA practices including needs related to the PA methodology.

Based on the assessed needs IDI will:

- 1) Support SAI Leadership in deciding on development/maintenance or revision option for the PA methodology. IDI will also help the SAI leadership in deciding on the system they wish to put in place for maintaining robust and dynamic PA methodology.
- 2) Help in updating the PA methodology. This includes incorporation of the outputs from envelopes 1, 3, 4 and 6 of the IDI/ADB project.
- 3) Provide advice on the system for maintaining/revising PA methodology on a regular basis.
- 4) Train SAI team in planning and implementing updates.
- 5) The support provided for piloting the methodology will be covered in Envelope 6 on Pilot Audits.

The specific scope, structure, and timeline of this support will be determined through detailed discussions involving the IDI team, the SAI's top management, and technical leaders.