The System of Audit Quality Management: Pilots for SAIs

A call for Expressions of Interest

Background and Context

To build trust, establish credibility and sustain effectiveness of Supreme Audit Institutions (SAIs), there is a need to ensure quality in the audits carried out by the SAI. Quality refers to the degree to which the audits carried out and the reports issued by the SAI comply with professional standards and applicable legal and regulatory requirements, to help the SAI in fulfilling its mandate and contribute value.

INTOSAI is currently working on revising ISSAI 140 - Quality Management for SAIs, with plans to move towards a holistic and systemic risk-based approach to quality management. INTOSAI Development Initiative (IDI) is writing a playbook to support SAIs in setting up a System of Audit Quality Management (SoAQM). The playbook is aligned to the requirements of draft ISSAI 140.

What is an SoAQM?

An SoAQM is a system which the SAI designs, implements and operates at the organisational level to support the achievement of objectives and to enable the SAI and its personnel to conduct high quality audits, fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and contribute value.

What will the SoAQM require?

01 Establishment of quality objectives: The first step is to establish quality objectives which are tailored to the SAI circumstances.

02 Implementation of risk-based approach in managing audit quality: Based on the established quality objectives, the SAI needs to identify and assess quality risks to build a basis in developing responses to manage those risks. This process enables building a system appropriate to the SAI needs.

03 Establishment of a more proactive monitoring and remediation process: In addition to communication of results of monitoring, the SAI also needs to evaluate findings, perform root cause analysis, and identify and address the deficiencies noted. This enables continuous learning for improving the SoAQM.

04 Evaluation of the design, implementation and operation of the SoAQM: Based on the results of monitoring and other reviews, the SAI needs to evaluate and conclude on whether the SoAQM is achieving its objectives.

What is the objective of the SoAQM pilot?

This pilot aims to support ten SAIs in setting up a System of Audit Quality Management.
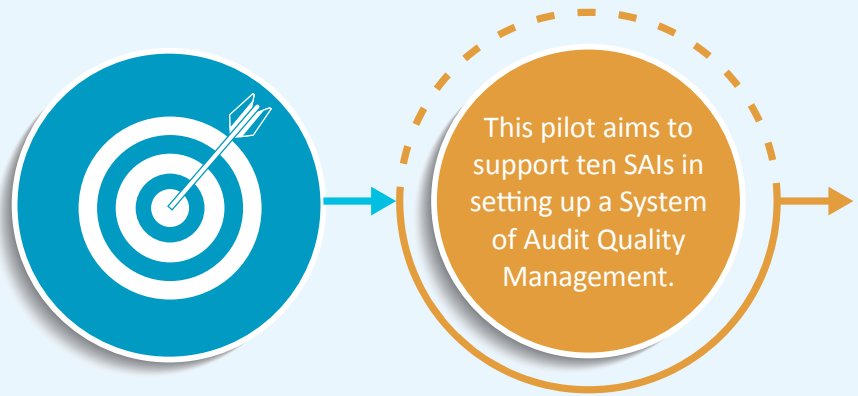
What are the expected outputs of pilot?

Awareness and understanding of SoAQM amongst SAI leadership and personnel

Analysis and documented needs assessment for developing an SoAQM

Initial set-up of the system as per approved SAI policy

SAI policy for SoAQM approved by SAI leadership

Trained pool of SAI staff in different aspects of SoAQM
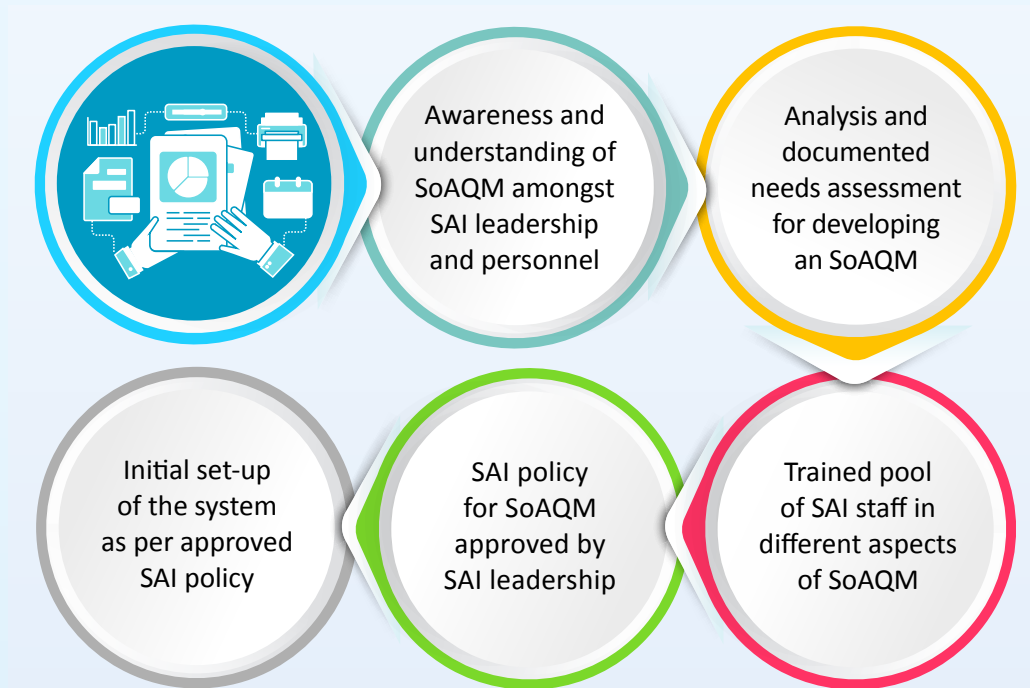
What are the expected outcomes of pilot?

SAI demonstrates a culture that prioritises quality as reflected in the tone of the SAI leadership, SAI system and the behaviour of its people

Established SoAQM appropriate to the SAI needs

Who will be involved in the SAI during the pilot?

SAI leadership. The SAI leadership is mainly responsible for:

01
Making key decisions at the organisational systems level in establishing the SoAQM

02
Identifying and assigning operational responsibilities relating to quality management

03
Advocating the need to manage audit quality and creating awareness within the SAI

04
Approving the policies and procedures

05
Leading the setup of SoAQM

Functional leadership. The SAI leadership is mainly responsible for:

01
Implementation of SAI leadership decisions

02
Taking the lead in conducting needs assessment and developing SAI policies

03
Attending training, as necessary, in managing audit quality

04
Setting up SoAQM as per approved policy

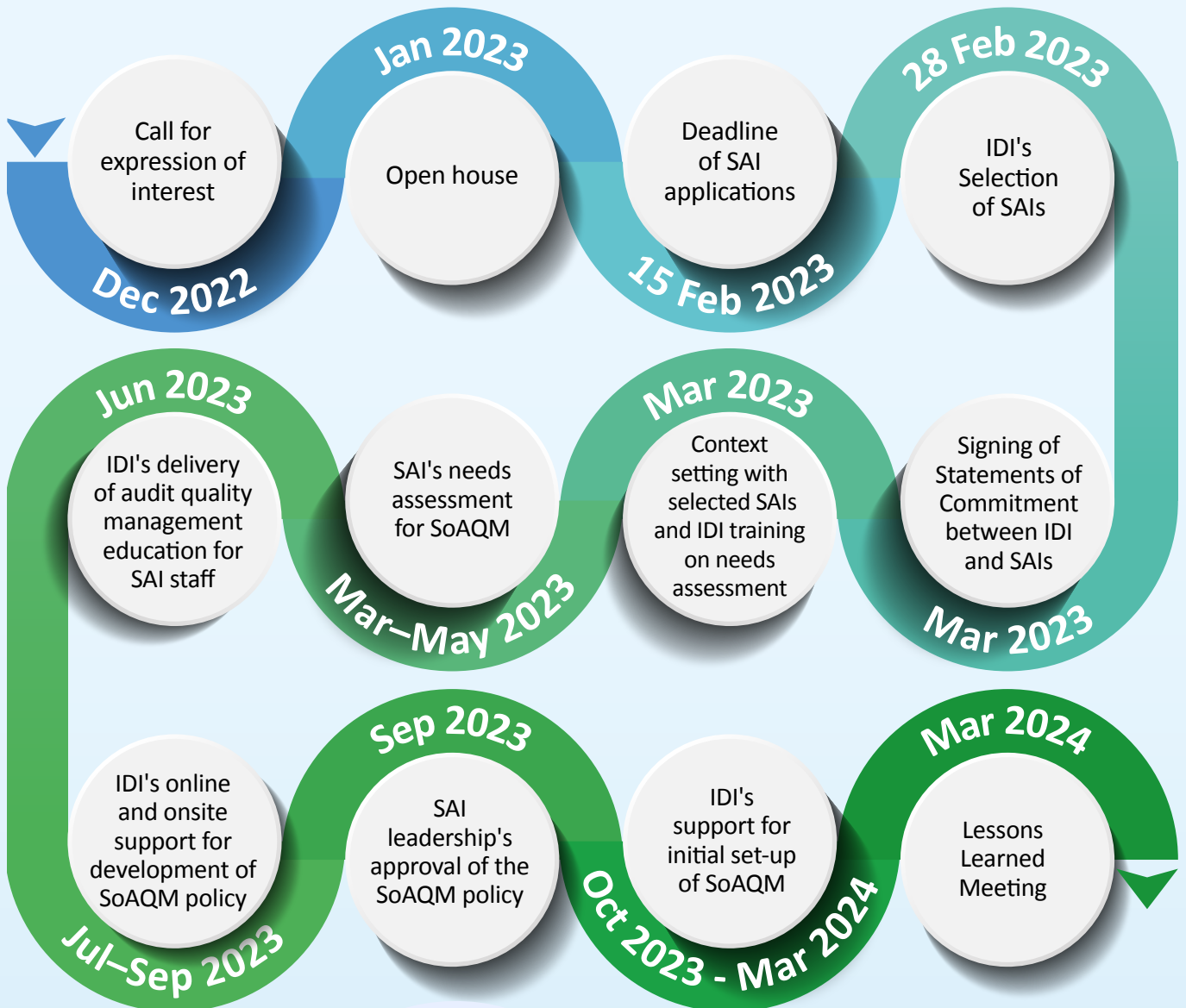**Staff level.** The leadership will identify SAI staff/auditors with appropriate authority, time, and capacity who will be responsible in:

01
Supporting the leadership in needs assessment and developing policies and procedures

02
Attending training in managing audit quality

03
Carry out assigned tasks in the setup of SoAQM

Pilot Activities and Timeline

The timeframe for pilot will be from December 2022 to March 2024.

Dec 2022 — Call for expression of interest

Jan 2023 — Open house

15 Feb 2023 — Deadline of SAI applications

28 Feb 2023 — IDI's Selection of SAIs

Mar 2023 — Signing of Statements of Commitment between IDI and SAIs

Mar 2023 — Context setting with selected SAIs and IDI training on needs assessment

Mar–May 2023 — SAI's needs assessment for SoAQM

Jun 2023 — IDI's delivery of audit quality management education for SAI staff

Jul–Sep 2023 — IDI's online and onsite support for development of SoAQM policy

Sep 2023 — SAI leadership's approval of the SoAQM policy

Oct 2023 - Mar 2024 — IDI's support for initial set-up of SoAQM

Mar 2024 — Lessons Learned Meeting

Call for Expression of Interest

The IDI is seeking SAIs who are interested in joining the pilot of the SoAQM to submit 'Expression of Interests'. SAIs may express their interests by accomplishing the form in this **LINK** or through the QR code on or before **15 February 2023**. The expression of interest is open to SAIs from the developing countries. In completing the form, SAIs will be requested to prepare reflection on the following areas:

Description of the SAI's current practices in managing audit quality including what works well and what needs to be improved

SAI's plans for setting-up SoAQM

SAI readiness to participate in the pilot

SAI willingness to commit required time and resources

The IDI will use the following criteria in selecting SAIs:

Completeness and quality of information in the applications

SAI readiness to conduct the pilot

Regional spread of SAIs

SAI's willingness to commit required time and resources

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