# Tool 12a. Monitoring tool for the organisational level

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| **Name of SAI** | **:** |  |
| **Period of Monitoring** | **:** |  |

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| **Component No. 1:** | **Quality Management Process** | | |
| **QUESTIONS** | | **YES/NO /NA** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| 1. Does the SAI have an established or ad hoc quality risk management process? | |  |  |
| 1. Does the SAI involve individuals with strategic and operational knowledge in the SAI in performing risk assessment? | |  |  |
| 1. Does the SAI establish its quality objectives based on its components of the system of audit quality management? | |  |  |
| 1. Does the SAI identify and assess the likelihood and impact of the risks affecting the quality objectives? | |  |  |
| 1. Are the justifications for the assessment made reasonable? | |  |  |
| 1. Does the SAI design and implement responses to address the assessed quality risks? | |  |  |
| 1. Does the SAI update the result of the risk assessment when there are circumstances affecting the information used in the risk assessment? | |  |  |
| 1. Is the result of the risk assessment, including updates therein, appropriately documented? | |  |  |

| **Component No. 2:** | **Governance and Leadership** | | |
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| **QUESTIONS** | | **YES/NO** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| 1. Are there defined responsibilities of the SAI Leadership which include responsibilities on the design, implementation, and operation of the system of audit quality management? | |  |  |
| 1. Does the leadership define and assign the relevant roles and operational responsibilities of the system of audit quality management to appropriate individuals? | |  |  |
| 1. Does the SAI leadership appropriately discharge their assigned duties and responsibilities relating to quality management? | |  |  |
| 1. Does the SAI have an organisational structure and processes that support the operation of the system of audit quality management? | |  |  |
| 1. Does the SAI establish and implement a code of ethics? | |  |  |
| 1. Does the leadership adopt and implement relevant pronouncements (e.g., from IFPP), regulations and policies as part of their commitment to quality? | |  |  |
| 1. Does the leadership establish a culture emphasizing that quality is essential in the SAI through their actions, constant reminders and motivation to staff, issuance of relevant policies and instructions, and initiation or participation in relevant quality-related activities and training? | |  |  |
| 1. Does the leadership act on the identified threats or deficiencies in quality objectives, and promote the accountability through implementation of rewards and/or imposition of sanctions? | |  |  |
| 1. Does the leadership integrate the importance of quality on the SAI’s strategic and operational planning activities? | |  |  |
| 1. Does the leadership have influence, and exercise this influence over the management of SAI resources to effectively discharge the responsibilities relating to system of audit quality management? | |  |  |

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| **Component No. 3:** | **Relevant Ethical Requirements** | | |
| **QUESTIONS** | | **YES/NO** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| 1. Does the SAI’s code of ethics cover the key and relevant principles in ISSAI 130 Code of Ethics? | |  |  |
| 1. Does the SAI have mechanisms in place to ensure that the code of ethics is updated and relevant? | |  |  |
| 1. Are there programmes, initiatives and activities in the SAI to ensure that SAI personnel understand the code of ethics and its importance to their work in the public service? | |  |  |
| 1. Does the SAI have mechanisms in place for effective implementation of the SAI’s code of ethics, including those applicable to individual audit engagements (e.g. managing risk of breaches and application of safeguards)? | |  |  |

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| **Component No. 4:** | **Acceptance, Initiation and Continuance** | | |
| **QUESTIONS** | | **YES/NO /NA** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of system of audit quality management) |
| 1. Where the SAI has the authority to conduct audits in addition to those mandated by the legal and regulatory framework, does the SAI establish policies and procedures to determine whether the SAI has the competence, capacity, and ability to comply with relevant ethical requirements, and other resources to perform and complete the audit? | |  |  |
| 1. Where applicable, does the SAI follow these policies and procedures in accepting or continuing non-mandated audit engagements? | |  |  |
| 1. For mandated audit engagements, does the SAI integrate in its audit methodologies, tools and audit guidelines how identified issues in acceptance and continuance affect the audit to address such issues and complete the audit? | |  |  |
| 1. Does the SAI appropriately address identified issues in acceptance and continuance on its recent and past audits? | |  |  |

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| **Component No. 5:** | **Performing audits** | | |
| **QUESTIONS** | | **YES/NO /NA** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| **Part I – Value contribution through audits** | | | |
| 1. Does the SAI conduct the audits required by its mandate in a timely manner? | |  |  |
| 1. Does the SAI consider stakeholders' expectations and their key decision needs, significant national and relevant global issues, and emerging risks in defining the scope of its audits, or in the selection of audit topics? | |  |  |
| 1. Does the SAI report on its audits that promote accountability of the government and support positive change? | |  |  |
| 1. Do the SAI’s audit recommendations include measures to enable those charged with public sector governance to properly discharge their responsibilities? | |  |  |
| 1. Does the SAI have an appropriate system of follow-up and consistently monitor the implementation of its audit findings and recommendations? | |  |  |
| **Part II – Audit Practice** | | | |
| 1. Do the SAI auditors fulfil their responsibilities in connection to their assigned audit engagements? | |  |  |
| 1. Are the audit supervisors/directors sufficiently and appropriately involved throughout the audit engagements? | |  |  |
| 1. Are there sufficient and appropriate direction, supervision and review of the audit engagements? | |  |  |
| 1. Are sound professional judgments and professional scepticism exercised in audit engagements? | |  |  |
| 1. When there are difficult or contentious matters, are appropriate consultations undertaken and all issues resolved and documented in accordance with the SAI policy? | |  |  |
| 1. Where there are differences of opinion, do the SAI audit teams resolve the matters with proper documentation in accordance with the SAI policy? | |  |  |
| 1. Are audit working papers prepared, assembled and archived (applicable for inspection of completed engagements) in accordance with the standards, SAI policy and relevant regulations? | |  |  |
| 1. Are the overall audits and reports appropriate and contributing value? | |  |  |
| **Note:**  Using questions in Part II alone is not adequate to monitor the overall audit practices in the SAI. To properly assess the audit practices, there is a need to perform a review of sample financial, performance and compliance audits using the tools included in Tool 12. The consolidated results of individual inspections will provide inputs in assessing these questions. | | | |

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| **Component No. 6:** | **SAI Resources** | | |
| **QUESTIONS** | | **YES/NO /NA** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| 1. Does the SAI set and assess the competency requirements and manpower resource needs to enable the SAI to deliver high quality audits? | |  |  |
| 1. Does the SAI have a recruitment and retention policy and training programmes to build and develop its human resources? | |  |  |
| 1. Does the SAI have sufficient and appropriate technological resources (IT applications, infrastructure, processes) to enable the operation of the system of audit quality management and perform audit engagements? | |  |  |
| 1. Does the SAI have adequate and updated audit manuals, methodologies and tools to support the operation of the system of audit quality management and performance of audit engagements in accordance with the standards?   **Note:** *In reviewing the manuals, methodologies and tools, the monitoring team may utilise the monitoring tool at the engagement level (i.e., detailed ISSAI requirements) to map these resources with the individual requirements in the monitoring tool. It is not necessary to review the manuals, methodologies and tools on every monitoring engagement of the SAI. The SAI may review these documents when there are changes in the standards and/or SAI’s system of audit quality management to ensure that these are up to date.* | |  |  |
| 1. Does the SAI provide tools to the audit teams to facilitate the review and supervision? | |  |  |
| 1. Are there adequate and appropriate policies and procedures for consultation, resolving differences of opinion, engagement of experts, engagement quality review, and audit documentation? | |  |  |

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| **Component No. 7:** | **Information and Communication** | | |
| **QUESTIONS** | | **YES/NO /NA** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| 1. Does the SAI have a clear communication plan and system, either IT or manual, that allows two-way communication to all SAI members? | |  |  |
| 1. Does the SAI environment allow unrestricted access to information relevant to quality management? | |  |  |
| 1. Does the SAI have a working communication strategy with all the relevant stakeholders? | |  |  |
| 1. Does the communication flow consider a balance between transparency and confidentiality? | |  |  |

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| **Component No. 8:** | **Monitoring and Remediation Process[[1]](#footnote-1)** | | |
| **QUESTIONS** | | **YES/NO /NA** | **REMARKS**  (describe the condition, and indicate whether the findings noted pertain to the design, implementation and/or operation of the system of audit quality management) |
| 1. Does the SAI establish an independent monitoring function, either internal or external, that regularly determines whether the system of audit quality management of SAI is achieving the objectives of all the components? | |  |  |
| 1. Does the monitoring include inspection of completed audit engagements covering all the audit streams? | |  |  |
| 1. Does the SAI maintain a monitoring policy governing the monitoring process? | |  |  |
| 1. Is the monitoring function complemented by independent individuals with appropriate competencies and authority? | |  |  |
| 1. Does the monitoring function plan the scope, targets and timeline for the specified period? | |  |  |
| 1. Is there documentation of the completed monitoring process which includes the tools prescribed in the monitoring policy? | |  |  |
| 1. Is there an evaluation of whether the findings noted by the monitoring function constitute deficiencies? | |  |  |
| 1. Is there a causal analysis of the identified deficiencies? | |  |  |
| 1. Are appropriate remedial actions provided to address the causes of the identified deficiencies, and correct their effects? | |  |  |
| 1. Were the deficiencies discussed with the SAI management and concerned audit teams prior to the finalisation of the monitoring report? | |  |  |
| 1. Is there a monitoring report prepared covering the result of the monitoring, feedback from the SAI management and/or concerned audit team, and action plans, if any? | |  |  |
| 1. Are there follow-up mechanisms for monitoring performed in the previous period(s)? | |  |  |

1. In addition to this tool, Tool 8 (which serves as quality review for monitoring) may also be repurposed and used to supplement the monitoring of the operation of monitoring function. [↑](#footnote-ref-1)