ISSAI 100

Fundamental Principles of Public Sector Auditing for Supreme Audit Institutions

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Niels-Erik Brokopp
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Purpose of the harmonisation project

• Overall objective: revise the text of ISSAIs 100-400 and develop the ISSAIs into a more coherent set of standards

• 4 goals:
  A. Revise the ISSAI 100-999 Fundamental Auditing Principles on level 3
  B. Make limited editorial changes in ISSAIs 10-99 on level 2 and improve consistency between the level 1 & 2
  C. Ensure alignment with the ISSAI 1000-4999 Implementation Guidelines
  D. Consider alignment between the ISSAI 5000-5999 Specific Guidelines and ISSAI 100-4999
Where are we?

• Goal A is in the process of finalisation
  – Draft ISSAI 100 was discussed in Washington (2011) and Copenhagen (2012)
  – Takes into account written comments from PSC SC
  – ISSAI 100 & 300 adopted for exposure by PSC SC from September 2012 to February 2013
  – Final drafts of ISSAI 200 & 400 still to be approved by FAS and CAS

• Goals B, C and D...
Structure of level 3

Old standards → New Fundamental Principles

- ISSAI 100
  “Basic principles”
- ISSAI 200
  “General standards”
- ISSAI 300
  “Field standards”
- ISSAI 400
  “Reporting standards”

- ISSAI 100
  “...Public Sector Auditing”
- ISSAI 200
  “...Financial Audit”
- ISSAI 300
  “... Performance Auditing”
- ISSAI 400
  “... Compliance Audit”
ISSAI 100 - Structure

- Structure agreed upon by project group in Copenhagen in May 2012
- ISSAIs 200-400 should aim at following a similar structure

- Introduction
- Purpose and authority of the ISSAIs
- Framework for public sector auditing
  - Mandate
  - Accountability, transparency, governance and performance
  - Organisational requirements relating to quality control and ethics
  - Objective
  - Confidence and assurance in public sector auditing
  - Types of public sector auditing
- Elements of public sector auditing
  - The practitioner / auditor
  - Responsible party
  - Intended users
  - Underlying subject matter and subject matter information
  - Suitable criteria
- Principles to be applied in conducting an audit
  - General principles
  - Principles related to the audit process
    - Activities related to planning the audit
    - Activities related to performing the audit
    - Activities related to evaluating audit evidence, concluding and reporting
- Making reference to the ISSAIs
• **Introduction**
  – the principles contained in ISSAIs 200-400 should be applied *in conjunction* with those presented in ISSAI 100

• **Purpose and authority of the ISSAIs**
  – difference between levels 1 and 2 which apply to the SAIs as institutions and 3 and 4 which apply to the auditor

• **Framework for public sector auditing**
  – recognition of the differences in the perception of what auditing is, which depends on mandate, strategic decisions or organisation
  – reminder of the most important organisational requirements for the SAIs: ethics and quality control
  – objective of auditing and public sector auditing
• **Confidence and assurance in public sector auditing**
  – a sub-group consisting of PAS, FAS and CAS representatives was formed to write this section
  – recognises that assurance or confidence can be presented in different forms, not exclusively in an opinion

• **The elements and the principles to be applied**
  – common issues for the three audit types:
    ▪ elements relating to a public sector audit situation
    ▪ principles when conducting an audit divided into two groups:
      o general principles; and
      o principles applicable to the phases of the audit process

• **Making reference to the ISSAIs**
  – text agreed by the “authority” sub-group and which should be repeated in ISSAIs 200-400 – two ways to use the principles:
    ▪ either to form the basis on which standards are developed or adopted
    ▪ or to form the basis for the adoption of the general auditing guidelines at level 4 as the authoritative standards
ISSAI 100 – What is not in?

Examples of issues/principles not covered or reduced drastically:

• Sampling which has its own principle in the Lima declaration has not been brought forward to ISSAI 100

• Reporting from ex-ISSAI 400 has only to a small extent been taken into account in ISSAI 100 – up to FAS/PAS/CAS to incorporate important elements in 200/300/400