



PERFORMANCE AUDIT GUIDELINES

[For Internal Use of OCAAG Bangladesh]

June, 2025

**Issued Under the Authority of
Comptroller and Auditor General of Bangladesh**



Performance Audit Guidelines

(For Internal Use of OCAAG Bangladesh)

Office of the Comptroller and Auditor General
of Bangladesh

Foreword (Revised Version)

I am immensely pleased to know that the revised version of the Performance Audit Guidelines-2023 is now set to be published. The original version of the guidelines was published in May 2023, the first ever in Bangladesh. Two years have passed by since then. Meanwhile, Model Performance Audits on three selected topics have been completed using the original version of the guidelines and the findings of the audit teams were presented in a workshop held in the office of the Comptroller and Auditor General. After the issuance of the guidelines, several inconsistencies were noticed that necessitated a revision of the document. The relevant experts of the EU-supported TA team and the task team of the OCAG put in their best endeavours to make the revised version finer and more streamlined. The revised version is a reprint of the original version by accommodating some amendments of the original text, and insertion of some new text, notably on risk management.

I would like to thank the European Union Delegation to Bangladesh for providing technical support in developing the original version as well as the revised version of the Performance Audit Guidelines.

I also sincerely thank the EU-supported TA team and the relevant task team of the OCAG for their relentless efforts in giving the document a finer shape.



Md. Nurul Islam
Comptroller and Auditor General of Bangladesh
Dhaka, Bangladesh

2 June 2025

Foreword

Performance Audit is one of the three main types of public sector audit along with Compliance and Financial Audit. Compliance Audit is currently the mainstay of audit practice in Bangladesh but there are rising demands for deeper insights and knowledge from policy makers, parliamentarians and citizens. Performance audit will lead the way in providing support to these stakeholders in their roles in our country.

Performance auditing has a key role in contributing to the increased credibility of the SAI Bangladesh and to improving Public Financial Management (PFM) resulting in beneficial change to the Public Sector.


With the promulgation of Government Auditing Standard of Bangladesh, based on the International Standards of Supreme Audit Institutions (ISSAI), it is necessary to provide a guide to enable better performance audits to be conducted.

These guidelines have been prepared to enable auditors and audit teams of the Office of the Comptroller and Auditor General (OCAG) to conduct performance audits of high quality, consistent with the Government Auditing Standards of Bangladesh, the Code of Ethics and the Quality Control System in the OCAG. The guidelines draw upon international best practices bearing in mind the Bangladesh context. The guidelines are presented in a logical, comprehensive and user friendly format.

The guidelines set out processes and procedures for auditors and audit teams to plan, execute and report on performance and thus to deliver high quality, relevant, constructive and informative audit reports to the wide constituency of users including Parliament, Policy Makers and Public Sector Managers. Performance audit reports will also inform our citizens about key Value for Money issues in our country.

OCAG has continually strived to improve processes and practices and these Performance Audit guidelines will further enhance our efficiency and effectiveness.

I would like to take this opportunity to thank the European Union Delegation of Bangladesh for the technical co-operation and support in developing these guidelines and I put on record my sincere appreciation of the efforts of my officers who have worked hard to prepare these guidelines. The guidelines are gender neutral. Words and expressions denoting masculine gender include feminine gender also.

 - 11-05-2023

Mohammad Muslim Chowdhury
Comptroller and Auditor General of Bangladesh
Dhaka, Bangladesh

11 May 2023

Preface

The OCAG has a key role to promote economy, efficiency, effectiveness, accountability, good governance and transparency by auditing the activities of the Government of Bangladesh. CAG of Bangladesh draws his mandate from the Constitution and CAG (Additional Functions) Act, 1974. Detailed rules relating to public audit are issued by him in the form of the Audit Code. With the promulgation of the new Government Auditing Standards of Bangladesh (GASB), Code of Ethics and Quality Control System, it was appropriate to issue updated guidelines for Performance Auditing.

The guidelines recognise that OCAG must deliver performance audit within well-developed Performance Management Frameworks that recognises the influence of international policy such as the Sustainable Development Goals and national policy, performance and resource allocation as set out in the National Development Plans, Medium Term Budget Frameworks, Sector Strategies and the annual Budget Speech.

Performance audit focuses on essential elements of governance, namely economy, efficiency and effectiveness. The guidelines recognise that these 3Es are applicable in all government interests including programmes, projects and within and across administrative entities.

The guidelines are intended to be both accessible and practical for implementers. They provide practice guidance on performance auditing in a comprehensive, but concise and balanced volume that conveys standards, good practice and ‘hands-on’ performance audit guidance.

Whilst these guidelines are prescriptive in some respects, they do not in any way replace professional judgement and skills and knowledge of the officers and staff of OCAG. More so than other categories of auditing, professional judgement and audit innovation is positively encouraged within these performance auditing guidelines. The guidelines emphasise the collective leadership of audit teams in delivering excellence in performance auditing and through implementation, the guidelines will act as an agent for developments in Value for Money across the government.

These guidelines also recognise that performance auditing will be a journey of innovation and development that will take place in a rapidly changing audit environment and, with this in mind, the guidelines should be reviewed and updated periodically by the Rules and Regulations Unit (RRU) of OCAG.

From time to time, the OCAG may issue audit instructions to address specific matters not covered in the guidelines, to further elaborate any aspect of the guidelines or to provide guidance on any policy matter that may come up regarding performance audit.

Abbreviations and Acronyms

ADP	Annual Development Programme
AMMS 2.0	Audit Management and Monitoring System (2.0)
APA	Annual Performance Agreement
AQCP	Audit Quality Control Plan
ASOSAI	Asian Organisation of Supreme Audit Institutions
ASYCUDA	Automated System for Customs Data
AW	Area Watching
BACS	Budget and Accounting Classification System
C&AG	Comptroller and Auditor General (of Bangladesh)
CGA	Controller General of Accounts
CIPS	Chartered Institute of Procurement and Supply
CIS	Computer Information Systems
DG	Director General
DPP	Development Project Proposal (Pro-Forma)
eGP	e Government Procurement System
FA	Financial Audit or Financial Auditing
GASB	Government Auditing Standard of Bangladesh
GED	General Economics Division
GFSM	Government Finance Statistics Manual (2014)
GoB	Government of Bangladesh
GS	General Survey
HR	Human Resources
IDEA	Interactive Data Extraction and Analysis
IDI	INTOSAI Development Initiative
IDI/PAS	IDI / Performance Audit Sub-Committee Development Team
IFPP	INTOSAI Framework of Professional Pronouncements
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
ISQC	International Standards for Quality Control
ISSAI	International Standards of Supreme Audit Institutions
KPI	Key Performance Indicator
MAPS	Methodology for Assessing Procurement Systems
MTBF	Medium Term Budget Framework
NGO	Non-Government Organisation

Abbreviations and Acronyms

OBS	Open Budget Survey
OCAG	Office of the Comptroller and Auditor General (of Bangladesh)
PA	Performance Audit or Performance Auditing
PAC	Public Accounts Committee
PPAF	Permanent Performance Audit File
PAS	Performance Audit Sub-Committee (of IDI)
PEFA	Public Expenditure and Financial Accountability (Reports)
PFM	Public Financial Management
QA	Quality Assurance
QAR	Quality Assurance Review
QCS	Quality Control System
RP	Responsible Party
RRU	Rules and Regulations Unit (of OCAG)
SAI	Supreme Audit Institution
SAP	Strategic Audit Plan
SDG	Sustainable Development Goals
SPAP	Strategic Performance Audit Plan
VfM	Value for Money
WB	World Bank
WP	(Audit) Working Paper

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1. CHAPTER 1 - Performance Auditing – Mandate and Concepts

1.1. Introduction

- 1.1.1. Performance auditing is part of the work of the SAI Bangladesh to form a comprehensive audit framework (with Compliance and Financial Auditing) which contributes to improved public finances, sound governance and reduced corruption.
- 1.1.2. These guidelines are based on audit methodology and standards set out in the INTOSAI Framework of Professional Pronouncements (IFPP)¹ for performance auditing and the Government Auditing Standards of Bangladesh (GASB).²
- 1.1.3. An overview of the performance audit process is illustrated at *Appendix 1: Stages of Performance Audit with Methodology*.
- 1.1.4. The *Budgetary Central Government of Bangladesh Performance Management Framework* is set out at Figure 2 (page 20) as the source of Responsible Party performance information (including performance audit criteria, Key Performance targets and indicators, policy and strategy information and context) required by audit teams to conduct performance audits. A brief description of the elements of the *Budgetary Central Government of Bangladesh Performance Management Framework* and related documents is set out at Table 2 (page 20).
- 1.1.5. The guidelines provide practical advice on how the Audit Directorates and their performance audit teams implement GASB and INTOSAI requirements. Practice examples from Bangladesh, templates, good practice examples, guides, illustrations, advice and checklists have been included to support audit teams.
- 1.1.6. Performance auditing is an independent, objective, and reliable examination of whether government undertakings, systems, operations, programmes, activities, or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.³

1.2. SAI Bangladesh’s Auditing Mandate

- 1.2.1. The Comptroller and Auditor General (CAG) of Bangladesh draws audit mandate from the Constitution of the People’s Republic of Bangladesh and the Comptroller and Auditor General (Additional Functions) Act, 1974. According to Article 128(1) of the Constitution the CAG has the powers and jurisdiction to audit public accounts of the Republic and of all courts of law and all authorities and officers of the Government and report thereon. Section 5(1) of the CAG (Additional Functions) Act, 1974 empowers CAG to audit any statutory public authority, public enterprise or local authority.
- 1.2.2. CAG’s independence is guaranteed by the Constitution. In carrying out his audit functions as mandated by Article 128(4) of the Constitution, (s)he is not subject to the direction or control of any other person or authority.

¹ ISSAI 300-Performance Audit Principles, ISSAI 3000-Performance Audit Standard, GUID 3910-Central Concepts for Performance Auditing

² Government Auditing Standards of Bangladesh; <https://cag.org.bd/storage/app/media/Government%20Auditing%20Standards%20of%20Bangladesh%202021.pdf>

³ ISSAI 3000/17- Performance Audit Standard; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

1.3. Definition of Performance Auditing

- 1.3.1. As noted in the Government Auditing Standards of Bangladesh⁴ (GASB), performance audits carried out by OCAg are independent, objective and reliable examination of whether government systems, operations, programmes, activities or organisations are operating with the principles of economy, efficiency and effectiveness. Such audits try to examine and report whether there is room for improvement. Increasingly, however, issues of equity and environment are emerging as important dimensions of public sector decisions. Equity includes inter-generational equity. Performance audits conducted by OCAg consider such issues of equity and report thereon.

1.4. Objectives of Performance Auditing

- 1.4.1. As noted in the GASB performance audits focus more on activity and results rather than accounts, rules and transactions. The objective is to promote economy, efficiency and effectiveness in governance, thus contributing to accountability and transparency. The fundamental principle that drives performance auditing is whether the governments and citizens have received value for money. Performance audits examine if the intentions of Parliament and the Executive have been economically, efficiently and effectively implemented.
- 1.4.2. Performance audits do not examine government policies but examine if the intentions of these policies have been achieved. Such audits also explore whether there have been unintended consequences of these policies or there were better alternative approaches to achieve the intended results.
- 1.4.3. Performance audits are essentially constructive feedback on government activities. Such audits add value to government programmes by providing independent feedback and providing appropriate additional and useful information on the subject matter of audit to the intended users.
- 1.4.4. Director Generals should undertake performance audits only after defining the audit objectives in clear terms and sufficient detail. A performance audit may have more than one audit objective. Such audit objectives shall form part of audit engagement planning and audit documentation.
- 1.4.5. Director Generals may undertake a limited scope engagement to obtain a detailed understanding to define audit objectives in clear terms and sufficient details. Such engagements shall not result in an audit report.
- 1.4.6. All audit objectives should be thematically cohesive, complementary to each other and taken together, should provide a comprehensive picture of the subject matter so that intended users can use the audit report for an informed and comprehensive understanding of the subject matter. Audit objectives may include current changes in the financial pattern and governance.

⁴Government Auditing Standards of Bangladesh; <https://cag.org.bd/storage/app/uploads/public/63e/0a1/a65/63e0a1a657e96371746665.pdf>

1.5. Confidence and Assurance in Performance Auditing

- 1.5.0. Performance audits undertaken by OCAG shall be **direct reporting engagements**⁵ and not attestation engagements. The OCAG may not provide an opinion in the performance audit report but shall provide findings, conclusions and if appropriate, recommendations
- 1.5.1. Performance Audit is a type of assurance work. OCAG shall communicate in a transparent manner the subject matter and criteria, the findings and how the conclusions were developed in order to provide reasonable assurance to the intended users about the outcome of the audit⁶. This means that audit provides reliable and valid information user (Parliament or the Executive) about the activities of a Responsible Party.
- 1.5.2. Assurance reports are intended to provide confidence for intended users that the audit conclusions accurately reflect the state of the underlying subject matter. Audit conclusions must be clearly linked to the audit objectives and audit criteria. Reaching an audit conclusion is a judgement based exercise and all aspects of the conclusions should be supported by evidence-based findings related to the audit criteria. Evidence must be sufficient and appropriate.
- 1.5.3. Links between, evidence, criteria and conclusions must be clear to intended users. The report should be clear on how findings, criteria and conclusions were developed and why the combinations of findings and criteria result in a certain overall conclusion or set of conclusions. Findings and conclusions should be developed in a balanced and reasonable manner.

⁵ Direct Reporting means that it is the auditor who measures or evaluates the subject matter evidence against the criteria. The auditor is responsible for producing the subject matter information. The auditor selects the subject matter and criteria, taking into consideration risk and materiality

⁶ See Page 15 GUID 3910 Central Concepts for Performance Auditing;
<https://www.issai.org/wp-content/uploads/2019/08/GUID-3910-Central-Concepts-for-Performance-Auditing.pdf>

2. CHAPTER 2 – General Requirements for Performance Auditing

2.1. Independence and Ethics

- 2.1.1. Adhering to independence and ethical requirements is a prerequisite to conducting performance audits and is emphasised in the OCAG’s Code of Ethics.⁷ The following sections present important concepts regarding independence and ethics.
- 2.1.2. Independence means being free from circumstances or influences that compromise, or maybe seen as compromising, professional judgement, and acting in an impartial and unbiased manner.
- 2.1.3. It is important that the SAI and the audit team understands that potential threats exist that could affect independence and undermine the effectiveness of an audit. There are six major threats to independence during a performance audit, as shown in Table 1 below:

Table 1: Six Major Threats to Independence During a Performance Audit

Possible Threats	Condition(s)
Self interest	This threat occurs when an auditor could benefit directly or indirectly from an interest or relationship with the responsible party.
Bias or advocacy	This threat occurs when an auditor promotes a position or opinion to the point that neutrality and/or objectivity may be, or may be perceived to be, impaired.
Familiarity	This threat occurs when, by virtue of a close relationship with the responsible party, the auditor becomes too sympathetic to its interests.
Intimidation or undue influence	This threat occurs when the auditor may be deterred from acting objectively and exercising professional scepticism by threats, actual or perceived, from the responsible party.
Self-review	This threat occurs when any product or judgment from a previous engagement needs to be evaluated to reach conclusions in the current engagement.
Management participation	This threat occurs when the audited entity becomes unduly involved in the audit, for example as a team member.

Source: GUID 3910/14⁸

- 2.1.4. The Director Generals should apply control mechanisms that eliminate or reduce a threat to independence to an acceptable level.
- 2.1.5. The Director Generals should also ensure their personnel do not develop too close of a relationship with the entities they audit, so they can remain objective. The OCAG, while adhering to the laws enacted by the legislature that apply to them, should also be free from direction or interference from their legislature or government in the:
- Selection of audit topics, if applicable, as some SAIs must perform audits of certain topics based on their mandate. Regardless, it is important that the SAI and the audit team and its members maintain independence in conducting audits;
 - Planning, programming, conducting, reporting and following-up of their audit;
 - Organisation and management of their office; and
 - Enforcement of their decisions where the application of sanctions is part of their mandate.

⁷ Code of Ethics; <https://cag.org.bd/storage/app/uploads/public/639/568/11d/63956811d5d8c719892421.pdf>

⁸ GUID 3910 Central Concepts for Performance Auditing; <https://www.issai.org/wp-content/uploads/2019/08/GUID-3910-Central-Concepts-for-Performance-Auditing.pdf>

2.2. Signing Declarations of Interest and Conflicts

2.2.1. Director Generals should ensure that each of the audit team members do not have any interest or conflicts in the assignments that they undertake. Each Audit Team member should be encouraged to sign a declaration of independence, an example of a declaration is shown at *Appendix 2: Example of an Independence Statement*. Once these declarations are completed, they should be held on the audit file.

2.3. The Three Parties in Performance Auditing

2.3.1. The audit team should explicitly identify the intended users and the responsible parties of the audit and the implication of these roles and conduct the audit accordingly.⁹ The three parties in public-sector audits are the **auditor (the audit team)**, **responsible party** and **intended users**.

2.3.2. **The auditor:** This means **the audit team** – in this guide, this is the term used most frequently. The audit team should have an appropriate range of complementary skills to carry out the performance audit. At the planning stage, the audit team will identify in clear terms, the intended users and the responsible party.¹⁰ Before undertaking any performance audit, the audit engagement team shall identify in clear terms, the intended users and the responsible party.

2.3.3. **The responsible party:** Responsible party would typically mean auditee or audited entity. The responsible parties can also be categorised as performing line functions and staff functions. The subject matters of performance audits, which will be in the nature of programmes/ activities/ large organisations, will almost always be comprehensive and expansive so that the responsible party can be more than one. The responsible parties shall be identified by audit engagement teams at the stage of audit planning. Subsequently, during the course of audit, if necessary, alterations may be carried out to the list of responsible parties with suitable explanations.

2.3.4. **The intended users:** The intended users are the persons for whom the audit team prepares the performance audit report. The intended users can be Parliament, GoB entities, Projects, Programmes and other stakeholders. While keeping in mind the needs and interests of the intended users and responsible parties, the audit engagement teams shall not compromise principles of independence, impartiality and professional scepticism and shall always apply professional judgement free from bias.

2.3.5. Responsible parties and intended users must be documented and shall form part of audit documentation. Any alteration to these during the audit engagement shall also be documented with suitable explanations.

2.4. Principles of Performance Auditing

2.4.1. The principle of **economy** means minimising the cost of resources that are used by any operation, programme, activity or organisation. The resources should be available at the best price and should be of appropriate quantity and quality and available at the right time, when these are necessary.

2.4.2. The principle of **efficiency** means getting the most from the available resources. The outputs derived from the resources should be commensurate in terms of quantity, quality and timing.

⁹ ISSAI 3000/25 Performance Audit Standard; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

¹⁰ Government Auditing Standards of Bangladesh (8.13-8.17);

<https://cag.org.bd/storage/app/media/Government%20Auditing%20Standards%20of%20Bangladesh%202021.pdf>

2.4.3. The principle of **effectiveness** means meeting the objectives set and achieving the intended results at the right time.

2.4.4. The principles of **Economy, Efficiency and Effectiveness** in performance auditing are defined in ISSAI 300/11. The requirement, according to ISSAI 3000/35, states that “*the auditor (audit team) shall set a clearly-defined audit objective(s) that relates to the principles of economy, efficiency and/ or effectiveness*”.

2.5. Principle of Economy

2.5.1. Economy is minimising costs of resources used in performing an activity (the inputs). Resources used should be available in good time, at the best price and be of appropriate quantity and quality.

2.5.2. In an audit of the economy, the audit team might ask questions such as shown in Box 1 below.

Box 1: Indicative Audit Questions on Economy

- Have the best prices been obtained through Competitive Bidding?
 - Is there potential for reducing the cost by an acceptable alternative approach or method?
 - Which specific procedures are in place to ensure that transport costs are the lowest possible?
 - Has there been a waste of resources in achieving an output?
 - Are the goods of appropriate quantity and quality?
- Considerations of **economy** may lead the audit team to examine processes and management decisions regarding the **procurement of goods, works and services**.

Based on Resources in INTOSAI Development Initiative Library

2.6. Principle of Efficiency

2.6.1. Efficiency means making the most of available resources. It is the relationship between resources employed (the inputs) and outputs delivered in terms of quantity, quality and timing. The key question is: “*Is the Responsible Party achieving the most output in terms of quantity and quality from its inputs?*”¹¹

2.6.2. In an audit of the efficiency, the audit team might ask questions such as shown in Box 2 below.

Box 2: Indicative Audit Questions on Efficiency

- How does the cost per job created by a training programme for the unemployed compare with similar costs per job created elsewhere?
- Is the cost of training decreasing over time keeping similar or improved quality?
- Has the time used on the audit reduced due to the training received?
- Has the training increased the confidence to solve their problems by themselves?

When the audit objective is to assess **efficiency**, the audit team will usually focus on processes by which organisation **transforms inputs (resources) into outputs, outcomes or impacts (goods, services, effect, results etc.)**.

Based on Resources in INTOSAI Development Initiative Library

¹¹ Adapted from GUID 3910 Central Concepts for Performance Auditing:
<https://www.issai.org/wp-content/uploads/2019/08/GUID-3910-Central-Concepts-for-Performance-Auditing.pdf>

2.7. Principle of Effectiveness

- 2.7.1. Effectiveness means achieving set aims or objectives and deals with results (i.e., outputs, outcomes and impacts). It is also about the extent to which policy objectives have been met by results.
- 2.7.2. The question of effectiveness consists of two parts: first, to what extent Responsible Party objectives are met and second, if this can be attributed to the output of the policy pursued (GUID 3910/42). It focuses on questions such as shown in Box 3 below.

Box 3: Indicative Audit Questions on Effectiveness

When assessing **effectiveness**, the audit team should consider if, and how, a government policy, programme or activity is meeting its goals. (**Comparison of outputs, outcomes or impacts with stated objectives**).

- Have women trainees become successful businessperson as stated in the project objectives?
- Has trained persons' income increased?
- Has the trained person's quality of life increased resulting from the training and next efforts?

Based on Resources in INTOSAI Development Initiative Library

- 2.7.3. *An example from Bangladesh that an audit team may have used is looking at the Dhaka – Chattagram highway which was converted to a six lane road from four lanes with a view to increasing traffic flow, improving safety and reducing journey times. To assess the effectiveness of the project, the performance audit team could focus simply on the change in indicators, but an ambitious audit team may further concentrate on the change in use of Chattagram seaport, timeliness of shipments and exporters' changing levels trust to use road and seaport routes.*
- 2.7.4. In an audit of effectiveness, an audit objective could be to assess the outputs, outcomes or impacts (results) of an intervention, i.e., the extent to which operational or immediate objectives have been achieved. Their achievement could also be monitored by **performance indicators**.¹² Key Performance Indicators (KPIs), from the *Budgetary Central Government of Bangladesh Performance Management Framework* should be used as reference points by the audit team.

2.8. Relationship Between the 3Es:¹³

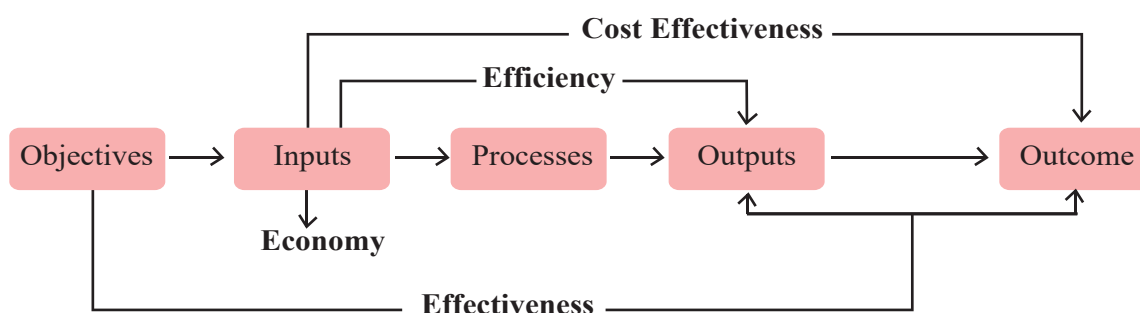
- 2.8.1. The audit team will often look at more than one of the 3Es, and the relationship between them is important to understand. For example, looking at economy without also considering the outcome of a policy might lead to inexpensive but ineffective interventions.
- 2.8.2. In an audit of effectiveness, the audit team may consider relevant aspects of economy and efficiency.
- 2.8.3. The outputs of a Responsible Party's activity, programme, or operation may have had the desired result, but were the resources used too costly?
- 2.8.4. The audit team should strive to understand the relationship between the intervention and its objectives, inputs, processes, outputs, and outcomes, including results and impacts.

¹²More details of performance indicators can be found in the Chapter 3 as the performance indicators are identified in the stage of audit planning

¹³ GUID 3910/47 Central Concepts for Performance Auditing <https://www.issai.org/wp-content/uploads/2019/08/Guid-3910.pdf>

2.8.5. In the definition of performance auditing the three E's, economy, effectiveness and efficiency have a central place. The relation between these three principles is explained further in Figure 1 below. In this figure input refers to the financial, human, and material resources used for a government intervention (government undertaking, policy, system, operation, programme, activity or organisation). Output refers to the products, capital goods and services which result from a government intervention. Outcome refers to the likely or achieved effects of an intervention's outputs. These can be short-term, mid-term or even long-term (long term effects can also be referred to as 'impacts' - more on this at *CHAPTER 4 – Preparing the Pre-Study Report and the Audit Plan*).

Figure 1: Relationship between Economy, Efficiency and Effectiveness



Source GUID 3910/37¹⁴

2.9. Approaches to Performance Auditing

- 2.9.1. Performance auditing follows one of three approaches¹⁵ and the audit team should choose one, or a combination of, these approaches.
- 2.9.2. **Result-Oriented Approach** assesses whether pre-defined (outcome or output) objectives have been achieved as intended or programmes and services are operating as intended; (For Example – “*Has the Government of Bangladesh Met Preparedness Criteria for Disaster Risk Management?*”)
- 2.9.3. **Problem-Oriented Approach** examines, verifies and analyses the causes of a particular problem(s) or deviations from criteria; (For Example – “*To Analyse the Causes of Under-achievement in {a named} policy domain or entity*”)
- 2.9.4. **System-Oriented Approach** examines the proper functioning of management systems and internal controls to assess the capability of the system to achieve principles of value for money, e.g., a procurement system. (For Example – “*To Assess if Procurement Controls in the Ministry Education Achieves the Lowest Prices for the Acquisition of Textbooks {Economy}*”)

¹⁴ Reproduced From GUID 3910/37 Central Concepts for Performance Auditing <https://www.issai.org/wp-content/uploads/2019/08/Guid-3910.pdf>

¹⁵ ISSAI 300 Performance Audit Principles (page 15 and 16) <https://www.issai.org/pronouncements/issai-300-performance-audit-principles/>

3. CHAPTER 3 - Strategic Planning for Performance Auditing

3.1. Government of Bangladesh Performance Management Framework

3.1.1. The Government of Bangladesh (GoB) has developed a sophisticated performance management framework over many years of Public Financial Management (PFM) reform. The framework is illustrated below in *Figure 2: Budgetary Central Government of Bangladesh Performance Management Framework*.¹⁶ The Performance Management Framework is the source of information regarding GoB’s targets, performance indicators, plans, budgets financial reporting and non-financial reporting. Performance Auditing in Bangladesh is undertaken within this context.

Figure 2: Budgetary Central Government of Bangladesh Performance Management Framework

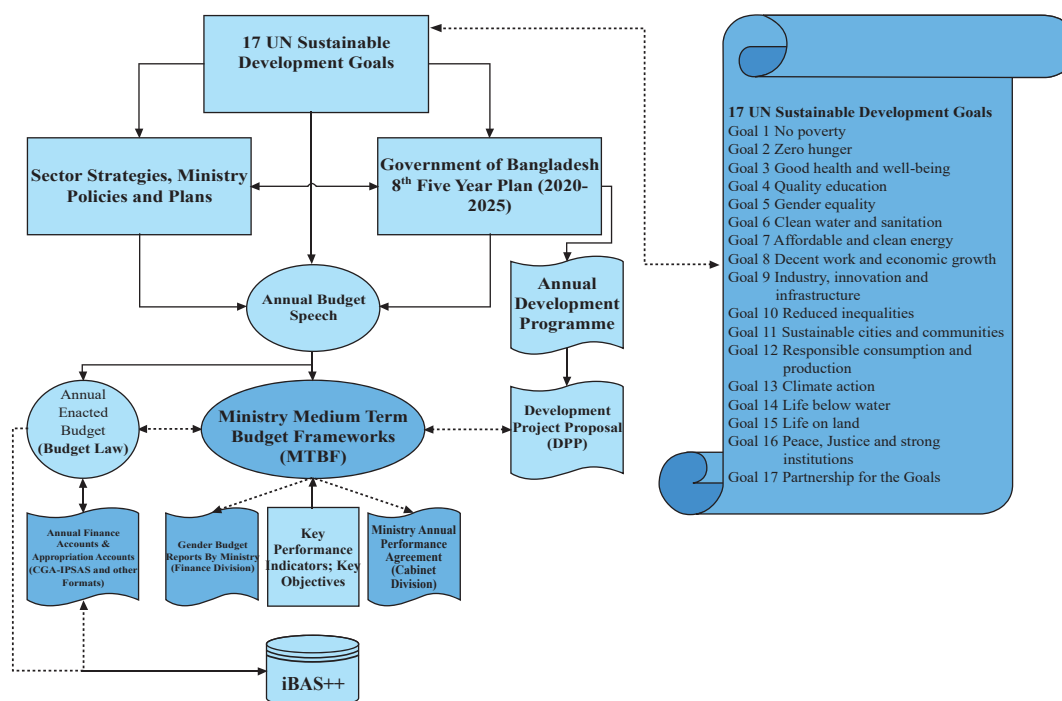


Table 2: Description of the Performance Management Framework Documents and their Purpose

Sl No.	Document Name	Publisher	Content / Brief Description	Purpose
1.	Sustainable Development Goals (SDG)	United Nations (UN); General Economics Division (GED), Planning Commission, Bangladesh	Bold, universal agreement of UN to end poverty in all dimensions and craft an equal, just and secure world –for people, for prosperity and for the planet by 2030. There are 17 Goals and 169 Targets. 153 member states of UN have adopted it – including Bangladesh ¹⁷ .	Streamlining the planning process to achieve the SDG goals.

¹⁶ Some information for other government undertakings such as State Owned Enterprises may be found within this framework but also may be found from other sources including their annual reports and accounts, for example.

¹⁷ Bangladesh Government SDG Tracker Website; <https://www.sdg.gov.bd/>

Sl No.	Document Name	Publisher	Content/Brief Description	Purpose
2.	Five Year Plan	GED Planning Commission	Government's planning document for five year horizon. It describes the present status and future development plans of all sectors of the Government. Current plan is 2020-2025; Future five year plans will supersede the 8 th plan in the framework	Used for MTBF budget preparation, identifying development areas, preparation of project proposals in all Ministries / Divisions.
3.	Sectoral Plan	Respective Ministry / Division	Development plans of specific sectors of the Ministries / Divisions and Departments under it.	Guiding document of the Ministry / Division for selecting development programmes.
4.	Medium Term Budget Framework (MTBF)	Finance Division, Ministry of Finance (MoF)	Contains Ministry / Division Key Performance Indicators (KPIs), Medium Term Strategic Objectives, priorities and allocated resources to implement programmes and activities. Published annually for the coming year and two outer years. Rolling three year horizon	Used for resource allocation and implementation of plans. Brings policy and resource allocation together. Sets out performance expectations
5.	Budget Speech	Finance Division, Ministry of Finance	Executive's Annual Budget Proposal to Parliament. Pulls together policy and resources for the coming financial year; Executive's policies and plans and classified allocation of financial resources.	Presented in Parliament as part of budget document.
6.	Annual Performance Agreement (APA)	Cabinet Division	Formal agreement between controlling offices and sub-ordinate offices to perform a set of activities within stipulated time. There are targets against each activity and Ministry's/Division's achievement is evaluated by Cabinet Division.	Basic document for implementation of activities.
7.	Annual Development Programme (ADP)	Planning Commission	An important annual development plan of the Government through which most of the resources are spent. Contains sector and Ministry / Division-wise list of development projects and resource allocation together with the time allocated for implementation.	Used for utilisation and control of financial resources, inclusion of new projects, and monitoring of projects.
8	iBAS++ ¹⁸	Finance Division; Controller General of Accounts (CGA)	Government's Integrated Budget and Accounting System	Organises, classifies according to Budget and Accounting Classification System (BACS) ¹⁹ budgets and financial reports.

¹⁸ iBAS++ Integrated Budget and Accounting System;

https://ibas.finance.gov.bd/ibas2/Security/Login?ReturnUrl=%2fibas2%2fIntegrated_Budget_and_Accounting_System

¹⁹ Budget and Accounting Classification

System; https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/8b31f768_35db_46b0_bf7d_cb6c4754a011/BACS%20Manual27.4.17.pdf.

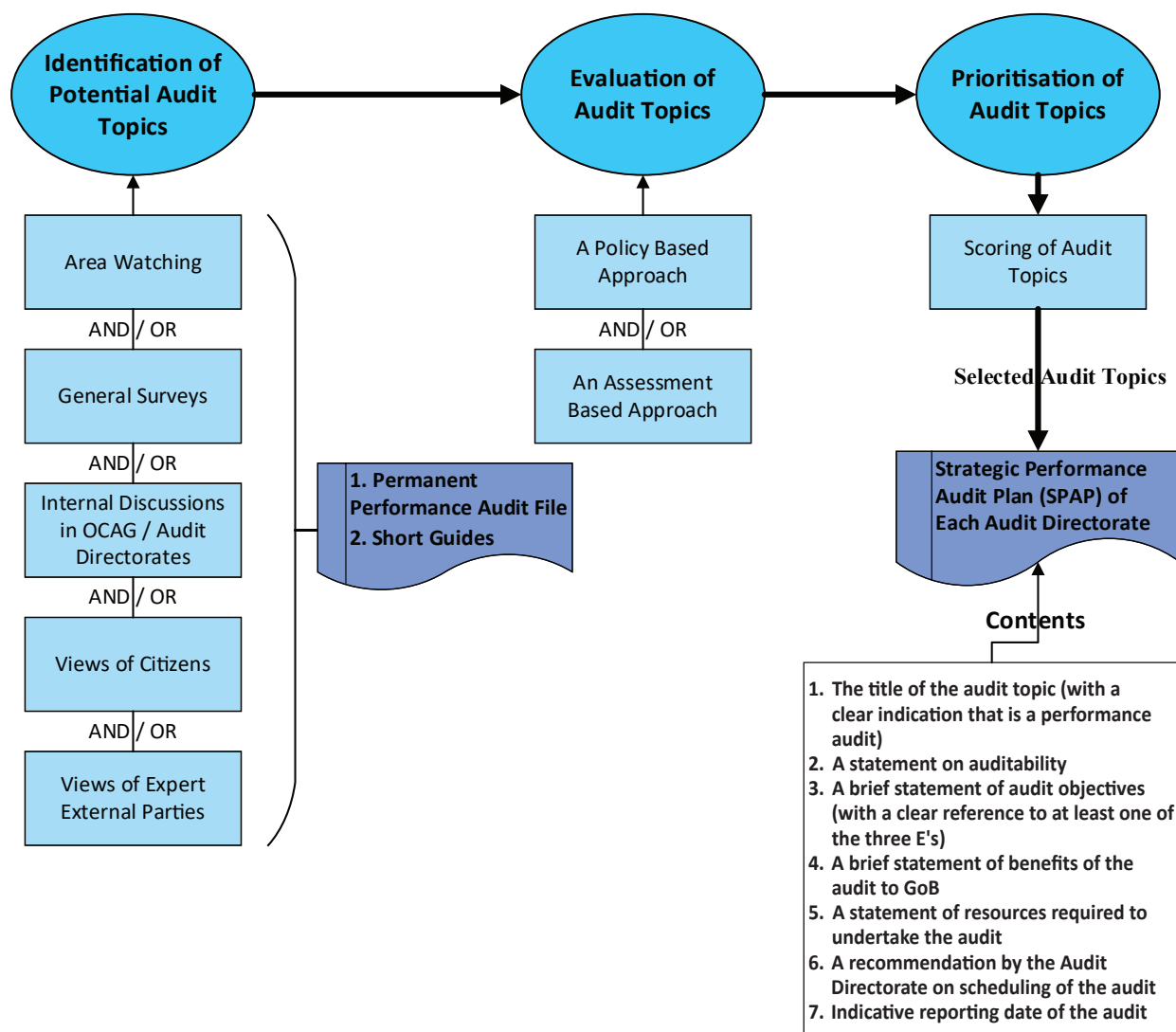
Budgets and Accounting use a common chart of accounts / classification system

- 3.1.2. The policy documents and sources that should be consulted by the audit teams when planning and conducting Performance Audits include;
- A. The Sustainable Development Goals (SDGs)
 - B. Ministry/Division Sectoral Policy and Strategies
 - C. National Five Year Development Plan
 - D. Medium Term Budget Frameworks (MTBF which includes Key Performance Indicators (KPIs), Three Year Budgets and a Medium Term Strategic Plan)
 - E. Annual Development Programme (ADP)
 - F. Annual Performance Agreements (APA) of the respective Ministry / Division
 - G. Executive’s Budget Proposal that brings together policy and resources in a single document (the Annual Budget Speech)
- 3.1.3. National Policies are implemented by the Directorates / Departments under the Ministry / Division through Development Projects or Programmes funded by Recurrent or Development Budget. Projects are included in the Annual Development Programme (ADP) and, where appropriate, the audit team should assess and establish linkages between Development Projects or Programmes and the wider framework. iBAS++ is also rich source of classified budgetary information and expenditure.

3.2. Steps and Outputs Overview

- 3.2.1. The strategic planning process to be followed by each of the Audit Directorates is illustrated below at Figure 3. The steps and actions within this stage are set out in this chapter – there is one main output from this stage – **The Audit Directorate Strategic Performance Audit Plan** and a second output which is material to be retained in the **Permanent Performance Audit File** and **Short Guides**.

Figure 3: Overview of Strategic Planning for Performance Auditing



3.3. Developing the Strategic Performance Audit Plan

3.3.1. The Strategic Performance Audit Plan (SPAP) should be prepared annually by each of the Audit Directorates to cover three to five audit years going forward. The Audit Directorates should select audit topics conducting and analysing research to identify audit risks and problems.²⁰

3.3.2. The six objectives of strategic audit planning are to:²¹

- Provide a firm basis for SAI management (i.e. OCAG and the Audit Directorates) to give strategic direction for future audit coverage;
- Identify and select audits with the potential to improve public sector accountability and administration;
- Provide a platform for communication with Ministries, agencies and other Responsible Parties, and Parliament on SAI audit strategies;

²⁰ISSAI 3000/89 Performance audit standard <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

²¹Source: IDI/PAS Development Team

- D. Produce an audit work programme that can be achieved with expected/available resources;
 - E. Understand entity risks and take them into account in audit topic selection; and
 - F. Provide a basis for SAI accountability for development.
- 3.3.3. Strategic audit planning is the basis for selection of performance audit topics. The Strategic Performance Audit Plan should not be confused with the OCAG’s overall Strategic Plan²², Operational Plans²³ or Organisational Plans.

3.4. Identification of Potential Audit Topics

- 3.4.1. Audit Directorates should generally select performance audit topics that are both auditable²⁴ and of most interest to the public, government and Parliament and where value can be added with relevant audit approaches and methodologies. The availability of objective **audit criteria** (see paragraph 4.7.21) to assess performance against is also a major consideration.
- 3.4.2. It should be borne in mind that the subject matter of any performance audit shall not be finalised without specific approval of CAG.²⁵
- 3.4.3. Audit Directorates may select performance audit topics at the request of Parliament, Ministries or the Executive. If the topic is selected on this basis (or requested by other stakeholders) this will not be interpreted as violation of independence or impartiality, and the audit process including planning, development of criteria or methodology will be finally determined by OCAG.
- 3.4.4. Audit Directorates should also consider the *likely* availability of reliable, accurate and complete information which can be used as sufficient and appropriate evidence to support performance audit findings and conclusions.
- 3.4.5. While selecting performance audit topics, Audit Directorates should consider the availability of appropriate resources to conduct a performance audit as well as the potential impact of such a performance audit on GoB performance and governance.²⁶
- 3.4.6. A well-structured strategic performance audit planning process, based on a sound rationale, ensures that the resources of the Audit Directorate are used in the most efficient and effective manner. The strategic performance audit planning process is achieved by:
- A. Environmental and horizon scanning relevant to performance audits;
 - B. Constantly reviewing the wider performance audit areas for relevance;
 - C. Facilitating a wider consultation process to obtain inputs from relevant stakeholders in government;
 - D. Maintaining planning methodology for risk analysis and reporting;
 - E. Identifying internal and external subject matter experts.
- 3.4.7. Each Audit Directorate should have a policy in place that indicates the number of performance audits to be conducted in each audit year. The information can be extracted from the SPAP which shows the overall audit plan for three to five years. **For illustration,**

²² OCAG Strategic Plans 2007 - 2012; 2013 – 2018; 2021 – 2025; <https://cag.org.bd/gov/strategic-plan>

²³ OCAG Operational Plans 2021-22; 2022-23; <https://cag.org.bd/gov/operational-plan>

²⁴ This means 1. Within OCAG Mandates; 2. Within Audit Directorate’s Technical Capability and 3. Feasible – i.e. Human and other resources (technology and financial for example) are available.

²⁵ GASB Paragraph 8.19; <https://cag.org.bd/storage/app/media/Government%20Auditing%20Standards%20of%20Bangladesh%202021.pdf>

²⁶ Government Auditing Standards of Bangladesh (8.62- 8.65)

<https://cag.org.bd/storage/app/media/Government%20Auditing%20Standards%20of%20Bangladesh%202021.pdf>

the UK, the National Audit Office has a Key Performance Indicator to issue 60 to 65 Value for Money Reports each year.²⁷ Having set the policy for each Audit Directorate, the Director Generals should monitor their progress against the targets set in the policy.

- 3.4.8. The strategic performance audit planning process should be initiated and led by the management of the OCAG at the middle and top levels, namely, Directors, Director Generals and CAG.
- 3.4.9. The data and information gathered for strategic planning for performance auditing and the risk profile of the entity or programme will be updated periodically by each Audit Directorate.
- 3.4.10. The first step in the performance audit process is deciding what to audit from the wide range of government activities.
- 3.4.11. OCAG and the Audit Directorates will use a range of approaches and methods to provide input for the selection of topics. There are a number of methods of identifying possible audit topics, some of which are set out below:

Box 4: Good Practice Example of Selecting a High-Profile Performance Audit Topic

The Civil Audit Directorate selected a topic of national and social importance for performance audit. The study was titled “*Impact of the Government’s fiscal stimulus provided to COVID-19 affected large industries.*”

This is a good example of awareness of topicality, the audit context and national priorities that are of significant importance.

Area Watching – A Guide

- 3.4.12. Area Watching (AW) involves monitoring key issues in the public sector to keep aware of developments. Its purpose is to identify specific, potential audit areas for further scrutiny. Area Watching is a continuous process to ensure that the OCAG and the Audit Directorates remain well informed of topicality and the wider audit context. A good practice example of AW is set out at Box 4.
- 3.4.13. AW is carried out by reading relevant publications (including Budgetary Central Government of Bangladesh Performance Management Framework) and previous reports relating to performance, financial and compliance audits, listening to the experience of compliance auditors, attending Public Accounts Committee (PAC), Standing Committees and Estimate Committee meetings in Parliament, conferences and seminars, discussions with colleagues, stakeholders and specialists, reading newspapers and journals.
- 3.4.14. In the Bangladesh context, the continuously updating *Budgetary Central Government of Bangladesh Performance Management Framework (Figure 2, page 11)* is a rich and vital source of information.
- 3.4.15. Each of the Audit Directorates should establish and maintain a **Permanent Performance Audit File (PPAF)**²⁸ of high profile projects and programmes being implemented within their audit scope and remit. Key sources of information, in addition to the *Budgetary Central Government of Bangladesh Performance Management Framework* may include.²⁹
- A. Parliamentary Debates
 - B. Newspaper Reportage

²⁷ UK-NAO strategy: Progress update and estimate memorandum for 2021-22;

<https://www.nao.org.uk/wp-content/uploads/2021/04/NAO-strategy-Progress-update-and-estimate-memorandum-for-2021-22-1.pdf>

²⁸ ‘Short Guides’ on areas of interest may also be prepared from this material. In practical terms, a ‘file’ in this context may be an accessible online or cloud based resource

²⁹ ID INTOSAI library Asian Organisation of Supreme Audit Institutions (ASOSAI)

- C. Policy Notes
 - D. Implementation guidelines
 - E. Donor Reports
 - F. Non-Governmental Organisation (NGO) Publications
 - G. International Publications (e.g., PEFA, Open Budget Survey, World Governance Indicators, Human Development Index, OECD Papers, and other relevant publications)
- 3.4.16. Key considerations in Performance Audit topic selection should also include:

- A. Materiality (a project above a certain prescribed value or of particular national or social importance)
- B. Projects in key policy areas (for example gender based projects, climate change, national infrastructure, disaster risk, SMART Bangladesh³⁰, Sustainable Development Goals (SDG), Bangladesh Delta Plan 2100³¹, Bangladesh Climate Fiscal Framework 2020³²) and Perspective Plan of Bangladesh 2021 - 2041³³)
- C. Significant areas of risk or challenge in sector strategies, policies and plans.

General Surveys – A Guide

3.4.17. A General Survey (GS) provides an understanding of the Responsible Party objectives covered by each Audit Directorate, its main activities and the level and nature of resources used in carrying out its functions.

3.4.18. The GS should identify areas absorbing significant financial resources and may present potential risks to achieving value for money. The GS will also highlight areas for ongoing audit attention and, of course, topics for inclusion in strategic performance audit plan. The GS should be conducted regularly (at least annually) by Audit Directorates.

3.4.19. Financial and performance information for the GS may be available from the following sources, largely but not exclusively, within the *Budgetary Central Government of Bangladesh Performance Management Framework*:

- A. The annual budget and expenditure in iBAS++;
- B. Medium Term Budget Frameworks;
- C. Budget Profile Document;
- D. Annual Performance Agreement (APA);
- E. Annual Development Programme (ADP);
- F. Development Project Proposal (DPP);

Box 5: General Survey Indicative Checklist

- Background, environment, leadership and historical information on the Responsible Party; (Understanding the Business)
- Significant legislative powers (Acts of Parliament etc)
- Objectives and mandates (e.g., from sector or entity strategies and legal mandate)
- Organisational Structure and Establishment
- Accountability relationships within Ministry or Government
- Activities Carried Out /Services or Tangibles Delivered
- Budgeted Resources (including significant increases allocated)
- Procedural Documents and Key Process Maps
- Operating Policies
- Key Performance Targets and Indicators
- Relevant Strategies
- Previous Audit Reports or independent reports from other scrutiny agencies
- References within MTBF, ADP, NDP etc

³⁰ SMART Bangladesh Policy Website; <https://a2i.gov.bd/a2i-missions/smart-bangladesh-vision-2041/>

³¹ Bangladesh Delta Plan 2100; <https://bdp2100kp.gov.bd/>

³² Bangladesh Climate Fiscal Framework 2020; <https://www.undp.org/sites/g/files/zskgke326/files/migration/bd/Updated-Climate-Fiscal-Framework-2020.pdf>

³³ Perspective Plan of Bangladesh 2021 – 2041; <http://oldweb.lged.gov.bd/uploadeddocument/unitpublication/1/1049/vision%202021-2041.pdf>

- G. Technical Assistance Project Proposal (TAPP); and
- H. Relevant Sector Strategies and Plans.

- 3.4.20. The GS results and updates should be recorded in the Audit Directorate's Permanent Performance Audit File (PPAF) (see paragraph 3.4.15 above). The PPAF should maintain a standing record of the background, objectives, activities, plans, resources, procedures and controls in the government entities. The PPAF may be consulted for strategic and operational performance audit planning.
- 3.4.21. As part of normal audit contacts, audit teams build up considerable accumulated knowledge about the Responsible Parties in which they work – this should be used to develop the GS and the PPAF.
- 3.4.22. If further information is required on which to base an audit plan, this can be obtained through periodic on-going examinations of the audit field, perhaps every five years. An indicative checklist of general survey priorities and contents is shown at Box 5.

Internal Discussions– A Guide

- 3.4.23. Internal discussions will often take place within and between parts of the Audit Department. This means between different Audit Directorates and the OCAG, for example. These formal and informal discussions are potentially a rich source of information sharing on performance audit topics as they encourage debate and assesses the risks associated with possible topics. These discussions should be recorded in the PPAF to keep the file relevant, useful and up to date.

Views of Citizens – A Guide

- 3.4.24. In some countries the interests of citizens are considered in selecting performance audit topics. Citizens may be a source of ideas, a source of demand (for example were citizens are not content with the level of service that they have received or provided by the government) for performance auditing and users of performance audit reports.

Views of Expert External Parties– A Guide

- 3.4.25. Performance audit topic selection has a potentially wide external constituency of interest and there could be expertise available within groups of external stakeholders that could be useful to OCAG and the Audit Directorates.
- 3.4.26. Relationships with external stakeholders such as relevant experts in government, subject experts in civil society, non-government organisations (NGO), consultants, private sector and academics (both national and international) could be considered potentially valuable sources of insights into performance audit topics.

3.5. Criteria for Evaluating Performance Audit Topics

Selection Criteria– A Policy Based Approach

- 3.5.1. After a list of performance audit topics has been generated by each Audit Directorate, a system should be used to select assignment topics. Ideally, the topics selected **should represent a balanced and adequate portfolio of coverage of government functions** – this means potential for cross-Audit Directorate co-operation and adequate representation on a rolling basis of the functions of government.³⁴ For example, for cost of vehicle acquisition across government is the economy principle always maximised?

³⁴ Functions of Government are set out in the Government Finance Statistics Manual 2014 (<https://www.imf.org/external/pubs/ft/gfs/manual/2014/gfsfinal.pdf>); This could apply equally to the scope of government administrative units set out in the annual budget (covering both receipts and payments)

3.5.2. Initially, while a small number of performance audits are being completed annually or there are capacity constraints, a relatively simple policy direction for performance audits could be established by OCAG or Audit Directorates that concentrates on audits of economy (see Box 1: Relationship Between Economy, Efficiency and Effectiveness on page 8 for some examples) while competencies are built up over time to audit efficiency and effectiveness.³⁵

Selection Criteria - An Assessment Based Approach

3.5.3. Once the potential audit topics are identified, the OCAG prioritises them to deploy its resources and time efficiently and effectively. In selecting a performance audit topic, *ISSAI 3000* states that the SAI must consider:

- A. The significance (including the financial, social and political aspects) of the subject matter;
- B. The auditability of the chosen topic;
- C. Whether the SAI has the resources and skills to carry out the audit;
- D. Whether the audit topic would be consistent with the SAI’s mandate; and
- E. How to maximise the impact (financial or otherwise) of the audit.

3.6. Prioritisation of Audit Topics

Scoring of Audit Topics

3.6.1. A scoring matrix uses scores, supplemented by professional judgement, as one indicator of which audit topics might be chosen by the OCAG and Audit Directorates. An example of a range of criteria is set out in Table 3 below:

Table 3: Topic Selection – Factors to Consider

Ref	Criteria	Factors To Consider
1	Materiality	Relative importance (or significance) of a matter in the context in which it is being considered. In addition to monetary value, materiality includes issues of social and political significance, compliance, transparency, governance and accountability.
2	Auditability	Can the topic be audited? Is it practical to audit? Does it fall within the legal mandate of the OCAG? Does the SAI have the capability to audit the topic (forexample, does it have access to experts who understand the audit topic)?
3	Possible impact	Will the topic have a powerful effect on enhancing the economy, efficiency and/or effectiveness of government undertakings?
4	Risks to the CAG	Is there a strategic or reputational risk if an audit topic was not examined?
5	Legislative or public interest	Will auditing the topic address a legal concern or be to the advantage of the community? For example, will the audit help to promote inclusiveness?
6	Relevance	Does the topic have some bearing on, or importance for, real-world issues, present-day events or the current state of society?
7	Timeliness	Is this the right or appropriate time to audit the topic? For example, is it too early to examine progress of a new activity?
8	Previous audit work	Has the topic been audited in the past? Is it worth auditing it again? Is there a new audit approach you could take?
9	Other major work planned or in progress	Is other work being planned or done on the topic?
10	Request for performance audits	Have any special requests been made for performance audits to be done? Consideration should be given to the source of a request to determine its importance, for example, requests from parliament, beneficiaries or other external stakeholders.

³⁵ID INTOSAI library on selecting performance audit topics

3.6.2. Based on the criteria the potential audit topics can be ranked and prioritised by the Audit Directorates based on their professional judgement in the selection process.

Example of Audit Topic Selection

3.6.3. The Audit Team have identified four possible audit topics via its strategic planning process:

- A. Solid waste management;
- B. Climate change adaptation;
- C. Sustainable fisheries; and
- D. Maternity services in public hospitals.

3.6.4. Table 4 below illustrates an example of how scoring is assigned, and audit topics prioritised based on selected criteria. The topic selection criteria and their weights will be chosen based on their relevance and importance to the Audit Directorate.

Table 4: An Illustration of Scoring of Audit Topics

CRITERIA	WEIGHTS	Identified alternative audit topics							
		Topic A		Topic B		Topic C		Topic D	
		Score	Weighted score	Score	Weighted score	Score	Weighted score	Score	Weighted score
1. Materiality	20	3	60	3	60	2	40	2	40
2. Auditability	20	3	60	1	20	2	40	2	40
3. Possible impact	20	3	60	2	40	2	40	2	40
4. Risks to the OCAg	10	3	30	1	10	3	30	3	30
5. Legislative or public interest	5	3	15	3	15	0	0	3	15
6. Relevance	5	3	15	3	15	2	10	3	15
7. Timeliness	5	3	15	3	15	1	5	2	10
8. Previous audit work	5	2	10	3	15	2	10	2	10
9. Other major work planned or in progress	5	2	10	1	5	1	5	1	5
10. Request for performance audits	5	3	15	0	0	2	10	2	10
Aggregate weighted score	100		290		195		190		215
Rank			1		3		4		2

The above weights and scoring employ the professional judgement of the Audit Teams. However, justification should be given by the audit team, with evidence where possible, against weight and score assigned. The weights are given on the basis of importance and the scoring ranges from 1 to 3, with 1 being low risk and 3 being high risk.

- A. Weights are assigned to each criterion and aggregate to 100%. The assignment of weight to each criterion will depend on the importance of the criterion to the Director General, Parliament, Government and the public.
- B. The Audit Team should exercise professional judgement while assigning a score of ‘not applicable’, ‘low’, ‘medium’ and ‘high’. However, judgement should be backed with appropriate justifications and documentation.

- C. The product of ‘weights’ and ‘score’ would give the ‘weighted score’. The aggregate of weighted score adds up to ‘aggregate weighted score’ for each topic.
- D. The topic scoring highest ‘aggregate weighted score’ can be ranked as the first priority. Hence, it would generally be accorded the highest priority for audit resources, and subsequently be prioritised for audit. The numbers of audit topics chosen to be audited in a given period will depend on the availability of audit resources. The topics chosen will be based on priority determined through rank combined with professional judgement.

3.6.6. The above assessment indicates Topic A (Solid waste management) as the first priority, Topic D (Maternity services in public hospitals) as the second priority, Topic B (Climate change adaptation) as the third priority and Topic C (Sustainable fisheries) as the fourth priority.

3.7. Developing the Three to Five Year Strategic Performance Audit Plan (SPAP)

Contents of the SPAP

3.7.1. The Audit Directorate’s Strategic Performance Audit Plan should be based on the overall priority attributed to performance auditing *vis a vis* Compliance Auditing and Financial Auditing and also the resources and capacities available to the Directorate.

3.7.2. The policy of allocation of financial and human resources to Performance Auditing should be decided by OCAG on a regular basis and communicated to the Audit Directorates.

Box 6: Key Points to be included in the SPAP - A Guidance Note

1. The title of the audit topic (with a clear indication that is a performance audit)
2. A statement on auditability (See Box 7below)
3. A brief statement of audit objectives (with a clear reference to at least one of the three E’s)
4. A brief statement of benefits of the audit to GoB
5. A statement of resources required to undertake the audit
6. A recommendation by the Audit Directorate on scheduling of the audit
7. Indicative reporting date of the audit

3.7.3. The basic SPAP document for each Audit Directorate should be a list of audit topics in the various government agencies, Ministries and other audited entities along with expected resource requirements for each audit and the proposed timing of the audit.

3.7.4. Generally, the performance audits included in the SPAP will be proposed to be conducted in the next three to five years. Box 6 shows a list of information with guidance notes outlining what should be included in an SPAP.

3.8. Guidance Notes on Preparing the SPAP

3.8.1. The number of auditors available to undertake performance audit work will limit the number of audits that can be included in the SPAP. Preparation of the SPAP will require estimation (based on judgment) of the total number of auditors expected to be available to conduct audits over the respective period.

- 3.8.2. The Audit Directorate should consider the total audit resources available on a qualitative basis as well as a quantitative basis; the breakdown of those resources into functional areas and the skills and experience of the individuals involved should be taken into consideration. Available skills should be matched to the audit topic. A statement of Auditability should be included in the SPAP (See Box 7 opposite)
- 3.8.3. The SPAP should be submitted to OCAg for information and review when it has been completed by the Audit Directorate. It should be noted that the *subject matter* of any performance audit shall not be finalised without specific approval of CAG.³⁶
- 3.8.4. The SPAP should be made available to staff to provide some context and understanding of the performance audit work of the OCAg.

Box 7: What to Include in a Statement of Auditability

1. Confirmation that the audit topic is within the OCAg Mandate.
2. Confirmation of availability of skilled personnel.
3. Results of the risk assessments.
4. Confirmation of capability to audit the topic.

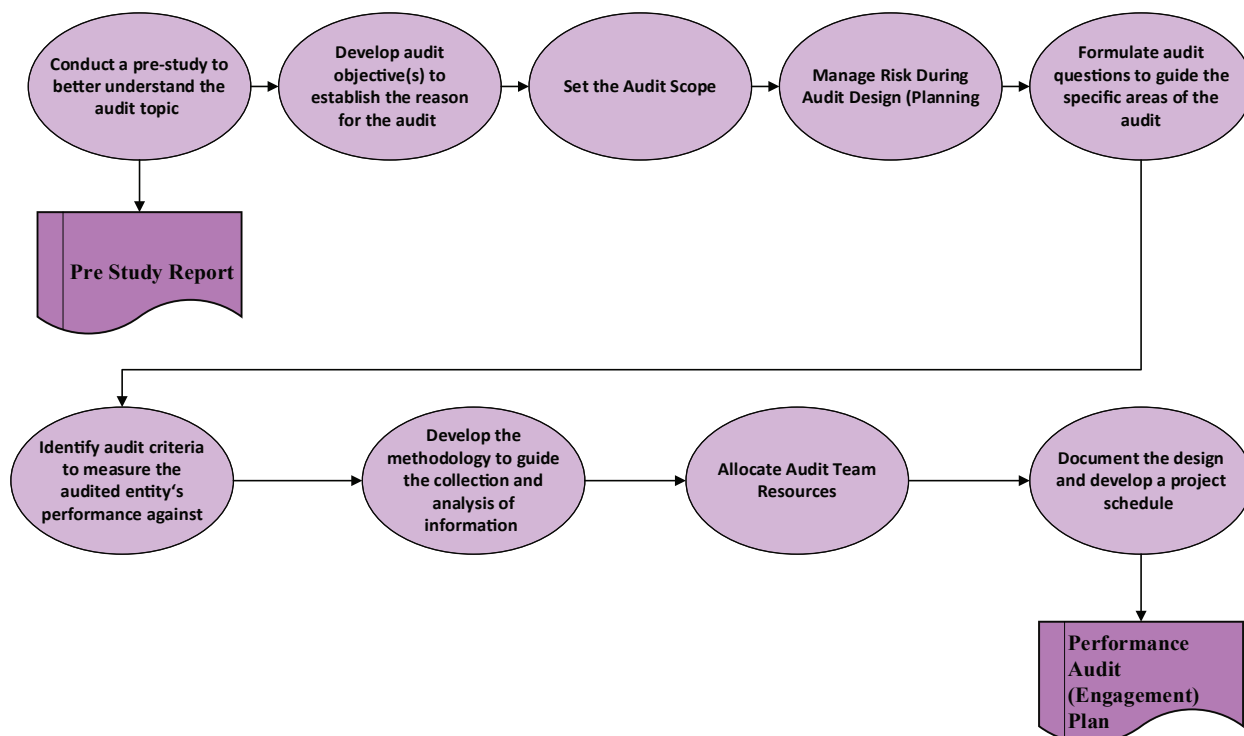
³⁶ GASB Para 8.19; <https://cag.org.bd/storage/app/media/Government%20Auditing%20Standards%20of%20Bangladesh%202021.pdf>

4. CHAPTER4 – Preparing the Pre-Study Report and the Audit Plan

4.1. Steps and Outputs Overview

- 4.1.1. According to the ISSAI 3000/96 “*The auditor (audit team) shall plan the (performance) audit in a manner that contributes to a high-quality audit that will be carried out in an economical, efficient, effective and timely manner and in accordance with the principles of good project management.*”³⁷ Good planning helps to ensure that attention is paid to significant areas of the audit. Good planning also assigns audit tasks to appropriately skilled team members and will help to co-ordinate the work of the audit team as a cohesive working unit.
- 4.1.2. Designing the audit engagement is a seven stage process implemented by the audit team (led by a team leader) that is appointed by the Audit Directorates. This is the next stage after the Audit Directorate has an approved SPAP. The audit engagement design (planning) process will deliver two documents:
- A. A Pre-Study report on the selected audit topic
 - B. An audit plan for conducting the audit engagement
- 4.1.3. An illustration of the audit engagement design process is shown below in Figure 4.

Figure 4: Steps and Outputs in the Audit Engagement Design Process



³⁷ ISSAI 3000/96 Performance Audit Standard <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

- 4.1.4. A description of the two documents (outputs) of the audit engagement design (planning) process are set out below:
- A. The **Pre-Study Report** which enables the audit team to consider the significant risks to sound financial management and to inform development of the potential audit objectives, approaches and methodologies. The report also is used to determine whether the audit is realistic and likely to be useful.
 - B. The **Performance Audit Plan** which defines the audit work to be carried out, the audit scope, objectives and methodology, the resources to be employed and the key achievements to be accomplished.

4.2. Audit Management and Monitoring System (AMMS 2.0) Requirements

- 4.2.1. For Audit Planning the following documents should be uploaded to AMMS 2.0 by the audit team:
- A. Individual Pre-Study Report
 - B. Individual Audit Plan
 - C. Audit Team Schedule

4.3. Formulating the Pre-Study– A Guide

- 4.3.1. The audit team should cover all aspects of the Responsible Party’s organisation, activity, programmes, performance management framework and systems to acquire a working knowledge of the entity.
- 4.3.2. The Pre-Study report should be **clear and concise**. If the Pre-Study recommends that the **audit** is not justified, then a proper argument should be stated to support this.
- 4.3.3. The Pre-Study report should **recommend precise audit objectives and audit tasks**. The Pre-Study report should also demonstrate awareness of auditability including audit criteria and audit capability.
- 4.3.4. Some examples of *potential* high level questions for the Pre-Study stage are set out in Box 8 opposite.³⁸ The questions may be modified depending on the administrative nature of the Responsible Party.
- 4.3.5. Pre-Study required information for performance audit of **administrative unit of government** (Responsible Party) could include:

Box 8: Sample Questions on Key Issues for the Pre-Study

1. What are the Responsible Party’s performance objectives?
2. To what extent have these objectives been achieved?
3. How much has been spent to achieve the objectives?
4. Can the objectives be achieved by spending less?
5. Can the objectives be achieved more efficiently (more outputs and fewer inputs) or more effectively (more outputs for the same inputs)?
6. Has the Responsible Party set up KPIs?
7. What are the weaknesses in the Responsible Party Control Environment? See INTOSAI GOV 9100 for details of Control Environment - https://www.issai.org/wp-content/uploads/2019/08/intosai_gov_9100_e.pdf
8. See also *Appendix 5: Pre-Study Report – Review Checklist*

³⁸Questions are adapted from various Supreme Audit Institutions reports with INTOSAI and ISSAIs and best practices

- A. Policy, strategy and performance targets referred within the *Budgetary Central Government of Bangladesh Performance Management Framework*
 - B. History (source: website);
 - C. Legal mandates (source: website);
 - D. The entity's charter, objectives, obligations and policies (source: MTBF / website)
 - E. An organogram (organisational chart) and its management (source: website / Discussion with management);
 - F. Budgetary allocations and expenditure levels (source: appropriation accounts / iBAS++, entity's accounts);
 - G. Number of employees (source: respective HR Departments);
 - H. Type of examination to be made (Result based, Problem based, System based approach);
- 4.3.6. Pre-Study required information for an activity may include:
- A. Background and factors influencing the activity (source: websites)
 - B. References within the Budgetary Central Government of Bangladesh Performance Management Framework
 - C. The type of activity (source: websites)
 - D. Its locations (source: websites)
 - E. Persons responsible for the activity (source: HR /Administration Departments)
 - F. Policies pertaining to the activity (source: sectoral policy document/websites / Budgetary Central Government of Bangladesh Performance Management Framework)
 - G. Specific procedures for accomplishing the activity (source: respective legal framework, Government's orders, Manuals, Project Guidelines)
- 4.3.7. Pre-Study required information for Project/Programme may include:
- A. Its purpose and objectives (source: DPP/TAPP)
 - B. Cost and duration of Project/Programme (source: DPP/TAPP)
 - C. Planned activities, targeted outputs, KPIs, methodologies (source: DPP/TAPP)
 - D. Project/Programme progress (source: Progress Report)
 - E. Budgetary Central Government of Bangladesh Performance Management Framework
 - F. The inter-relationships between entities responsible for the Project/Programme (ToR, Contracts, Agreements)
 - G. Policies and procedures for accomplishing the Project/Programme (source: DPP/TAPP, Project Manuals)
 - H. Administrative regulations related to the Project/Programme (source: Government Orders, Project manuals, Agreements)

4.4. Conducting the Pre-Study

- 4.4.1. To complete the Pre-Study, the audit team should acquire up-to-date knowledge of the audit topic and then outline the audit. There are five elements in '**acquiring entity knowledge**' as shown below:
- A. Determine information and performance statistics about the Responsible Party (from the *Budgetary Central Government of Bangladesh Performance Management*

Framework) and other relevant sources.

- B. Determine the role and objectives of the potential Responsible Party – this may be found in the entity mandate.
 - C. Identify the key performance management and control processes of the potential Responsible Party.³⁹
 - D. Identify risks that the Responsible Party may have to mitigate to achieve good performance management.⁴⁰
 - E. Take account of previous audits and evaluations
- 4.5.2. This Responsible Party knowledge should be considered by the audit team in the context of auditing in Bangladesh. To achieve this the audit team should consider the following points. This is known as ‘**outlining the audit**’:
- A. Identifying the **scale and scope** of potential audit objectives of the engagement
 - B. Consider the potential **audit questions, audit criteria, evidence, methodology, scope and results**
 - C. Consider the **timing** of the proposed audit
 - D. Determine the **resources** that have been made available for the performance audit engagement
 - E. Define the **information needs** for audit management, monitoring and control purposes
- 4.5.3. **Acquiring Responsible Party Knowledge and Outlining the Audit** should be considered side by side by the audit team to assess if the audit is feasible, realistic and likely to be useful to the Responsible Party and / or the wider constituency of public finance interest.
- 4.5.4. The level of detail of the Pre-Study report should be decided by the audit team using professional judgement. This can be determined by the importance of the topic and the deadline for completing the audit engagement.

4.5. Acquiring Responsible Party Knowledge

- 4.5.1. **The pre-study enables** sufficient knowledge of the subject area to be gained to confirm that the audit will be conducted in accordance with the performance auditing policies and to develop an audit plan that will provide a basis for the orderly, efficient and cost effective conduct of the audit.
- 4.5.2. The first stage in obtaining a sound understanding of the prospective audit area is through the Pre-Study. If the audit is to continue, the Pre-Study will state how the work shall proceed.

4.6. Developing the Pre-Study Report

- 4.6.1. **The purpose** of the pre-study is to assess whether a topic is viable for audit and, if so, to develop a proposal for a detailed work plan for management's consideration on whether or not to proceed with a main study. In the pre-study the audit team should:
 - A. Collect information to increase the performance audit team’s knowledge of the audit topic;
 - B. Make preliminary observations and find indications of problems in the audit area;

³⁹ Further technical details may be found at GOV-9100 Risk Assessment – Guidelines for Internal Control Standards in the Public Sector https://www.issai.org/wp-content/uploads/2019/08/intosai_gov_9100_e.pdf Control Activities, Control Environment and Monitoring

⁴⁰ Further technical details may be found at GOV-9100 Risk Assessment – Guidelines for Internal Control Standards in the Public Sector https://www.issai.org/wp-content/uploads/2019/08/intosai_gov_9100_e.pdf Risk Assessment Pages 22+

- C. Structure problems in the audit area to understand how they are related to each other;
- D. Identify possible audit problems as alternative focus for a main study;
- E. Use selection criteria to recommend to management whether or not to start a main study, as well as what audit problem to focus on;
- F. Collect information on audit criteria that may be used in the audit;
- G. Develop an understanding of what information can be collected in order to consider the methodology for data collection and analysis; and
- H. Plan the audit methodology in terms of defining the audit objective and scope, audit questions and sub-questions, audit criteria, methodological approach and methods for data collection and analysis.

4.6.2. A list of information to be included in a Pre Study Report is shown at Box 9.

4.6.3. If the pre-study report recommends to proceed to an audit, the subject matter must be approved by CAG as stated in GASB paragraph 8.19.

Box 9: Pre Study Report Structure

1. Introduction
2. Objectives of the Pre-Study
3. Methodology
4. Understanding the Entity
 - 4.1 Introduction to the Subject Matter
 - 4.2 Vision and Objectives
 - 4.3 Organisational arrangements
 - 4.4 Budget
- 5 Findings of the Pre-Study
6. Recommendation about Main Study
7. Proposal for Main Audit Work
 - 7.1 Audit Objectives
 - 7.2 Audit Approach
 - 7.3 Audit Scope
 - 7.4 Sample Size and Extent of Coverage
 - 7.5 Audit Methodology
 - 7.6 Audit Duration and Resource Requirement
8. Summary
9. Glossary of Terms and Abbreviations
10. Appendices

4.7. Formulating the Audit Plan – A Guide An Overview of Planning Steps

4.7.1. ISSAI 3000/98-99 requires the audit team to acquire substantive and methodological knowledge during the planning phase. This means to define audit objectives, audit criteria, audit scope, design of the audit, and determine quality assurance, timetable and resources. The audit plan has substantial overlap of information with the Pre-Study Report and will build on the work done on **Acquiring Responsible Party Knowledge**. The pre-study report and the information contained within it, including the recommendation that the topic is auditable, should mean that the preparation of the Audit Plan should be completed in a short period of time (approximately 15% of the total audit time). Much of the information in the pre-study report can go direct into the Audit Plan. If the Audit Plan is taking a long to prepare then it means that the pre-study has not been correctly conducted or arrived at the correct decision. This will mean that the topic is not suitable for audit and an alternative audit topic should be looked at.

4.7.2. As stated in the GASB, a written audit plan shall be prepared for each audit.⁴¹ This audit plan shall be prepared by the audit team, in consultation with Audit Directorate management. This plan (see Box 10) will become the ‘terms of reference’ for the performance audit assignment.

Develop Audit Objectives

4.7.3. **Audit Objectives.** The objectives for the audit engagement must be elaborated and expressed crisply and precisely to **allow a conclusion to be drawn in respect of each objective.** This involves examining the topic in depth by studying relevant literature, documents and statistics, conducting interviews with stakeholders and experts and analysing potential problem indications from various viewpoints – reference to the contents of *Figure 2: Budgetary Central Government of Bangladesh Performance Management Framework* will be especially important to ensure that full recognition of the context of the audit topic has been taken into account.

Drafting guidance is shown below:

- A. Audit Objectives are enquiries that the audit is expected to answer about Responsible Party performance, such as results achieved, or the economy or efficiency of resource utilisation.
- B. Audit Objectives should be realistic and achievable and set out clearly the tone and direction of the audit. (e.g., are resources managed satisfactorily?); the name of the audit entity should also be stated.
- C. Audit Objectives should be short (around 30 words or so). If the audit objective(s) is formulated as audit questions and broken down into sub-questions, then the audit team shall ensure that they are thematically related, complementary, not overlapping and collectively exhaustive in addressing the overall audit question. Each objective should refer to one component of the 3 E’s only.
- D. Audit Objectives should not be drafted to yield only ‘yes’ or ‘no’ conclusions.
- E. Audit Objectives should avoid criteria, jargon, Programme objectives and should typically be drafted in the past tense.

Box 10: Indicative Table of Contents for a Performance Audit Plan

1. Introduction
2. Understanding the Entity
 - 2.1 Introduction of the Entity
 - 2.2 Diagram of Organisational Organogram
 - 2.3 Project / Organisational Vision and Objective
 - 2.4 Main Activities
 - 2.5 Budget and Expenditure Analysis of the Project
 - 2.6 Key strategies and policies
 - 2.7 Project KPIs (if applicable)
3. Audit Related Matters
 - 3.1 Audit Objective
 - 3.2 Audit Issue
 - 3.3 Audit Question
 - 3.4 Audit Approach
 - 3.5 Audit Scope and Limitations
 - 3.6 Audit Criteria
 - 3.7 Audit Methodology
 - 3.8 Audit Risk Analysis and Material Determination
 - 3.9 Sampling
 - 3.10 Resource Management
 - 3.11 Audit Schedule
 - 3.12 Monitoring and Supervision
4. Audit Design Matrix
5. Expected Audit Findings
6. Conclusion
7. Appendices

⁴¹Government Auditing Standards of Bangladesh Paragraph 6.27 Page 35 “No audit engagement shall be undertaken by OCAg without a documented audit plan.” <http://dgcivil-cagd.org/wp-content/uploads/2021/02/GASB-2021.pdf>

4.7.4. **An example of an audit objective** (adapted from Bangladesh) is “*To assess if procurement procedures for the women’s computer training project have met economy criteria.*”

Setting the Audit Scope

4.7.5. The scope of a performance audit is the extent, coverage and range of work to be undertaken and sets out **HOW** the audit objectives will be met by the audit team. Audit scope is defined by audit team, reviewed by the Director General (DG) and finally approved after the scrutiny by the DG.

4.7.6. Scoping the audit involves narrowing down to a few matters of significance relating to the audit objective. **The audit team should ensure that the scope of the audit will deliver the audit objective.** The scope should describe the parts or functions of the entity that are subject to the audit and the time period covered by the audit. Scope should also be within the capacity and capability of the audit resources available.

4.7.7. There are **three underlying principles** in establishing the scope of the audit:

A. Relevance to the SAI Mandate: The Audit Directorate should determine whether the issues selected for audit are within the mandate of the CAG. Policy matters are normally excluded.

B. Matters of Significance: Audits shall focus on significant issues that are likely to add value and be of interest to Parliament. (Some notes are set out at Box 11)

C. Auditability: The audit team will carry out the audit in accordance with the required professional standards. The team shall possess, or be able to acquire, the required expertise⁴² to carry out the audit successfully.

Box 11: Audit Scope - Key Questions in Identifying Matters of Significance

- A. Does the subject have an important impact on results?
- B. Is it an area of high risk?
- C. Does it involve material amounts?
- D. Is it an area of visibility or of current concern?
- E. Is it of interest to Parliament and the public?
- F. Will it result in improved performance, accountability or value for money?

4.7.8. **A Practice Example of Decisions in Setting the Scope of a Performance**

Audit: A Performance Auditing team set the audit objective “*To determine reasons why there is a high dropout rate in primary schools*”. The audit team found in the Pre-Study that the high dropout rate was caused not only by the factors related to primary school, e.g.; teacher shortage, classroom shortage, high school fees, and irrelevant curricula, but also by the barriers to enter high school, legal capacity of the high schools, high school travelling distances, sub-optimal locations and the demands of families. The audit team therefore decided to include high school issues within the scope of the audit.

Managing Risk During Audit Design (Planning)

4.7.9. Assessing risk in Performance Audit is the risk that the Performance Auditor arrives at the wrong conclusion. Financial Audit uses several different risk definitions. These definitions are not generally used for Performance Audit, but audit teams need to be aware of the three

⁴²For example, an auditor with an engineering background will be more suited to working on civil engineering project audits; Climate related audit objectives may require technical or policy expertise in climate change strategies and operations.

main types of audit risk--inherent risk, detection risk and control risk. Definitions of each and their relevance at the planning and design stage of a performance audit are set out below:

- 4.7.10. **Inherent Risk** is the risk level before the assessment of existing controls and / or risk response. **Residual risk** is the risk level remaining after taking existing actions and controls into account. Examples of inherent risk could be:
- A. The risk on procurement, particularity where there is a scope of choosing different alternative methods
 - B. The risk and implications of weak Responsible Party leadership
 - C. The risk and implications of poorly trained Responsible Party personnel
 - D. The risk and implications of a poorly defined Responsible Party staffing establishment
 - E. The risk and implications of a mismatch between Responsible Party work plan and available resources
- 4.7.11. **Control Risk** is the risk that material error will not be detected or prevented on a timely basis by the internal controls in place. This can lead to sub-optimal performance – an example of a control risk could be elements of monitoring being absent; inadequate supervision of operations; weak reporting or absence of control activities in the Responsible Party. In addition, there are control risks where there is a management overwrite of controls, this normally happens when expenditure or income is transferred across to other sub-head areas or account codes to avoid breaching the allocated budgets.
- 4.7.12. **Detection Risk** is the risk that the audit team’s procedures will not detect error and irregularities that exist and that could be material when aggregate with errors due to other arising risks.
- 4.7.13. **Managing risk during the audit design process (IDI 2021): Risk** should be managed throughout the audit design process. A key purpose of audit design is to identify, mitigate and plan for major risks; accordingly, all design decisions must be risk based.
- 4.7.14. **Audit risk** is the possibility that the auditors’ findings, conclusions or recommendations may be incorrect or incomplete due to factors such as inadequate audit processes, insufficient or inappropriate evidence, resource or data limitations, or intentional omissions or misleading information because of misrepresentation or fraud (GUID 3910/61).
- 4.7.15. Risk involves the probability of an event occurring combined with the seriousness of the event if it occurs.
- 4.7.16. **Identifying and assessing risk** during audit design requires sound, up-to-date knowledge of the audit area, including a thorough understanding of the audit topic objectives, policy and processes, along with key stakeholders and controls. The identification of audit risk involves consideration of both qualitative and quantitative factors, including: time frame; complexity and sensitivity of the work; the size of the activities in terms of financial value and number of citizens served; adequacy of the audited entities’ systems and processes for preventing and detecting inconsistencies, significant errors or fraud; and auditors’ access to records.

4.7.17. In Performance Audit risk identification and assessment can take many forms. The following questions will help to address this:

- A. Does the audit team possess sufficient skills and knowledge for the audit (including specialised knowledge for specific tasks)?
- B. Are the time frames and resources needed to conduct the audit available and feasible (for example, travel funds, opportunity cost impact on other audits)? (These should all be considered when developing the audit work plan)
- C. Is the audit topic sensitive, highly visible or controversial (for example, political sensitivity, media sensitivity)?
- D. Is the audit and subject matter highly complex, or does it involve areas traditionally prone to risk (for example, IT systems, procurement, health and environmental issues)?
- E. Are there real or perceived threats to the independence of the auditors assigned to the audit?
- F. Is there risk related to management integrity or relations with the audited entities?
- G. Are there enough data available and are the data of good quality (for example, data access and reliability)?

4.7.18. In identifying and assessing risk, auditors may benefit from evaluating whether the audited entities have taken appropriate corrective action to address findings and recommendations from previous audits that are significant in the context of the current review.

4.7.19. Once auditors are aware of risks, auditors should consider their risk tolerance – that is, the acceptable level of variation in audit performance relative to the achievement of the audit’s objectives.

4.7.20. Risk tolerance should also be balanced against the benefits of undertaking the task. For example, if conducting a questionnaire, the auditor needs to consider their tolerance for risks – such as a low response rate or lack of experience in design and administering the questionnaire – about the potential benefits of the questionnaire.

4.7.21. When determining auditor tolerance for risk, focus on the risks most likely to affect the audit’s critical path, which comprises the tasks that will delay the completion of the project if they are not performed as expected and on time, for example spending too long in

Box 12: Characteristics of Well Written Audit Criteria

- ✓ **Relevant:** Audit criteria contribute to conclusions that assist decision making by intended users and to conclusions that answer the audit questions.
- ✓ **Objectivity:** Audit criteria are free from any bias on the part of the auditor or the Responsible Party.
- ✓ **Understandability:** Audit criteria are those that are clearly stated, contribute to clear conclusions and are comprehensive to the intended users. They are not subject to wide variations in interpretation.
- ✓ **Reliable:** Audit criteria result in reasonably consistent conclusions when used by another auditor in the same circumstances.
- ✓ **Completeness:** Audit criteria are those that are sufficient for the audit purpose and do not omit relevant factors. They are meaningful and make it possible to provide the intended users with a practical overview for their information and decision-making needs.

preparing the Audit Plan.

- 4.7.22. The audit team’s approach to assessing risk during the audit design phase can vary and is a matter of professional judgment.
- 4.7.23. How to mitigate audit risk.** It is important to manage any significant risks by planning steps to reduce them or mitigate their effects. Such actions, include: increasing or reducing the scope of work; adding specialists (for example, methodologists), reviewers or additional senior staff; increasing resources; regularly monitoring or tracking progress against interim milestones by updating audit plans (for example: the work plan), holding meetings or producing status reports; building in extra time, if possible, for particularly risky tasks; changing the method to obtain additional evidence, higher-quality evidence or alternative forms of corroborating evidence; aligning the findings and conclusions to reflect the evidence obtained; and increasing supervisory or management review.
- 4.7.24. Key risks can be captured in the design matrix, and sufficient time should be included in the work plan breakdown structure for risky tasks and to further assess risk as the audit evolves. The work plan can also help the auditor determine which tasks are critical and therefore most in need of mitigation.
- 4.7.25. For example, if the audit team is concerned about data quality, the team can plan to mitigate the risks associated with data use by collecting additional evidence from other sources to supplement or corroborate the data and including information in the report about the source and quality of the data and associated limitations in its use or interpretation. **Auditors should only use data that are determined to be sufficiently reliable for the intended purpose of the audit.**

Identify Audit Criteria

- 4.7.26. Audit criteria define what the Responsible Party will be compared against. Primary sources of criteria are policies or pre-defined targets such as those within the *Budgetary Central Government of Bangladesh Performance Management Framework* at *Figure 2*, laws governing the activity or entity, professional or international standards (for example Debt Sustainability Index of the International Monetary Fund (IMF), PEFA Indicators, Sustainable Development Goals, World Governance Index, Human Development Index, Open Budget Survey, World Bank Methodology for Assessing Procurement Systems (MAPS) or CIPS Global Standard for Procurement Supply).
- 4.7.27. Generic examples of **audit criteria** against which Responsible Party performance could be measured by the audit team may include:
- A. Laws and regulations governing the operation of the Responsible Party (e.g., a minimum legal standard of services);
 - B. Decisions made by the Parliament or the Executive (e.g., a target or standard set out in the Budget Speech – see *Budgetary Central Government of Bangladesh Performance Management Framework* also);
 - C. Goals, policies, KPI’s and procedures established by the audited entities; (e.g., the performance framework set out in the MTBF);

- D. References to historical comparisons or comparisons with best practice; (e.g., comparison to data published in the MTBF);
 - E. Professional standards, experiences, expectations, values or norms published in global indices (see paragraph 4.7.21 above);
 - F. Independent expert advice, know-how and opinion;
 - G. Scientific norms or norms provided by credible, independent organisations in Bangladesh;
 - H. Criteria used previously in similar audits or by other SAIs;
 - I. Contracts or grant agreements; and
 - J. Planning, documents, contracts and budgets from the Responsible Party.
- 4.7.28. All performance audit plans should set **audit criteria**. These are essentially performance measures that focus the audit and provide a basis for developing audit findings.
- 4.7.29. **Audit Criteria** are required because the audit team need a means of comparing the performance of the Responsible Party (i.e., the entity / programme / administrative unit) to a norm or standard. The standards used for this purpose are **Audit Criteria**.⁴³ Audit Criteria should convey a level of good practice and reasonable expectations of ‘**what should be**’.⁴⁴
- 4.7.30. When the audit team compares audit criteria with what factually exists, audit findings are generated. Meeting or exceeding the criteria will indicate ‘best practice’ whilst failing to meet audit criteria suggests that improvements can be made. Guidance notes on developing audit criteria is set out in Box 12 above.
- 4.7.31. The audit criteria should be discussed with the Responsible Party, but it is ultimately the DG’s responsibility to select suitable audit criteria. The discussions should be formally documented and retained on the audit file as evidence.

Audit Methodology

- 4.7.32. The performance auditing methodology is the techniques that will be used by the audit team to gather evidence and conduct analysis leading to findings, conclusions and recommendations. Elements of methodology may include any or a selection of the following audit techniques:
- A. Applying prior audit experience gained in similar audits;
 - B. Process or statistical benchmarking;
 - C. Examination of papers and reports;
 - D. Statistical Analysis and Data Analysis;
 - E. Financial and non-financial trend analysis;
 - F. Cost Benefit Analysis;
 - G. Written Questions submitted by email;
 - H. Focus Groups and listening sessions;
 - I. Statistical Sampling;
 - J. Interviews with entity staff and external experts;
 - K. Review of digitisation and digitalisation progress;
 - L. Review of governance arrangements;
 - M. Review of service level data;

⁴³ISSAI 3000/45-46-48 Performance Audit Standard; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

⁴⁴ See GUID 3910/55-60 Central Concepts for Performance Auditing; <https://www.issai.org/wp-content/uploads/2019/08/GUID-3910-Central-Concepts-for-Performance-Auditing.pdf> and GUID 3920/38-43 The Performance Auditing Process; <https://www.issai.org/wp-content/uploads/2019/08/GUID-3920-The-Performance-Auditing-Process.pdf>

- N. Review of service standards and KPIs;
- O. Review of asset registers and maintenance schedules;
- P. Review of attendance registers;
- Q. Re-performance of operational tasks;
- R. Process Mapping and Evaluation;
- S. Direct observation of operations;
- T. Qualitative and quantitative year to year comparison;
- U. Analytical review of financial and non-financial information;
- V. Review of the entity's databases, plans, key systems and files;
- W. Evaluation of performance monitoring and reporting systems;
- X. Review of risk registers and risk appetite;
- Y. Evaluation of key processes (Work Study);
- Z. Sketching or flowcharting operations and systems;
- AA. Desk based review of previous audit reports and studies;
- BB. Conducting online surveys and questionnaires;
- CC. Field visits to project sites; and
- DD. Case Study and Comparison.

Audit Team Resources

- 4.7.33. An adequate number of audit staff and supervisors with appropriate skills, knowledge and experience should be assigned to each individual audit. When selecting the audit team, the Audit Directorate should ensure that the team *collectively* has adequate knowledge of the audit subject matter and how to apply the required audit techniques.⁴⁵
- 4.7.34. The audit team should have the necessary technical skills and knowledge to set audit criteria objectively and from a well-informed position. This means that within the team there should be:
- A. Technical understanding of the area to be audited
 - B. Familiarity with the *Budgetary Central Government of Bangladesh Performance Management Framework* as it applies to the area to be audited (e.g.; policies, strategies, targets policy materiality, national importance and so on)
 - C. Familiarity with the legal and regulatory framework of the Responsible Party
 - D. A good understanding of the expectations of the major stakeholders
 - E. Knowledge of practices and experience in other relevant or similar Responsible Parties, government programmes, entities, projects or activities.
- 4.7.35. As well as skills and knowledge, consideration should be given when selecting a Performance Auditing team to non-technical qualities also. The audit team members should be **open minded, practical, resourceful, flexible and systematic** in gathering and compiling audit evidence. The team should be capable of being receptive to alternative views and arguments and seek data from different sources and stakeholders.

Other Audit Plan Considerations

- 4.7.36. The performance audit plan should set out an indicative timetable for completing the audit and for delivering the audit report. In the case of more complex performance audits the audit timetable may consider interim reporting arrangements and also establishing review

⁴⁵ ISSAI 3000 Paragraphs 63 to 65 <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

milestones to assess progress.

4.7.37. Audit teams typically meet with the Responsible Party prior to starting information and data collection. During this meeting, teams meet with officials to introduce their work and identify their information needs for the audit, among other things. A sample agenda for initial meeting with the Responsible Party is shown at *Appendix 3: Sample Initial Meeting Agenda*.

Prepare an Audit Design Matrix

4.7.38. Having determined the audit objective, audit approach, audit criteria, data collection and evidence gathering method the audit team should prepare an **Audit Design Matrix**. The Audit Design Matrix is central and fundamental to conducting effective performance audit.

4.7.39. The Audit Design Matrix is prepared on the basis of information and knowledge obtained in planning and in the pre-study. A well designed Audit Design Matrix guides efficient planning and effective audits. Key features are set out below:

- A. The Audit Design Matrix is a rigorous, structured and highly focused approach to designing a performance audit engagement;
- B. It provides audit objectives, associated sub-objectives and detailed questions;
- C. It should provide a guide for fieldwork and analysis. Having determined audit questions that require answers, the audit team should append procedures to answer audit questions;
- D. It should identify data collection and analysis methods;
- E. It should identify the type and sources of evidence required to support audit findings;
- F. It should be considered throughout planning, examination and reporting phases to ensure that all identified audit issues are covered. Once the examination phase is over, the audit team should suitably link Audit Design Matrix to the Audit Findings and
- G. It should be updated as more in-depth knowledge of the audit subject matter becomes available.

4.7.40. A practical example of the contents of an Audit Design Matrix is shown below in Table 5.

Table 5: Audit Design Matrix–Worked Example

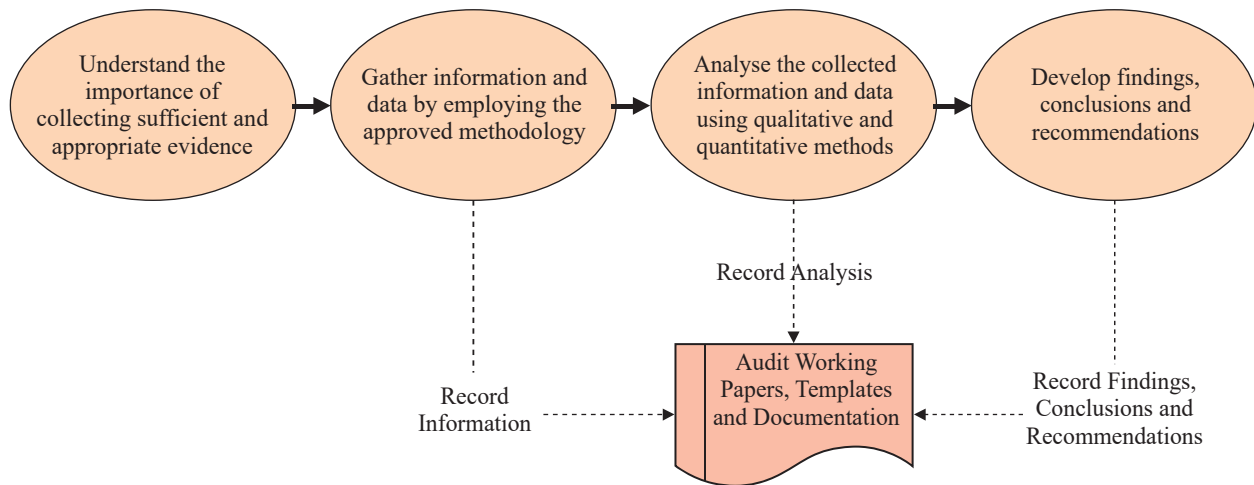
Audit Objective	Assessment of economy and efficiency of the expansion of solar energy and water saving modern technologies				
Audit Question-1	Whether the solar irrigation and water saving modern technologies have been provided to the right farmers at the right place, in the right way and at the right quality?				
Sub-Audit Question	Sub-Sub Audit Question	Audit Criteria	Methods for Data Collection	Audit Evidence Needed	Expected Audit Findings
1	2	3	4	5	6
1.1 Has the principle of economy been followed in implementing solar irrigation and water efficient modern technology?	1.1.1 Has the project delivered within approved budget?	<i>Manuals/ Instructions:</i> Reporting Framework in place	(i) Review of Error! Reference source not found. for targets and KPIs (ii) Interview key Finance Staff; and (ii) Supplier statements to verify that their records tie up with the Audited Entities records.	(i) Monthly Management and Financial Reports that show actual expenditure against budget; (ii) Management Board Meetings; and (iii) Actions taken on areas where expenditure is likely to exceed allocated budget	(i) No management oversight of monitoring over expenditure (ii) Poor Record Keeping; and (iii) Lack of Evidence.
	1.1.2 Have management created and used budget information for monitoring the scheme?	<i>Manuals/ Instructions:</i> Guidance in place to monitor the expenditure	(i) Interview key finance staff; and (ii) Observe how staff carry out their monitoring of budgets.	(i) Manuals / Desk Instructions/ Guidance or any other office procedures; (ii) Risk Management Framework; (iii) Job descriptions (iv) Training Records	(i) Manuals and Instructions are not observed by staff; (ii) Lack of identification of risks and inadequate internal controls; and (iii) Staff are unclear of their roles and responsibilities.
	1.1.3 Are prices for technology comparable with market rates?	<i>Laws and Regulations:</i> Public Procurement Rules; Public Procurement Related Act; and Other Related laws and regulations	(i) Statistics of prices paid for similar items/goods or services by other suppliers; (ii) Interview key finance staff; and (iii) Consider obtaining independent quotes from suppliers	(i) Supporting evidence on evaluation and approval of tenders (ii) Purchase orders (iii) Market rates and prices / standard schedule of rates; and (iv) Expert Advice.	(i) Lack of Evidence to support the evaluation of tenders; (ii) Insufficient checks carried out to ensure that prices offered by suppliers are comparable with market rates.

5. CHAPTER 5 – Conducting a Performance Audit – Fieldwork

5.1. Steps and Outputs Overview

5.1.1. The fieldwork (examination) phase of conducting a performance audit follows immediately from the Pre-Study and audit plan phase and has **four main stages**, as shown in Figure 5 below. The audit team will create **working papers and audit documentation** to record audit evidence and work done to use to write the performance audit report (*CHAPTER 6 – Reporting on Performance Audit*).

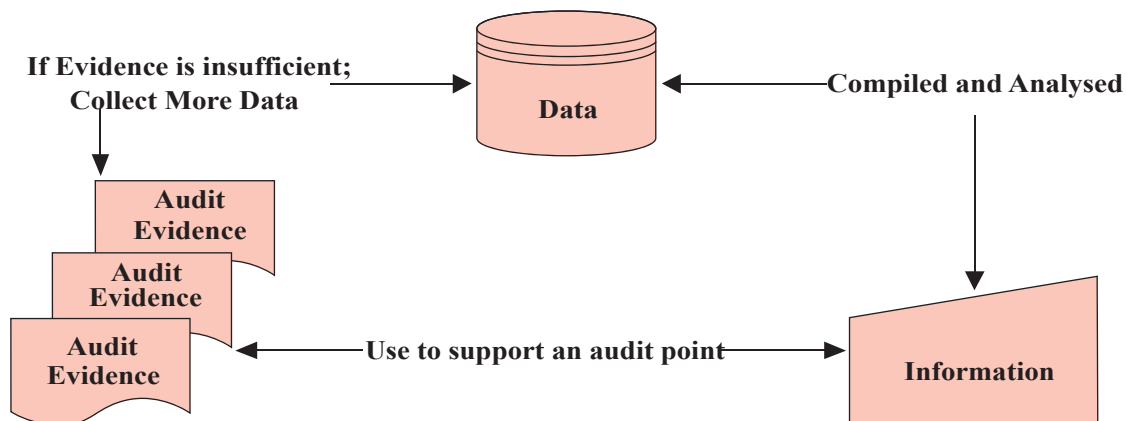
Figure 5: Steps and Outputs of Examination (Fieldwork) Phase



5.1.2. The objective of fieldwork is **to obtain sufficient, reliable, appropriate and relevant evidence** to meet the audit objective and to support the team’s judgments, conclusions and recommendations. This phase also lays the foundation of open communication with the Responsible Party that will enable a constructive interaction regarding the performance audit report in the next phase.

5.1.3. Data, information and audit evidence in performance auditing are inter-related. This is illustrated in Figure 6 below.⁴⁶

Figure 6: Relationship Between Data, Evidence and Information in Performance Auditing



⁴⁶Adapted from INTOSAI implementing guidelines on performance auditing: <https://www.issai.org/wp-content/uploads/2019/08/GUID-3920-The-Performance-Auditing-Process.pdf>

5.1.4. As with audit planning, gathering information will generally require the audit team to co-ordinate closely with the Responsible Party and any other organisations from which the team must obtain information. **The central role of data in audit planning and also in fieldwork cannot be over-emphasised.**

5.2. Audit Management and Monitoring System (AMMS 2.0) Requirements

5.2.1. For conducting the audit, the following documents should be uploaded to AMMS 2.0.

- A. Audit Queries; Audit Memos; Evidence Collection
- B. Communications with the Responsible Party
- C. Audit Documentation

5.3. Obtaining Sufficient and Appropriate Audit Evidence

5.3.1. The **purpose of a full, in-depth performance audit** is to obtain the required quantity and quality of evidence to enable reasonable conclusions to be reached. The main task, therefore, is **evidence collection and analysis**. This task should concentrate on the main performance issues selected and should aim to meet the audit objective.

5.3.2. **Sufficient evidence** means that the evidence collected will lead *any reasonable person* to the same conclusion as the audit team. The amount of evidence required should be proportionate and should consider:

- A. The materiality of the issue being addressed (greater materiality = more evidence and corroboration)
- B. The strength and persuasiveness of the evidence
- C. The likelihood of the evidence being contested

5.3.3. **Relevant evidence** means the most current evidence that is available to the audit team and it must be related to the audit issue being addressed. Evidence will be relevant, therefore, if it relates to the audit objectives, the findings and the time period of audit.

5.3.4. **Reliable evidence** means that the evidence should be accurate (i.e., consistent with fact). Empirical or documentary evidence is more reliable than verbal evidence. Evidence obtained from external sources *may* be more reliable than internal evidence – depending on the independence and credibility of the source.

5.3.5. **Valid evidence** means the extent

Box 13: Guidance Notes on Sufficient, Valid, Reliable and Relevant Audit Evidence

- A. Evidence based on a single source may be a problem as it may not be valid, reliable or sufficient;
- B. Testimonial evidence not supported by documentation or observation may not be reliable;
- C. Evidence not time-sensitive, i.e., too old and does not reflect changes may not be relevant;
- D. Evidence too expensive to obtain relative to benefits may not be sufficient or relevant;
- E. Source of evidence has a vested interest in outcome (or is not credible or independent) may not be reliable;
- F. Samples collected that are not statistically representative may not be relevant, valid or sufficient;
- G. Evidence related to an isolated occurrence may not be valid or sufficient;
- H. Evidence that does not establish a cause and effect relationship may not be reliable or sufficient;
- I. Conflicting or biased evidence may not be reliable.

to which the audit evidence is a meaningful or reasonable basis for measuring what is being evaluated. In other words, validity refers to the extent to which the audit evidence represents what it is purported to represent.

- 5.3.6. However, all performance audit evidence should be corroborated where possible (i.e., multiple sources of evidence should be used to draw an audit conclusion). Preliminary findings should be communicated to, and discussed with, the Responsible Party to confirm their **validity**.

5.4. A Guide to Compiling and Categorising Performance Audit Evidence

- 5.4.1. The audit team should identify the categories of evidence that they intend to gather in support of the audit objective. Sources may be internal or external to the Responsible Party. There are four types of evidence, **Physical, Testimonial, Documentary and Analytical**.

- 5.4.2. **Physical Evidence** is obtained by direct inspection or observation (and documenting / recording) of the activities of people, property or events. The audit team's powers of observation must be used effectively for this type of evidence to be satisfactory. Data collection methods for physical types of evidence include direct observation and inspection of objects.

- 5.4.3. **Testimonial Evidence** is obtained orally from others through interviews, discussion or from written statements received in response to enquiries. Interviews with Responsible Party staff who operate specified procedures or carry out the activity or function are particularly relevant. Data collection methods for testimonial types of evidence include interviews, questionnaires, focus groups and reference groups. In a performance audit, testimonial evidence can be used to gather information about the effectiveness and efficiency of a programme or service.

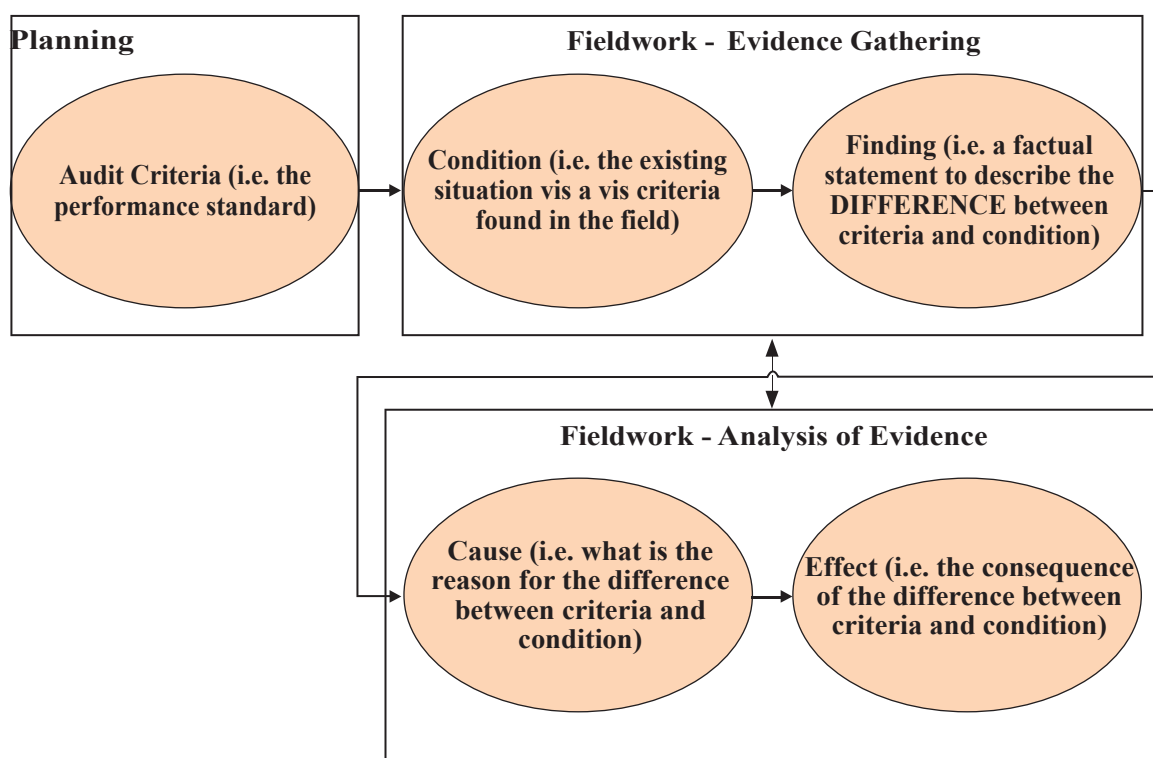
- 5.4.4. **Documentary Evidence** is obtained from actual documentation such as websites, the *Budgetary Central Government of Bangladesh Performance Management Framework*, file papers, data extracted from Responsible Party databases, management reports, external reports, excel files, word documents, pdf documents, emails, third party submissions, staff instructions, operating manuals, digital documents, internal audit reports and other digital or paper sources. Data collection methods for Documentary types of evidence include data extraction, file reviews, secondary sources use of existing data, statistics and research.

- 5.4.5. **Analytical Evidence** is obtained by examining, compiling, organising, identifying insights, detailing trends and making judgements about the data collected. Comparisons with the performance of other appropriate organisations are also useful. Data collection methods for analytical types of evidence include using different types and sources of data (financial and non-financial), assessing process maps and analysis in MS-Excel or other IT packages such as IDEA.

5.5. From Audit Evidence to Audit Finding

- 5.5.1. Evidence collected by the audit team during fieldwork will be used to develop audit findings that will be used to address audit objectives. The steps and processes are explained in Figure 7 below.

Figure 7: Steps and Processes from Audit Evidence to Audit Finding



5.5.2. In general terms, **an audit finding is the difference between the situation identified in the field by the audit team, and the audit criteria set up in the planning stage and stated in the audit plan.** Findings should contain the following attributes as set out in **Figure 7** above.

- A. Criteria (what should be)
- B. Condition (what is)
- C. Finding (compares condition to criteria)
- D. Cause (why is there a deviation from criteria)
- E. Effect (what are the consequences of the situation found)

5.5.3. Some further guidance notes for Figure 7 are set out below.⁴⁷

- A. Audit Criteria** is the performance standard, or norm used by the audit team to measure economy, efficiency or effectiveness of the topic that the team is auditing. Its purpose is to determine whether the Responsible Party or activity reaches, exceeds or falls short of expected performance. Audit criteria can be defined quantitatively or qualitatively. Meeting or exceeding the criteria may indicate good practice. Satisfactory performance is not necessarily a perfect performance but expected performance. Lower than expectation (or lower than audit criteria) is sub-optimal performance and should be recorded as such in audit documentation;
- B. Condition** is the existing situation, identified and documented during the audit fieldwork by the audit team. Condition is based on the evidence gathered by the audit team applying audit techniques;

⁴⁷Adapted from ID INTOSAI learning on 'Implementing Performance Audit ISSAIs'

- C. **Cause** is the reason for the difference between the condition and the criteria. Cause is the basis that the team will use to develop recommendations. The cause may be nuanced or multi-dimensional. The audit team should apply a factual basis to the analysis of cause, but as direct causation is often challenging to establish, the audit team may use professional judgement and technical knowledge; and
- D. **Effect** is the consequence of the difference between audit condition and audit criteria. The effect indicates the seriousness of the situation encountered and determines the intensity of corrective action.

5.6. How to Collect and Organise Evidence (Performance Audit Techniques)

- 5.6.1. Paragraph 4.7.19 sets out a list of audit techniques that may be used by the audit team to carry out performance audits. The techniques selected by the team should be suitable for the needs and circumstances of the audit. Guidance notes on some cross-referenced techniques are set out below in paragraphs 5.6.2. to 5.7.4 below.
- 5.6.2. **Audit Sampling:** Some technical guidance on the use of sampling is set out in Box below.

Box 14: Technical Notes on Sampling

1. **Sampling:** Sampling can be a powerful tool for estimating the characteristics of a population when the audit team cannot collect information on the whole population. A sample is a group of people, sites, objects, items, or documents taken from a larger population for estimation or approximation. An audit team could use sampling as a tool for multiple data collection methods, including document reviews, physical inspections, or surveys. It is important for the auditor to carefully consider the population and the objectives of the audit before selecting a sampling method. The auditor should also ensure that the sample size is sufficient to provide a reasonable level of assurance regarding the population.

There are different methods of sampling, these include:

- 2. **Random sampling:** This method involves selecting a sample from the population at random, such that each item in the population has an equal chance of being selected. This method is often used when the population is large, sample frame is obtained, and the auditor wants to ensure that the sample is representative of the population.
- 3. **Stratified sampling:** This method involves dividing the population into internally homogeneous subgroups (strata) based on certain characteristics such as geographic location, program type, or expenditure size. A sample is then selected from each stratum, and the results are combined to provide an overall estimate of the population. This method is useful when there are significant differences between subgroups, and the auditor wants to ensure that each subgroup is represented in the sample.
- 4. **Systematic sampling:** This method involves selecting the first item randomly and then every k^{th} item in the population for examination. This method is useful when the population is ordered or arranged in a specific pattern, such as a list of names or a time series of events.
- 5. **Judgmental sampling:** This method involves selecting items for examination based on the auditor's professional judgment and experience. This method is often used when the auditor has specific concerns or suspicions about a particular aspect of the population.
- 6. **Haphazard sampling:** This method involves selecting items for examination in an arbitrary or

random manner, without following a specific sampling plan. This method is often used when the population is small, and the auditor does not have the resources to conduct a more rigorous sampling method.

7. **Cluster sampling:** This method involves dividing the population into smaller groups, called clusters, and then selecting a sample of clusters to be studied.
8. **Multi-stage sampling:** is a sampling technique used in statistics and research, where the population is divided into multiple stages, and a random sample is selected from each stage to represent the entire population. In multi-stage sampling, the selection process involves several stages, each of which is used to refine the sample selection process.

5.6.3. **Examination of Responsible Party papers** could mean reviewing any of the following documents, or any components of the *Budgetary Central Government of Bangladesh Performance Management Framework at Figure 2*.

- A. Annual reports
- B. Financial statements
- C. Project documents
- D. Correspondence
- E. Memoranda
- F. Minutes
- G. Reports
- H. Directions to staff
- I. Internal audit reports

5.6.4. **Interviewing** could involve the audit team interviewing staff or external stakeholders in a structured format based on pre-prepared questions and clear objectives. This constitutes testimonial evidence and may use open (encourages expansive answers) or closed (yes / no) questions with supplementary or deeper probing questions as required. Interviews may be recorded (on a cell phone) if the Responsible Party and interviewee agree, but note that the conversation should be recorded in the audit file. Interview notes should be taken by the audit team during the interview and the interviewee should be advised that this will be done. To assist the Audit Team in carrying out a suggested guide can be viewed at *Appendix 4: Audit Fieldwork – Suggested Interview Guide*.

5.6.5. **Direct Observation** will involve the audit team on site observing Responsible Party operations. This should be done with a particular audit criterion in mind and a clear idea of the audit evidence (condition) that is being sought. It may involve viewing registration procedures at a school, reviewing a tender opening process, observing at an auction of obsolete goods or the installation and maintenance of solar panels. This should help the audit team to obtain sound evidence on condition in the field. In most circumstances, observations should be overt rather than covert.

5.6.6. **Case Study Comparisons.** This is a technique that the audit team can apply where there are comparable operations or entities within the SAI's audit remit and mandate. Examples may include comparing cost per prisoner day in a range of prisons, comparing prices gained at different auction for sales of comparable obsolete assets, overhead costs in

comparable civil engineering project, full cost per mile of ferries or vehicles (including depreciation, maintenance and fuel) across government depots.

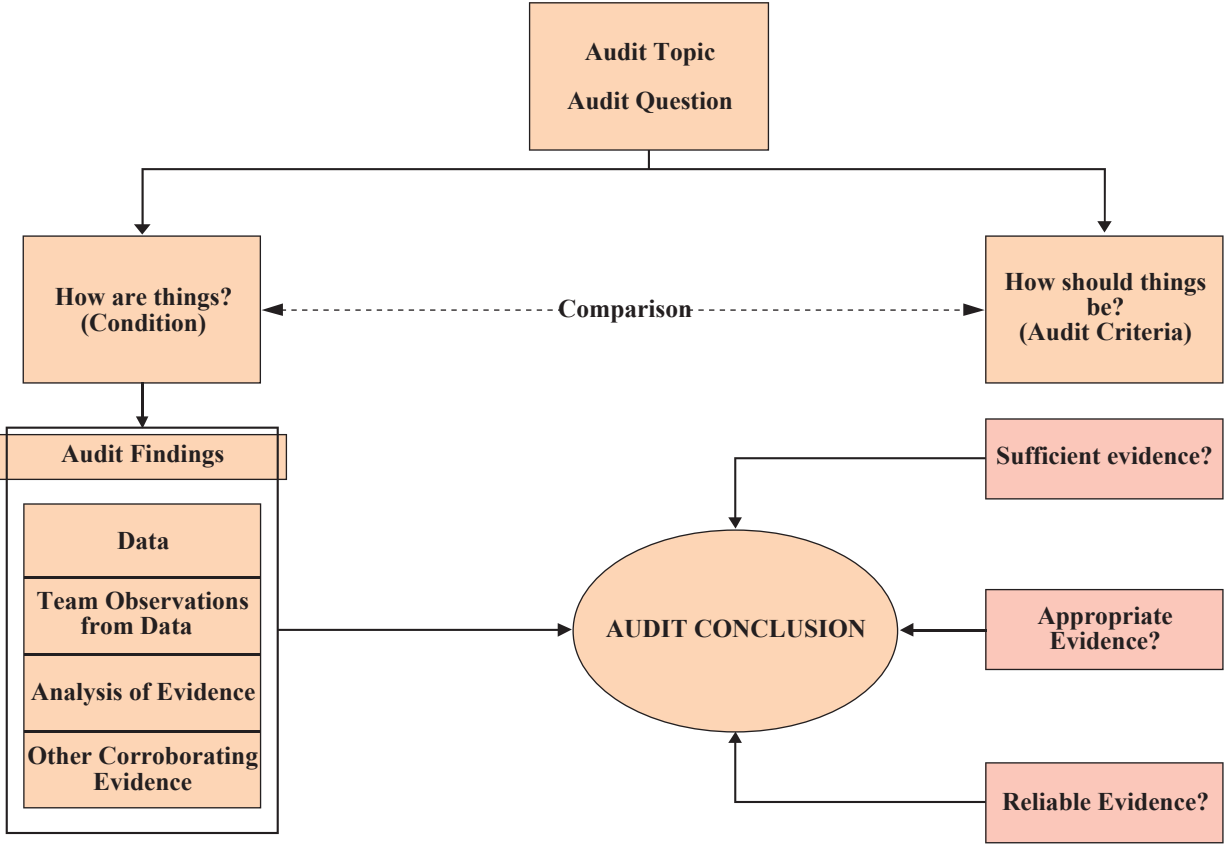
- 5.6.7. **Benchmarking** Comparisons made by the audit team with performance or good practice elsewhere to determine if scope exists for better performance. This could be applied to processes where there may be efficiency gains (for example number of staff per aircraft internationally or per hospital nationally), or the cost per pupil at schools between 64 districts.
- 5.6.8. **Questionnaires and Surveys** Questionnaires comprise lists of questions designed to obtain information on a specific subject. Questionnaires can be set up using online applications such as Survey Monkey (<https://www.surveymonkey.com/>) or in Google Docs. Questions can be open or closed and should be designed by the audit team to be completed by the Responsible Party. Surveys tend to be used to gauge opinions (e.g citizen or consumer views) and may be most useful in assessing efficiency or effectiveness. Surveys can be attributable or non-attributable. Information from questionnaires and surveys is to some extent standardised because the questions are the same to all respondents. Surveys and questionnaires sometimes have low response rates this limiting their value.
- 5.6.9. **Focus Groups** are a selection of people, often stakeholders or perhaps customers of the Responsible Party, brought together to discuss specific topics or issues. Focus groups are best used to gather qualitative rather than quantitative evidence. Sessions should be facilitated by the audit team and recorded with the consent of participants – each session should consider one or two tightly focussed questions only and should be no more than one hour in duration. Audit Evidence is gathered from the insights, responses and consensus of the focus group.
- 5.6.10. **Flowcharting** is a visual representation that is drafted by the audit team to represent a system or set of arrangements. It allows the audit team to analyse operations for potential improvements in efficiencies, for example. Flowcharts may be compiled using commercial or open source audit software (including MS-VISIO, SmartDraw or others for example). Breaking down an activity into a flowchart can help the audit team to focus on the main features of an activity or system and therefore offer insights that other analytical or recording techniques cannot.

5.7. Analysing Audit Evidence

- 5.7.1. The audit team should assess the sufficiency and appropriateness of audit evidence and draw reasonable conclusions. In developing audit evidence, as in research, the audit team should make assessments based on professional judgement and experience. The audit team, however, should **always objectively evaluate condition against audit criteria** to develop findings, and consequently, conclusions. An outline of the process of audit evidence and audit findings and conclusions is shown in Figure 8 below.
- 5.7.2. **Statistical Analysis or Data Analysis** is often employed when data from the audit has to be compiled, organised, presented as graphs or analysed in order to establish trends or make comparisons – this can be done using MS-Excel or other commercial packages including IDEA. The use of graphs is an effective way to convey audit findings to the Responsible Party.

- 5.7.3. **Activity and Work Study Analysis** records key processes with a view to assessing and measuring the contribution made by the activity to objectives of value for money. This analysis can provide insights on how to improve the speed of each process for example, and if working methods and standards can be improved.
- 5.7.4. **Cost Benefit Analysis** is the most comprehensive form of economic appraisal that seeks to quantify in money terms as many of the costs (inputs) and benefits (outputs) of a proposal as possible, including those for which the market does not provide a satisfactory measure of economic value.

Figure 8: From Audit Evidence to Audit Conclusion (Step by Step)



5.8. How to Prepare Performance Audit Findings and Recommendations

- 5.8.1. Gathering sufficient evidence is necessary for the audit team to develop sound conclusions and write the audit report (See CHAPTER 6 – Reporting on Performance Audit). The audit team’s conclusions should directly reference the extent to which performance against audit criteria (i.e., the performance norms or expectation as stated in the audit plan) **has been achieved (or not)**. The potential for improvement by the Responsible Party should also be stated by the audit team.
- 5.8.2. Audit findings should be constructed using a clear and logical framework as set out in Table 7: Audit Findings Matrix and Table 8: Audit Findings Matrix - Guidance on Completing the Matrix below. This approach supports effective audit review and understanding of the audit criteria applied, the conditions found, analysis, significance and causes of the situation

found. The audit team's findings should be stated in terms of the principles of economy, efficiency and/or effectiveness, as this provides a way to lead logically into the necessary corrective action. Findings should be objective and fair.

- 5.8.3. The audit team should gather the best possible information including facts as well as opinions, arguments and reflections from different sources. Seeking help from technical specialists at this stage is also acceptable to help assess the weight, relevance, sufficiency and quality of audit evidence.
- 5.8.4. Performance audit findings and conclusions should be well supported by audit evidence generated from the performance audit techniques set out above at paragraph 4.7.27.
- 5.8.5. Before completing the fieldwork stage, the audit team should ensure that there is sufficient, appropriate evidence to draw conclusions. The close link between audit evidence and reasonable conclusions is demonstrated in Figure 8 above.

5.9. Organizing Audit Documentation

- 5.9.1. Working papers (audit documentation) serve as the connecting link between the fieldwork and the audit report. The audit team should ensure that working papers are sufficiently complete and detailed to provide an understanding of the audit. Working papers should contain supporting documents relating to the audit tasks performed during the fieldwork that can be referred to in the report writing stage (See CHAPTER 6 – Reporting on Performance Audit).
- 5.9.2. Working papers should be laid out clearly by the audit team and should be signed, dated and indexed to enable a supervisory review to be completed. Working papers should remain secure and confidential to the SAI – a note on this is set out at Box 15.
- 5.9.3. The audit team should create audit documentation to record the preparation, conduct, contents and findings of the audit in a controlled, disciplined and professional way.
- 5.9.4. The audit team should document the audit work done in a sufficient, complete and detailed manner.⁴⁸ Preparing audit documentation on a timely (i.e., at the time the audit work is done / audit procedure completed) basis helps to enhance the quality of the audit and facilitates effective review and evaluation of the audit evidence obtained and conclusions drawn, before the report is finalised.⁴⁹
- 5.9.5. Working papers (or audit documentation) means relevant documents collected and generated during a performance audit. This includes documents recording the audit planning; the nature, timing, and extent of the audit procedures performed, and the results and conclusions drawn by the audit team from the audit evidence obtained. An indicative working paper header is set out below in Table 6.

Box 15: A Note on Confidentiality

The audit team should adopt appropriate procedures to maintain the confidentiality and safe custody of working papers and should retain the working papers for a period sufficient to meet the needs of the legal and professional requirements of record retention.

⁴⁸ISSAI 3000/86 Performance Audit Standard; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

⁴⁹GUID 3920/100 The Performance Auditing Process; <https://www.issai.org/wp-content/uploads/2019/08/GUID-3920-The-Performance-Auditing-Process.pdf>

Table 6: Audit Documentation (Control Header)

Current Audit File Reference:	Working Paper Number:
Name of the Responsible Party:	Prepared by: Name, Date, Signature:
Audited Period: from / to:	Reviewed by: Name, Date, Signature:

5.9.6. The **performance auditing file** should document the work performed and evidence obtained to support significant judgments and conclusions. The audit team should document the audit based on the circumstances of each audit, but the **performance auditing file** should, generally, be set out as follows and should contain at least three sections: **planning, execution and reporting**.⁵⁰

- A. An index for the information included in the audit file;
- B. The objective (s), scope, and methodology of the audit;
- C. Audit correspondence and the office order;
- D. A memo of all key decisions;
- E. Statements of independence for the audit team;
- F. The audit plan that identifies the scope, methodology and plans to collect the evidence;
- G. Documentation of meetings with the Responsible Party;
- H. Interview records to document testimonial evidence from officials;
- I. Cross-referenced to evidentiary documentation;
- J. Records of file reviews, observations or inspections;
- K. Answers to questionnaires;
- L. Records of discussions during focus groups and reference groups;
- M. Records of analyses, including audit findings matrix;
- N. Documentation of key stakeholder and management reviews of drafts reports; and
- O. The final report cross-referenced to the evidence in the file.

5.9.7. The review of the performance audit engagement should be conducted by a superior officer and there should be a review of the work of the team collectively. Full details of the review of engagements are set out in the OCAQ Quality Control System.⁵¹

5.10. Audit Findings Matrix

5.10.1. The audit team should create an audit findings matrix to guide the preparation of the performance audit report (See CHAPTER 6 – Reporting on Performance Audit). An audit findings matrix allows gathering the main elements that constitute the main chapters of the report in a systematic, controlled and consistent way. The findings matrix enables the audit team, the file reviewer, quality assurance and other audit stakeholders (such as the annual quality control peer review by other Directorates as set out in the OCAQ Quality Control System⁵²) to have a structured basis for understanding the findings and conclusions of the audit.

5.10.2. The audit team should begin to complete the findings matrix during fieldwork when audit findings are fresh. Clarifications that may be necessary should be collected while still in the field to avoid misunderstanding and possible further requests for information later on. Table 7 and Table 8 below show a format and guidance for populating an audit findings matrix.

⁵⁰Adapted From IDI/PAS Development Team

⁵¹Quality Control System in Office of the CAG Bangladesh Page 11 Paragraphs 7.07 to 7.12;
<https://cag.org.bd/storage/app/media/reports/Quality%20Control%20System%202021.pdf>

⁵²Quality Control System in Office of the CAG Bangladesh - Page 12 Paragraph 8.03;
<https://cag.org.bd/storage/app/media/reports/Quality%20Control%20System%202021.pdf>

Table 7: Audit Findings Matrix- Format

Guidance Notes							
<ul style="list-style-type: none"> • For each audit objective there may be multiple audit questions • For each audit question the team should set audit criteria 							
Criteria to be Applied	Situation Found	Supporting Evidence and Analysis	Causes	Effects	Good practices (i.e., things done well by the Responsible Party)	Recommendations to the Responsible Party	Expected benefits to accrue to the Responsible Party

5.10.3. Guidance with examples⁵³ on how to complete each field of the audit findings matrix is set out in Table 8 below.

Table 8: Audit Findings Matrix - Guidance on Completing the Matrix

Section AFM (See Table 7)	Good Practice Example	Guidance Notes
Audit Objective	<p>Examples <u>may</u> include:</p> <p>A. Economy – To assess if the money allocated on protecting the cultivated crops from rain-induced early flood in XXXX area has been properly spent with economy.</p> <p>B. Effectiveness –To determine if benefits have accrued to the local population in line with project objectives.</p>	<p>A. Select realistic and achievable audit objectives.</p> <p>B. Set out clearly the tone and direction of the audit.</p> <p>C. Make the audit objectives short (around 30 words or so).</p> <p>D. Try to avoid sub-objectives – set out each objective separately.</p> <p>E. Each objective should refer to ONE component of the 3E’s only.</p> <p>F. The audit objectives may be formulated as audit questions.</p> <p>G. If formulated as audit questions, the audit team should ensure that questions are thematically related, complementary, not overlapping and collectively exhaustive in addressing the overall audit question.</p> <p>H. Work collectively as a team.</p>
Audit Questions	<p>Examples <u>may</u> include:</p> <p>A. Economy - Have steps have been taken for procurement of materials at the lowest price?</p> <p>B. Effectiveness – Which benefits of the dam have contributed to project effectiveness?</p>	<p>A. State the question clearly and be unambiguously.</p> <p>B. The audit <u>question should be a question</u> with a question mark at the end.</p> <p>C. Select a small but focussed number of audit questions.</p> <p>D. Work collectively as a team</p> <p>E. Keep things tight and achievable.</p>

⁵³ Based on **Source:** C&AG Bangladesh’s Performance Audit Report (2017-18) on Water Resource Ministry.

Section AFM (See Table 7)	Good Practice Example	Guidance Notes
Audit Criteria	<p>Examples <u>may</u> include:</p> <ul style="list-style-type: none"> A. Development Project Proposal to identify costs and budgets B. Review work orders for consistency with priced schedule of rates or market norms C. Identify standard materials used in building code and compare to material used D. Compare quantities of materials used with similar projects E. Identify social and technical development indicators in the SDGs or MTBFs and use these to assess effectiveness. F. Prices paid compared with approved schedules of rates G. Prices paid compared to current market rate H. Prices paid compared to international standards 	<ul style="list-style-type: none"> A. Set relevant, reliable, understandable, complete and objective criteria from credible sources that can be referenced. B. Discuss the audit criteria with the Responsible Party to ensure they are fair and reasonable. C. Use a range of credible and independent norms and sources for audit criteria. D. Use the <i>Budgetary Central Government of Bangladesh Performance Management Framework</i> where possible – but consider other norms also. E. Work collectively as a team
Condition (Situation Found)	<p>Examples <u>may</u> include:</p> <ul style="list-style-type: none"> A. Prices paid for materials were X% higher than market norms. B. Quantities used were higher than for comparable projects. C. The project budget was exceeded by X%. D. The local population achieved greater crop yields after the dam was constructed. E. Community benefits accrued in the form of perceived reduced disaster risk. 	<ul style="list-style-type: none"> A. Include only relevant information in the condition. B. Avoid over-elaboration – the writing should be crisp and precise. C. Be balanced and fair in presenting facts. D. Do not exaggerate shortcomings or keep them out of context. E. Always be neutral. F. Ensure condition findings can be substantiated by an independent review. G. Preserve audit evidence. H. Ensure qualitative evidence (interviews etc) are phrased and constructed fairly. I. Work collectively as a team.
Audit Evidence and Analysis	<p>Examples <u>may</u> include:</p> <ul style="list-style-type: none"> A. Compilation in MS-Excel of unit price data from contractor bills paid. B. Comparison of quantities budgeted and quantities used. C. Unit cost compiled from iBAS++ transaction data. D. Comparison of actual unit prices with schedule of rates and with 	<ul style="list-style-type: none"> A. Collect sufficient, reliable and relevant evidence to support the judgments and conclusion. B. Be innovative in the use and sourcing of data. C. Gather best possible information. D. Always consider expert opinion on prices and quantity. E. Think about evidence from the ‘reasonable person’ perspective.

Section AFM (See Table 7)	Good Practice Example	Guidance Notes
	<p>similar projects.</p> <p>E. Extraction of iBAS++ transaction data on five similar projects</p> <p>F. Interviews with leaders in local population</p>	<p>F. Consult, consult, consult!</p> <p>G. Use a range of audit techniques.</p> <p>H. Concentrate analysis on the main audit issues.</p> <p>I. Work collectively as a team.</p>
Causes	<p>Examples <u>may</u> include:</p> <p>A. Prices on bills are not checked to schedule of rates</p> <p>B. Verification of contractor bills is not allocated as a control activity</p> <p>C. No project KPIs could be identified</p> <p>D. Progress inspection not conducted with frequency set out in project plan</p> <p>E. No reviews of bills were taken before approval for payment</p> <p>F. Agreed rates were higher than rates paid on similar programmes</p> <p>G. Risk registers do not identify VFM as a risk</p>	<p>A. Carefully identify the causes of deviation between condition and criteria – relate this to documentation or sources at all times.</p> <p>B. Be aware of the presence of multi-dimensional causes.</p> <p>C. Apply a factual basis to analyse the causes.</p> <p>D. Use professional judgment and technical knowledge to analyse the causes.</p> <p>E. Work collectively as a team.</p>
Effects	<p>Examples <u>may</u> include:</p> <p>A. The project was more costly than anticipated</p> <p>B. Some materials used were sub-standard which may be a maintenance financial risk</p> <p>C. The effectiveness of the project was regarded as high by the local population</p>	<p>A. Summarise the effects from all of the evidence.</p> <p>B. Present accurate and complete information in a neutral way.</p> <p>C. Be bold and use professional judgement.</p> <p>D. Keep things factual and defensible.</p> <p>E. Quantify where possible.</p> <p>F. Use a team focus group to summarise the effects.</p>
Good Practices	<p>Examples <u>may</u> include:</p> <p>A. The project engineer regularly updated the local population on progress with the construction of the dam</p> <p>B. There were exhibitions on the benefits of the dam at the beginning of construction</p> <p>C. The project steering committee had a citizen representative</p>	<p>A. In some rare circumstances there may be none, but the audit team should strive (in a constructive auditing spirit) to identify good practices fully or partially implemented by the Responsible Party.</p> <p>B. Consider all angles and possibilities to identify good practices.</p> <p>C. It is part of good relations to recognise good practices.</p> <p>D. Think creatively as a team.</p>
Audit Team's Recommendation	<p>Examples <u>may</u> include:</p> <p>A. Monitoring activity should be strengthened.</p>	<p>A. Make clear, precise and specific recommendations – concentrate on one issue at a time.</p>

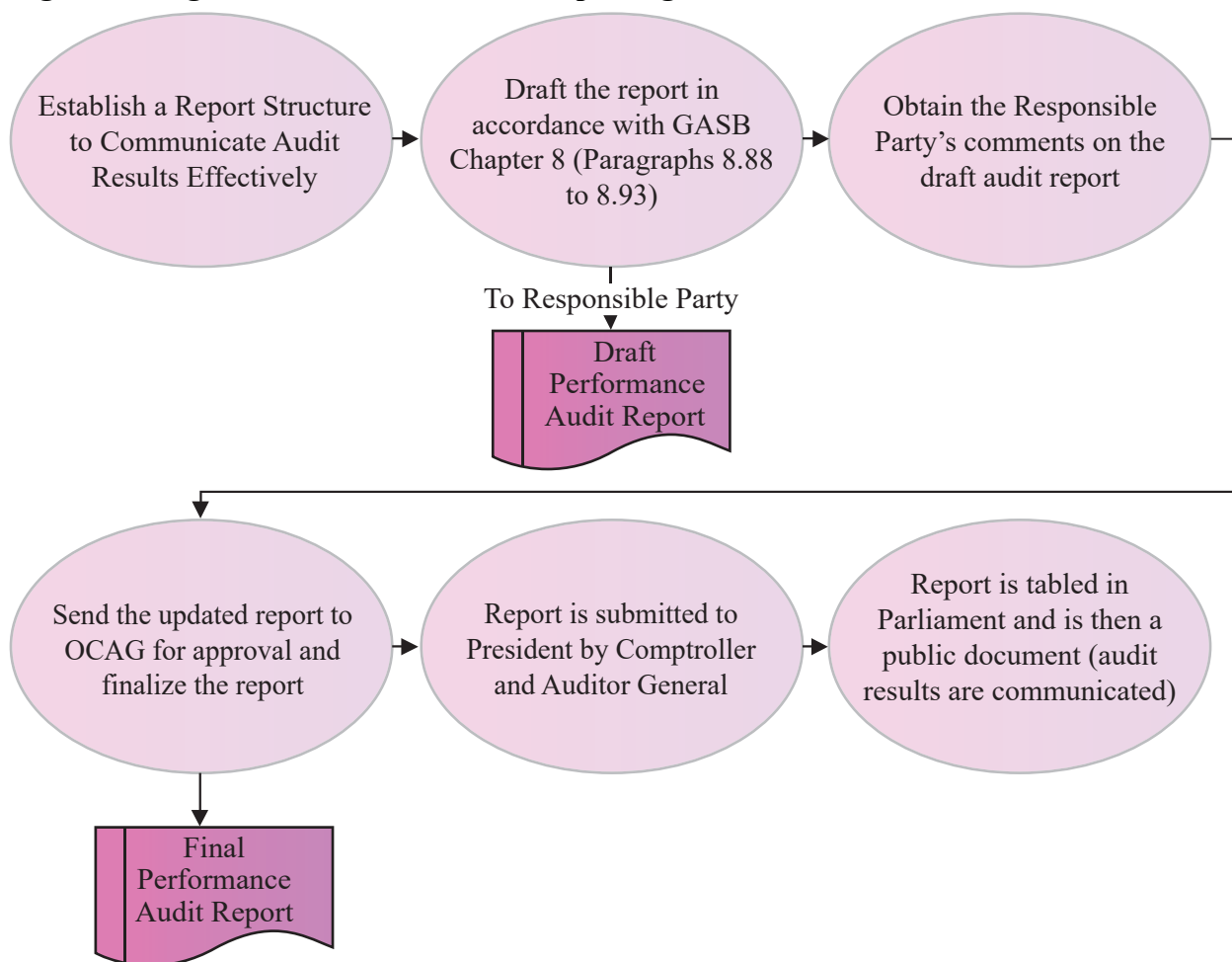
Section AFM (See Table 7)	Good Practice Example	Guidance Notes
	<p>B. Control activities to check, verify and approve contractor bills should be established.</p> <p>C. Access to up to date schedules of rates should be improved.</p> <p>D. Project KPIs should be set up for all future constructions.</p> <p>E. Regular monitoring reports on KPIs should be reviewed by the project engineer.</p> <p>F. Future project plans should set out specific roles in respect of VFM.</p>	<p>B. Focus on recommendations that will make <u>systemic</u> changes.</p> <p>C. Encourage Responsible Parties to be innovative and bring about changes – be ambitious.</p> <p>D. Avoid punitive recommendations.</p> <p>E. Be <u>constructive</u>.</p> <p>F. Consider practicality i.e. recommendations should be achievable and practical and time bound.</p> <p>G. Identify the personnel responsible for implementation of recommendations.</p> <p>H. Quantify the financial and other impacts of the recommendations if possible.</p> <p>I. ALWAYS consult with the Responsible Party on recommendations.</p> <p>J. Include any response to the recommendations from management of the Responsible Party.</p> <p>K. <u>Consider classifying recommendations as high medium and low priority.</u></p>
Benefits Expected to Accrue to the Responsible Party	<p>Examples <u>may</u> include:</p> <p>A. Better economy in future projects.</p> <p>B. Better effectiveness due to better appreciation of social indicators.</p> <p>C. Better appreciation of market forces and the effect on prices.</p> <p>D. Better knowledge of consumer social and technical needs.</p> <p>E. More detailed billing from contractors.</p>	<p>A. Consider benefits in relation to the elements of the 3E's identified in the audit objectives and audit criteria.</p> <p>B. Consult with the Responsible Party on the benefits identified by the audit.</p> <p>C. Consult with normative sources of audit criteria on benefits (where possible).</p> <p>D. Work collectively as a team to identify benefits.</p>

6. CHAPTER 6 – Reporting on Performance Audit

6.1. Steps and Outputs Overview

- 6.1.1. The audit reporting phase follows on immediately from the examination (or fieldwork) phase and has **six broad stages** with, ultimately, one documentary output – the final **performance audit report** to the Responsible Party.
- 6.1.2. There is, however, an interim stage in the process (specifically required by INTOSAI Standards⁵⁴) - sharing of a **draft performance audit report** with the Responsible Party for comments.
- 6.1.3. The overall process of the reporting stage is set out in Figure 9 below.

Figure 9: Stages in Performance Audit Reporting



6.2. Audit Management and Monitoring System (AMMS 2.0) Requirements

- 6.2.1 For reporting the performance audit the following documents should be uploaded to AMMS 2.0 by the audit team:
- Draft Performance Audit Report (and issued to Responsible Party)
 - Responsible Party Responses
 - Final Performance Audit Report (and issued to Responsible Party)

⁵⁴The audit team should give the Responsible Party the opportunity to comment on the audit findings, conclusions and recommendations before the OCAG issues its audit report. (ISSAI 3000/129; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>) and explanations-especially from the Responsible Party(s) - shall always be sought and critically evaluated (ISSAI 3000/121; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>).

6.3. Writing the Performance Audit Report – A Guide

- 6.3.1. The performance audit report written by the audit team should state audit objectives, audit scope, audit methodology and sources of evidence used. It should set out audit findings, audit conclusions and audit recommendations that are clearly linked to audit findings and analysis. The report should include clearly expressed comparisons between audit criteria and condition, and should contain an analysis of differences between audit criteria and condition including the cause and effect of the gap or differences. An *indicative* performance audit report Table of Contents is set out at Appendix 8: Draft and Final Audit Report – Review Checklist
- 6.3.2. The audit team should write audit reports that are **comprehensive, convincing, timely, reader-friendly and balanced**.⁵⁵ Reports should communicate the results of the audit to all stakeholders, make the results less sensitive to misunderstanding and facilitate follow-up (See CHAPTER 7 – The Follow up on the Audit Report) to determine whether corrective actions have been taken. A note on the importance of the performance audit report is set out at Box 16.
- 6.3.3. **Comprehensive** in this context means that all information and arguments needed to address audit objectives and audit questions are in the report. The report should be sufficiently detailed to allow understanding of the findings and conclusions.⁵⁶
- 6.3.4. **Convincing** in this context means that the report should be logically structured and present a clear relationship between the audit objectives and audit questions, audit criteria, audit findings, conclusions and recommendation.
- 6.3.5. **Timely** in this context means soon enough to make the information in the report useful for the Responsible Party and other stakeholders (including Parliament).
- 6.3.6. **Reader Friendly**⁵⁷ in this context means that the report should be written with the needs of the intended audience in mind. This, in practice, may mean summarised reports, briefing notes, brochures, lectures, press conferences, partial reports and short video broadcasts on social media (including Twitter, Facebook, LinkedIn and so on, but always in line with the OCAG Communications Strategy⁵⁸). Reports should be accessible and should convey information – the use of colour and graphics can help to achieve this.
- 6.3.7. **Balanced**⁵⁹ in this context means the performance audit report is impartial in content and tone. The audit team should present all audit evidence in an unbiased manner and report both positive and negative findings with corrective action as necessary. the intended

Box 16: A Note on the Importance of the Performance Audit Report

Important issues:

The performance audit report communicates audit results and is essential to meeting the overall aims of performance audit which is to improve VfM in government:

- Identify structures and processes that are not working as well as they could and bring them to the attention of stakeholders so they can initiate change;
- Present a case for change to improve administration and management by presenting the findings of the audit work with reliable, objective and fair information (GUID 3920/125)
- Make recommendations for constructive and effective change (ISSAI 3000/126)

⁵⁵ISSAI 3000/116 Performance Audit Standard; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

⁵⁶ISSAI 3000/117 Performance Audit Standard; <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

⁵⁷GUID 3920/120 Performance Auditing Process; <https://www.issai.org/wp-content/uploads/2019/08/GUID-3920-The-Performance-Auditing-Process.pdf>

⁵⁸ See <https://cag.org.bd/storage/app/uploads/public/615/185/5cc/6151855cca123044585071.pdf> (Page 11) - OCAG Strategic Plan 2021 - 2025

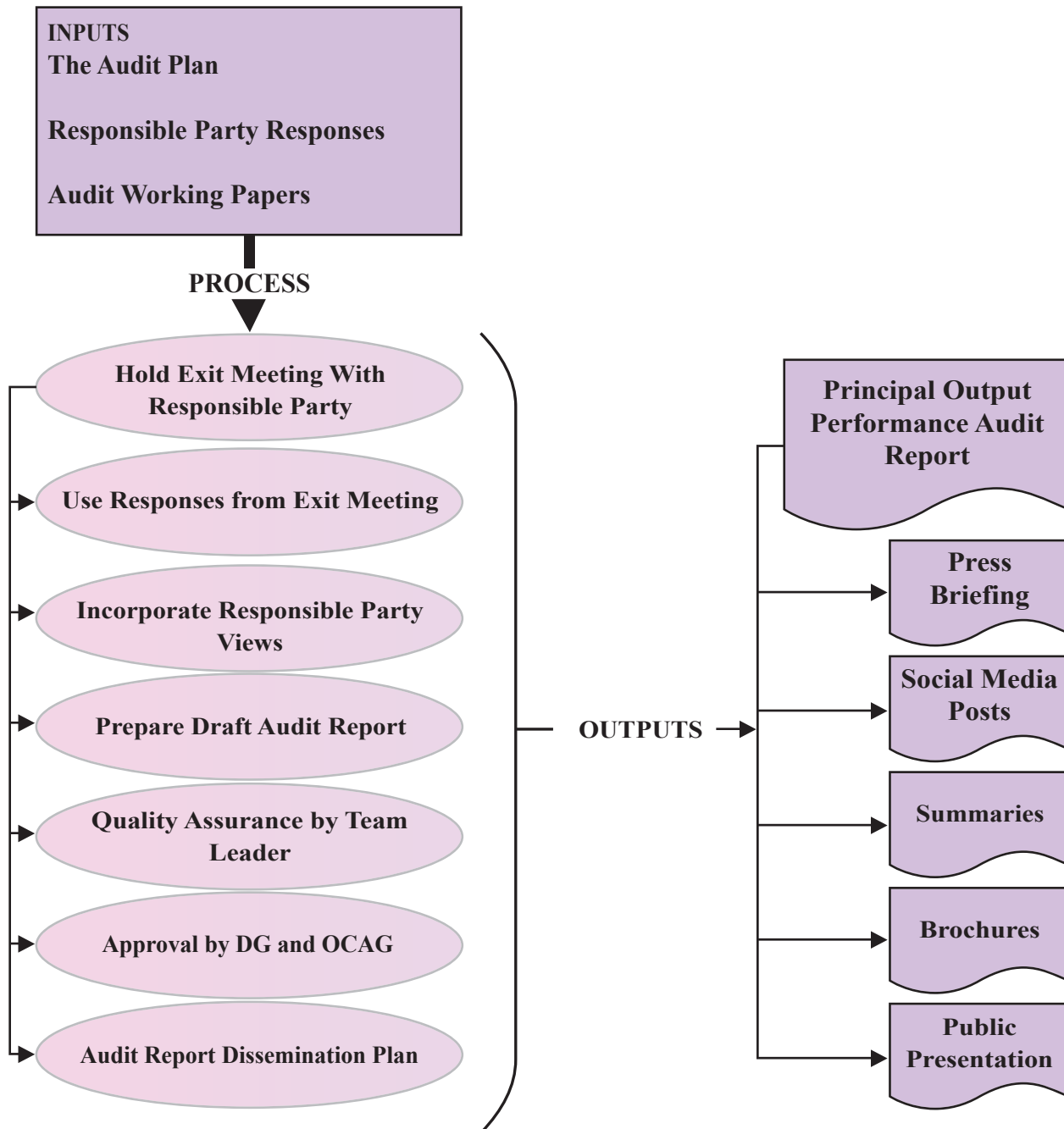
⁵⁹GUID 3920/123 - <https://www.issai.org/wp-content/uploads/2019/08/GUID-3920-The-Performance-Auditing-Process.pdf>

audience in mind. This, in practice, may mean summarised reports, briefing notes, brochures, lectures, press conferences, partial reports and short video broadcasts on social media (including Twitter, Facebook, LinkedIn and so on, but always in line with the OCAG Communications Strategy⁵⁸). Reports should be accessible and should convey information – the use of colour and graphics can help to achieve this.

6.4. Overview of the Performance Audit Reporting Process

6.4.1. An overview of the report writing process to be followed by audit team is set out at Figure 10 below:

Figure 10: Process of Writing the Performance Audit Report



6.4.2 Guidance notes on each of the three stages (input → process → output) are set out below:

6.4.3. For **inputs**, the audit team should ensure that:

- A. All issues identified in the audit plan have been covered.
- B. The fieldwork is covered in the audit report.
- C. Audit findings and conclusions are supported by audit evidence.
- D. Working papers are fully referenced, numbered, dated, clear and indexed.
- E. The Audit Findings Matrix is complete.
- F. Responsible Party Responses have been sought and are recorded.

6.4.4. For **process**, the audit team should ensure that:

- A. QA checklists as required have been completed.
- B. The draft audit report has been shared with the Responsible Party – this can be done formally by letter and/or through AMMS-2.0.
- C. Communication with the Responsible Party to obtain their views on the draft audit report has been done and verified.
- D. The exit meeting is set up to give the Responsible Party plenty of time (two to three weeks or so) to read and understand the draft report and participate fully and constructively in the meeting.
- E. The exit meeting with key Responsible Party personnel has been held and was constructive and open.
- F. The views of the Responsible Party have been thoroughly examined and incorporated into the report.
- G. Factual errors in the report have been corrected.
- H. Changes to the text of report are supported by audit evidence.
- I. The report is submitted to the DG and OCAg in good time.

6.4.5. For **outputs**, the audit team should ensure that:

- A. The final audit report is consistent with the draft as modified by the interim stage of consultation and communication with the Responsible Party.
- B. Derivative communications (as illustrated in Figure 10) should be consistent with the final report.

6.5. Structuring the Performance Audit Report

6.5.1. The table of contents of the performance audit report and draft report (the same format) is set out below in Table 9 with guidance notes on content.

Table 9: Guidance Notes on Structure of the Performance Audit Report

Report Section	Guidance Notes	Indicative Length
Cover Page	Standardised and consistent within and across the Audit Directorates. It should state the full name of the audit, the Ministry or government entity, project or programme and the audit year.	Cover Page

Report Section	Guidance Notes	Indicative Length
	<p>Logos should be used consistently and approved by the Audit Directorate and OCAG.</p> <p>The report and draft should be dated and all pages should be numbered apart from the cover page. The addressee should be stated (this is typically the head of the Responsible Party)</p>	
Report Title	The topic of the performance audit as stated in the audit plan	Cover Page
Table of Contents	This should contain main report headings and references to page numbers. The Table of Contents should list all tables, figures, graphs and appendices. Tables, graphs, figures etc should each be referenced sequentially and individually. Abbreviations and acronyms should be listed.	One to two pages
Introduction	<p>The introduction provides the context of the performance audit, helping the reader to understand the audit. It consists of a brief description of the subject of study, information on programme, activity, or institution, its objectives, inputs, implementation structure, expected outputs and outcome, etc. The introduction should be brief, yet sufficient to enable the reader to understand the context of the Responsible Party/programme.</p> <p>Acknowledgements should be made in the introduction to each report, e.g., thanking the Responsible Party management for their time and ensuring that the audit was conducted co-operatively and constructively and for providing audit evidence in a timely manner.</p>	One to two pages
Executive Summary	<p>The executive summary gives an accessible overview of audit topic at the time of the assignment in light of the main issues covered by the report. Focus on the main issues in this section:</p> <ul style="list-style-type: none"> • Introduction to the audit <ul style="list-style-type: none"> ○ Nature of the audit (i.e., a performance audit) ○ Audit objectives ○ Key criteria with citations ○ Materiality ○ Key areas of activity reviewed. • Main audit findings • Conclusions • Recommendations • Actions agreed with the Responsible Party <p>The executive summary is a short chapter designed to</p>	Two to three pages

Report Section	Guidance Notes	Indicative Length
	<p>provide an overview and summary of the main points and key messages of the performance audit report. This section of the report will be the most frequently and widely read part, so it is worth spending time to maximise its impact.</p> <p>It should be written simply, clearly and concisely to summarise the most important parts of the audit report. The audit team should aim for a professional tone and a free flowing story that keeps the main message at its core.</p> <p>It need not be in the same sequence as the body of the audit report but it can cross refer to those sections.</p>	
Audit objectives and audit questions	<p>This sets out the reason for undertaking the audit as set out in the audit plan. Performance audit is based on the audit objectives. These should, therefore, be stated in simple and clear terms. It is useful to set out the audit objectives and sub-objectives within each audit objective in the form of a complete statement or question.</p>	One Page
Audit scope and methodology	<p>This means the time period of the Responsible Party covered in audit and the areas or aspects that the audit covers. The methods used for data collection/evidence gathering and testing should be stated briefly. This adds to the credibility of audit findings and transparency of the audit procedures followed.</p>	If short – cover in one page. If more detailed this can be moved to an Appendix
Audit criteria	<p>It is important to state the audit criteria, how they were developed and the sources. By drawing attention to the audit criteria, the audit team clarify the standard against which performance has been measured.</p>	One to two pages
Audit findings	<p>Audit findings, made during an audit by the audit team and recorded in working papers, with reference to each objective should be stated.</p> <p>Evidence should be presented for individual findings in each report. Set these out in order of significance with most significant first.</p> <ol style="list-style-type: none"> A. Brief outline of the process or activity reviewed including its objective and main outputs B. Identify the audit criteria activity C. Set out the condition found D. State the finding E. Include general and corroborative text and comments area of activity, <u>including reference to positive findings</u> F. <u>Include Responsible Party’s response (briefly main and strong points if response is too large)</u> G. Summarise the results 	Eight to twelve pages as an <u>approximate</u> guide- but it could be more depending on the scope of the audit and its findings

Report Section	Guidance Notes	Indicative Length
Audit Conclusions	<p>Conclusions drawn by the audit team and recorded in working papers with reference to each objective should be stated.</p> <p>Conclusions in the report should be listed in priority order of significance and should have a clear link to findings – it may be useful to link or cross-refer conclusions to specific findings in the body of the report</p>	One to two pages
Audit Recommendations	<p>Recommendations made by the audit team should be specific, action orientated, time bound, implementable and allocated to specific post holders of the Responsible Party to be implemented.</p> <p>Recommendations should be graded by their level of importance (High, Medium Low Priority) and linked to the audit conclusions. Recommendations made by the audit team may include:</p> <ul style="list-style-type: none"> A. Introducing further controls or new arrangements; B. Streamlining controls or operations C. Improving access to information to enable better economy to be raised D. Refining or amending existing practices to make them more effective; E. Ensuring that existing practices and policies are applied regularly and consistently; F. Reducing or eliminating unnecessary operations; G. Introducing best (or better) practices. 	Brief and to the point - actionable
Appendices	<ul style="list-style-type: none"> A. Team members should be listed in an appendix B. Sources and citations should be listed C. Data to support audit findings D. Methodology, detailed calculations should be included in appendices and not in the main text of the report 	As required but with clear cross references within the text of the report

7. CHAPTER 7 – The Follow-Up on the Audit Report

7.1. Introduction

7.1.1. INTOSAI standards⁶⁰ require that the Audit Directorates follow-up on audit findings and recommendations to assess if the Responsible Party has addressed the weaknesses identified. There are two outputs of the Follow-up stage:

- A. Audit Directorate operational plan to ensure that follow-up is done.
- B. OCAG reports to Parliament on the impacts of corrective actions taken by the Responsible Party.⁶¹

7.1.2. Follow-up is the audit team or Audit Directorate’s examination of the corrective actions taken by the Responsible Party, or other responsible party, based on the results of a performance audit. Follow-up also presents an opportunity to determine financial and non-financial benefits that have accrued and to assess potential for future audits.

7.2.3. Audit Directorates should allocate sufficient priority, time and resource within annual and strategic plans for follow up and allow reasonable elapsed time for the Responsible Party to implement recommended corrective action.⁶²

7.1.4. Follow-up of the performance audit report is an integral part of the audit process that strengthens audit impact and improves future audit work. Follow-up tasks are assessed as part of the overall audit performance of the SAI.⁶³

7.2. Audit Management and Monitoring System (AMMS 2.0) Requirements

7.2.1 For the follow-up audit report, the following documents should be uploaded to AMMS 2.0 by the audit team:

- A. Audit Observations
- B. Recommendation Responses
- C. Review and Settlement of Audit Observation / Recommendation
- D. Follow-Up Audit Report

7.3. Conducting Audit Follow-Up

7.3.1. The elapsed period for follow-up by the Audit Directorate or the audit team depends on the nature and extent of audit recommendations made. Some recommendations may require a longer period of implementation while some may require a short period of time. **The timing of follow-up therefore, constitutes a key Audit Directorate and OCAG planning decision.** A case by case approach should be adopted.

7.3.2. Some SAIs operate a standardised follow up policy 6 to 12 months after tabling of the performance audit report in Parliament. The Responsible Party should be allowed sufficient time to implement corrective actions, and should start this process promptly on receipt of the audit report. The OCAG policy is to follow-up according to the recommendations of the Public Accounts Committee (PAC).

⁶⁰ISSAI 3000/136 Performance Audit Standard; <https://www.issai.org/wp-content/uploads/>

⁶¹ Government Auditing Standards Bangladesh paragraphs 8.94 and 8.95 page 66;

<https://cag.org.bd/storage/app/media/Government%20Auditing%20Standards%20of%20Bangladesh%202021.pdf>

⁶²GUID 3920/148 The Performance Auditing Process paragraph 148;

<https://www.issai.org/wp-content/uploads/2019/08/GUID-3920-The-Performance-Auditing-Process.pdf>

⁶³ Part of the INTOSAI SAI Performance Management Framework (<https://www.idi.no/work-streams/well-governed-sais/sai-pmf>)

7.4. The Audit Follow-up Process – A Guide

- 7.4.1. The objective of follow-up is to determine extent to which weaknesses have been corrected by the Responsible Party rather than solely on if specific audit recommendations have been implemented. The audit team should report the positive actions taken in responding to the audit recommendations, as this is a credit to both the Responsible Party and OCAG.
- 7.4.2. The audit team should adopt an objective and independent approach for determining whether the Responsible Party has taken appropriate actions to address the findings and recommendations. The audit team should think about follow-up during the audit engagement, and especially so as they draft findings and recommendations.
- 7.4.3. The audit team should determine if Responsible Party actions in response to the findings and recommendations are consistent with the evidence presented in the performance audit report.
- 7.4.4. There are different techniques to obtain follow-up information to assess progress of implementing audit recommendations including internal reviews and evaluations, conferences and seminars, and special follow-up audits.
- 7.4.5. Isolating the impact of the performance audit report where other significant changes have taken place may be difficult. In reality, therefore, determining if **audit recommendations have been implemented may be the only measurable indicator of impact of the audit.**
- 7.4.6. Results from the follow-up of audit recommendations should be documented by the audit team. Deficiencies and improvements identified in the performance audit follow-up should be reported to Parliament.
- 7.4.7. The performance audit follow-up team should cover the points set out in Table 10 below:

Table 10: Guidance Notes on Performance Audit Follow-Up

Points to Cover	Guidance Notes
1. A review of the action taken by the Responsible Party on recommendations made in the Performance Audit Report.	A. List the recommendations made in the Performance Audit Report in order of priority B. Request the Responsible Party to respond in writing with summaries corrective actions taken and the effects in respect of each recommendation made C. Arrange a meeting with the Responsible Party to review the actions taken in response to the recommendations.
2. An evaluation of the adequacy of the actions taken by the Responsible Party in achieving performance improvement.	D. Collect documentary, performance and other evidence to evaluate corrective actions taken by the Responsible Party. E. Separate the effects of recommendations from changes caused by other factors where possible – but recognize that there may be other significant contributing factors.
3. An assessment of problems arising during	F. Assess whether remain even if audit recommendations have been implemented by the Responsible Party. G. Use phone calls or limited field visits to collect information on

Points to Cover	Guidance Notes
<p>implementation</p> <p>4. An assessment of the impacts of the Performance Audit Report</p> <p>5. Consideration of the need or scope for further audit work in the same or related area.</p>	<p>the actions taken by the Responsible Party.</p> <p>H. Visit the Responsible Party to assess actual developments.</p> <p>I. Review actions taken using a range of audit techniques (including consultations with independent sources)</p> <p>J. Take Responsible Party views into account.</p> <p>K. Determine the impacts which can be attributed to the audit report.</p> <p>L. Identify barriers and challenges to implementation of recommendations.</p> <p>M. Keep up to date on reactions from responsible parties, the legislature and the media, and analyse whether problems identified have been appropriately addressed or not.</p> <p>N. Request financial and compliance audit teams to collect information about actions taken as part of their audit procedures.</p> <p>O. Try to quantify the annualized financial benefits that have accrued where possible.</p> <p>P. If necessary, carry out a follow-up performance audit, resulting in a new performance audit report.</p> <p>Q. Identify Responsible Party operational areas that would be useful to follow up in future performance audit work.</p>

7.4.8. A follow-up performance audit report should have the following structure as set out in Table 11 below:

Table 11: Table of Contents for Performance Audit Follow-Up Report

Follow-Up Report Section	Guidance Notes	Indicative Length
Cover Page	<p>Standardised and consistent within and across the Audit Directorates.</p> <p>It should state the same full name of the audit that was used in the original audit report, the Ministry or government entity, project or programme and the audit year.</p> <p>Logos should be used consistently and approved by the Audit Directorate and OCAG</p> <p>A short title may also be developed (where possible)– it should be used consistently</p> <p>The report and draft should be dated and all pages (except the cover page) should be numbered. The addressee should be stated (this is typically the head of the Responsible Party).</p>	Cover Page
Report Title	The topic of the performance audit as stated in the audit plan and in the original audit report. It should	Cover Page

Follow-Up Report Section	Guidance Notes	Indicative Length
	state clearly that the report is a Follow-Up .	
Table of Contents	This should contain main report headings and references to page numbers. The Table of Contents should list all tables, figures, graphs and appendices. Tables, graphs, figures etc should each be referenced sequentially and individually. Abbreviations and acronyms should be listed.	One Page
Introduction	Explanation of why the performance audit was done originally and refer specifically to the audit plan and Strategic Performance Audit Plan. Prior follow up activities relating to the same performance audit should be referenced with dates. State clearly that this is a follow-up.	One page
Executive Summary	The key elements of the follow up report should be stated. The extent of implementation of audit recommendations and the impact on performance should be stated clearly. Changes in Responsible Party performance should be reported. The tone and direction of the report should be conveyed clearly.	One to two pages
Audit Methodology	How the performance audit follow-up was done. Reference the audit techniques ⁶⁴ used: Analytical Reviews Re-performance of Audit Tests Evaluations Desk Reviews Interviews Focus Group	One page (may be listed in an appendix)
Audit Findings	This is the main section of the report. It can contain the findings, the respective recommendations and the conclusion on the situation found during the follow-up; This should include both positive and negative findings. List findings in respect of all recommendations in the original report.	Ten to twelve pages as an approximate guide (or as required)
Comments from the audited entities on the follow-up report	Summary of the comments by the Responsible Party made on the draft follow-up report	
**Conclusion (See Table 12 below)	Overview of the of the implementation status of the recommendations made in the original report. The original recommendations should be reproduced	

⁶⁴ Refer to Chapter 5

Follow-Up Report Section	Guidance Notes	Indicative Length
	word for word and cross referenced to the original report.	
Recommendations	<p>If a new performance audit is required, this should be stated as a recommendation.</p> <p>If no further action is required, this should be stated as a recommendation.</p> <p>If further actions are recommended for the Responsible Party this should be stated as a recommendation.</p> <p>If related performance (or other) audit work is required this should be stated as a recommendation.</p>	One to two pages
Appendices	<p>A. Team members should be listed in an appendix</p> <p>B. Sources and Citations should be listed</p> <p>C. Data to support audit findings</p> <p>D. Methodology, detailed calculations should be included in appendices and not in the main text of the report.</p>	As required

7.4.9. ****When the audit team reviews evidence on whether the Responsible Party has fulfilled an audit recommendation, the following classification(in Table 12) should be used for each recommendation:**

Table 12: Classification of Implementation Status of Recommendations

Implementation Status of Recommendation	Fuller Description and Guidance
Fully implemented	The Responsible Party has taken actions that address the intent of the recommendation. It is possible that the Responsible Party addressed the issue with other actions than those recommended
Partially implemented	The Responsible Party has taken some actions but has not yet fully implemented the recommendation
Not implemented	The Responsible Party has not taken action to implement the recommendation. This may be because has passed
No longer relevant	A recommendation has been by-passed by events or circumstances and is no longer appropriate
Could not be verified	The status of the implementation of the recommendation could not be determined. The follow-up process may reveal significant issues for further review.

- 7.4.10. **If the audit team's OVERALL conclusion, based on the assessment of individual recommendations, is that the Responsible Party has taken sufficient corrective measures and that the situation on the audited area is satisfactory, the case can be closed, and this can be reported to Parliament.
- 7.4.11. If the audit team concludes that the Responsible Party has not taken measures to correct the weaknesses, or if the measures have not had sufficient effect, a further follow-up audit may be undertaken and audit plans should be updated as necessary. However, this should be regarded in audit plans as new performance audit, which will eventually result in a new performance audit report to Parliament.

8. CHAPTER 8 – Good Practices in Performance Auditing

8.1. Introduction

8.1.1. This chapter sets out good practice advice for audit teams when carrying out performance audits. The chapter covers the following:

- A. General Field Practice Advice
- B. General Principles for Performance Auditing
- C. Quality Assurance Review in Performance Auditing

8.2. General Field Practice Advice

8.2.2. The audit team should always try to observe the following points:

A. Thinking About the Audit

- ✓ Conducting the audit is a team effort with **collective leadership** and ownership
- ✓ Work as a team
- ✓ Rely on, and support colleagues
- ✓ Learn as much as possible about the work of the Responsible Party – understand their business
- ✓ Work from the big picture during the day to day audit work
- ✓ Take time to focus on the performance audit
- ✓ Carry out the audit activities efficiently

B. Being Organised For Fieldwork

- ✓ Make a copy of the office order for each audit and carry this for the duration of the audit (this requests the Responsible Party to co-operate fully with the audit team)
- ✓ Create a unique folder on the computer for each individual performance audit
- ✓ Create a sub-folder for each stage of the performance audit
- ✓ Create a working papers file before going to the field
- ✓ Remember to sign, date and sequentially number all working papers
- ✓ Put the audit plan in the working papers file
- ✓ Refer back to the plan when needed
- ✓ Be **pragmatic and realistic** about what the audit can achieve – perfection is the enemy of excellence
- ✓ Keep working papers secure and confidential – password protect laptops and computers
- ✓ Prepare the audit in a fair, factual and timely manner
- ✓ Once the Pre-Study Report is approved, start to prepare or upgrade the already prepared the questionnaires, explanatory letters/ other respective instruments necessary to get reliable, relevant and sufficient evidence.

C. Always Consider Responsible Party Relations

- ✓ Establish and maintain regular contact with the Responsible Party
- ✓ Keep the Responsible Party informed of plans, changes and progress of the audit
- ✓ Be aware the reporting process may start at the beginning of the audit – operate on a ‘no surprises’ basis
- ✓ Always prepare requests for information from the Responsible Party
- ✓ Set reasonable deadlines for responses to information requests
- ✓ Communicate the report clearly and concisely – will the Responsible Party understand the report?
- ✓ Keep to timetable on delivery of the draft report
- ✓ Read and re-read **regularly** relevant information associated with the Responsible Party
- ✓ Keep a **regular** connection with the Responsible Party and the requested information to be provided in due course

D. Always be aware of the GASB and INTOSAI Audit Standards

- ✓ Check that the pre-study report, working papers etc are in line with GASB and ISSAI Auditing Standards
- ✓ Always corroborate audit evidence – two sources are better than one!
- ✓ Consider the quality, sufficiency and reasonable economy of acquiring information - is it worth it? Will the evidence always contribute to the objectives of the audit?
- ✓ Evaluate the sufficiency and appropriateness of audit evidence and use it to create reasonable conclusions and **constructive** recommendations
- ✓ Performance Audit should improve operations – ensure that recommendations can actually be implemented by the Responsible Party
- ✓ Make recommendations that will improve operations in the **long term** – think about fixing the underlying problems, not the immediate symptom
- ✓ Prepare an audit report: complete, accurate, objective, convincing, constructive, clear, concise and timely; and
- ✓ Be sure that the audit report is defensible

8.3. General Auditing Principles in Performance Audit

8.3.1. There are eight general principles that are necessary for conducting a quality performance audit that the audit team should follow, namely:⁶⁵

- A. Quality control;
- B. Independence and ethics;
- C. Professional judgement and scepticism;
- D. Audit team competence;
- E. Materiality;
- F. Audit documentation and audit supervision;
- G. Audit risk and assurance; and
- H. Communication with audited entities, external stakeholders, media and the public.

8.3.2. **Quality Control** The audit team should follow professional standards on quality control in the OCAG Quality Control Policy⁶⁶. Quality control applies at all stages of the performance audit process.

⁶⁵ISSAI 100/36-43 Fundamental Principles of Public-Sector Auditing

<https://www.issai.org/wp-content/uploads/2019/08/ISSAI-100-Fundamental-Principles-of-Public-Sector-Auditing.pdf>

⁶⁶ Quality Control System in Office of the CAG Bangladesh; <https://cag.org.bd/storage/app/media/reports/Quality%20Control%20System%202021.pdf>

⁶⁷Code of Ethics; <https://cag.org.bd/storage/app/media/reports/Code%20of%20Ethics%20version%202021.pdf>

- 8.3.3. **Independence and ethics.** The audit team should comply with ethical and independence requirements. The OCAG Code of Ethics⁶⁷ spells out ethical requirements placed upon the audit team while discharging their professional obligations.
- 8.3.4. **Professional judgement and Scepticism** The audit team should exercise professional judgement and scepticism and consider issues from different perspectives, maintaining an open and objective attitude to various views and arguments. (ISSAI 3000/68). Professional judgement means applying knowledge, skills, and experience in a way that is informed by standards, laws and ethical principles to develop an opinion or decision on an issue. Professional scepticism means maintaining a professional distance from the entity or entities being audited. The audit team should use their professional judgement and scepticism throughout a performance audit, including in:
- A. Developing audit questions that are objective and neutral;
 - B. Selecting appropriate audit scope and methodologies;
 - C. Conducting interviews with officials;
 - D. Assessing the evidence collected during the audit; and
 - E. Developing a message for the audit report and follow-up report that is fair and balanced.
- 8.3.5. **Audit Team Competence** The DG should select the audit team and ensure that the audit team collectively has the necessary professional competence to perform the audit. An example of how to do this is shown in Box 17 opposite.⁶⁸
- 8.3.6. **Materiality** The audit team should consider materiality at all stages of the audit process, including the financial, social and political aspects of the subject matter with the goal of delivering as much added value as possible.⁶⁹
- 8.3.7. In performance audit, materiality by monetary value may, but need not, be a primary concern. In addition to monetary value, materiality includes **social and political significance, compliance, transparency, governance and accountability.** The audit team should keep in mind that materiality can vary and can depend on the perspective of the intended users/ responsible parties.
- 8.3.8. Materiality applies at all stages of performance auditing. Assessing materiality requires the audit team to exercise judgement carefully.

Box 17: Guidance on Selecting A Performance Audit Team

The Audit Directorates, when selecting members for an effective Performance Audit Team, should include team members that collectively have:

Technical Skills and extensive experience relevant to subject (e.g. procurement skills, engineering background or IT background for certain audits)

Critical Thinking Skills (e.g., ability to express an opinion based on evidence)

Quantitative Skills (e.g., MS-Excel, or IDEA, skills or the ability to process and evaluate large volumes of numbers or financial data)

Qualitative Skills (e.g., practitioner or academic knowledge of the audit subject)

Written Communication Skills (i.e., report writing ability)

⁶⁸Source: IDI/PAS Development Team (Adapted)

⁶⁹ISSAI 3000/83 Performance Audit Standard <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-3000-Performance-Audit-Standard.pdf>

- 8.3.9. **Audit Documentation** The audit team should document the audit in a sufficiently complete and detailed manner and take steps throughout the audit to ensure that proper audit documentation is being collected and maintained.
- 8.3.10. **Audit Supervision** involves providing sufficient support, guidance and direction to the assigned audit to ensure the audit objective(s) are addressed, methodologies are applied appropriately, evidence and analysis are sufficiently documented, and the report is of high quality.
- 8.3.11. **Audit Risk and Assurance** The audit team should actively manage audit risk to avoid the development of incorrect or incomplete audit findings, conclusions, and recommendations. The audit team should actively manage audit risk which means:
- A. Identify audit risks;
 - B. Assess those audit risks;
 - C. Develop and implement strategies to prevent and mitigate audit risks; and
 - D. Monitor audit risks and mitigation strategies throughout the audit and make adjustments as needed to changing circumstances.
- 8.3.12. **Communication with Audited Entities, External Stakeholders, Media and the Public** The audit team should plan and maintain effective and proper communication of key aspects of the audit with the Responsible Party and stakeholders throughout the audit process.⁷⁰ This means that the audit team should:
- A. Ensure that communication with stakeholders does not compromise the independence and impartiality of the SAI;
 - B. Discuss the audit criteria with the Responsible Party and obtain their comments on audit findings and recommendations; and
 - C. Should try to maintain good professional relationships with Responsible Parties, stakeholders, the media, and the public to help to meaningful improvements in performance and to increase audit impact.

⁷⁰ ISSAI 3000/55, ISSAI 3000/59, ISSAI 3000/61, ISSAI 3000/49, and INTOSAI-P-20, Principle 3

9. CHAPTER 9 – Quality Assurance Review in Performance Auditing

9.1. Introduction

- 9.1.1. The Quality Control System (QCS) of the OCAG is described in the Quality Control System in Office of the CAG Bangladesh.⁷¹ Being an integral part of GASB, QCS sets the key principles to ensure that the audit work that is carried out by the OCAG is of the highest standards. The INTOSAI Performance Audit Standard (ISSAI 3000) indicates that quality assurance activities should have legitimacy with audit teams (teams are key to the process) and that procedures and systems should be ‘adequate, flexible and easy to manage’.
- 9.1.2. In an information-based, professional activity such as performance auditing, it is generally more important **to support audit teams** to achieve a good level of quality in their work, rather than to supervise them in the traditional sense of the term. Performance auditing requires the audit team to apply the skills and confidence to use professional judgement and the approach to quality assurance, similarly, requires a less rigid and prescriptive approach that may traditionally be applied in compliance and financial audit. This may be characterised as **discretion before prescription both in audit practice and in quality assurance**.
- 9.1.3. Quality Assurance Review (QAR) is a process of **continuous improvement** applied at audit engagement and overall performance audit practice levels. It is a series of inter-related activities undertaken to assess and assure the quality of the performance audit work.
- 9.1.4. The QAR process examines the audit team’s compliance with OCAG policy and the performance audit guidelines. It aims to assure the quality of the individual performance audit engagement and to identify opportunities for systemic improvements in performance audit.
- 9.1.5. There are four standard project cycle phases of a QAR programme as shown in Figure 11 below:

Figure 11: Indicative Performance Audit QAR Programme



⁷¹Quality Control System in Office of the CAG Bangladesh - <https://cag.org.bd/storage/app/uploads/public/639/568/020/6395680203c2c840005205.pdf>

9.2. Application of Quality Control at the Engagement Level

- 9.2.1. As per section 5.02 of the Quality Control System in Office of the CAG Bangladesh⁷² the Director Generals shall perform the role and function of an “engagement partner”. They are responsible for all the stages of the performance audit, from planning to reporting.
- 9.2.2. Although the overall responsibility of Quality Control (QC) rests with the DG it is important each of the audit assignments has a team leader who does the initial review of the audit work that is carried out by the audit team. The second level of QC should be carried out by the Director or Deputy Director.
- 9.2.3. The review should be carried out during the audit planning, fieldwork, reporting and follow up. Each of the stages are explained below:
- 9.2.4. In the **Planning** phase the audit team should plan their review and QA activity to be implemented during the audit engagement. This will comprise processes and checklists that the audit team will follow to assure that work performed is satisfactorily. The output of this phase will be a Pre-Study Report and the Audit Plan. The approved Audit Plan is the basis of fieldwork. The Pre-Study Report and the Audit Plan should be reviewed by the DG. An indicative checklist for carrying out the Quality Control has been developed. The checklist for the Pre-Study Report is at *Appendix 5: Pre-Study Report – Review Checklist* and the Audit Plan checklist is at *Appendix 6: Performance Audit Plan – Review Checklist*.
- 9.2.5. In the **Fieldwork** phase the audit team will follow their Audit Plan conducting review using specific methods and checklists to make adjustments and improvements but also to record observations and ideas for the annual cross-directorate review. Key audit process observations should be notified to senior management. In the spirit of ‘collective leadership’ peer review and Team Leader supervision are key elements in this phase. A checklist has been prepared for the fieldwork stage – this can be seen at *Appendix 7: Fieldwork Stage – Review Checklist*.
- 9.2.6. In the **Reporting** phase the audit team will use the quality assured evidence from the fieldwork stage to write the draft and final audit reports. The reports should also be part of the Quality Action Plan so checklists and guides as set out in the guidelines should be followed and reviewed. As with prior stages, the audit team should make corrections and adjustments and also note key observations for inclusion in the annual review. The DG should also ensure quality of the draft and final performance audit reports prior to issue to the Responsible Party and beyond. *Appendix 8: Draft and Final Audit Report – Review Checklist* contains a illustrative checklist with guidance for Assistant Directors/Directors to comply with when carrying out the quality control on individual performance audit.
- 9.2.7. In the **Follow-up** phase the audit team will use the Quality Action Plan prepared in the planning phase and assess its value to the engagement and to the QA process overall. This means assessing the extent to which the plan was implemented and identifying reasons for non-implementation of any items in the action plan. Key observations from this review should be included in the annual review report. *Appendix 9: Follow-up – Review Checklist* contains an illustrative checklist for Director Generals to use when conducting Quality Control on Follow up audit work and on the Follow-up Audit Report.

⁷² Quality Control System in Office of the CAG Bangladesh <https://cag.org.bd/storage/app/uploads/public/639/568/020/6395680203c2c840005205.pdf>

9.2.8. In carrying out the Quality Control, the Team Leader or the Director or the General Director can use the suggested method to document their review – a sample of the review sheet can be seen at *Appendix 10*: .

9.3. Quality Assurance – Peer Review

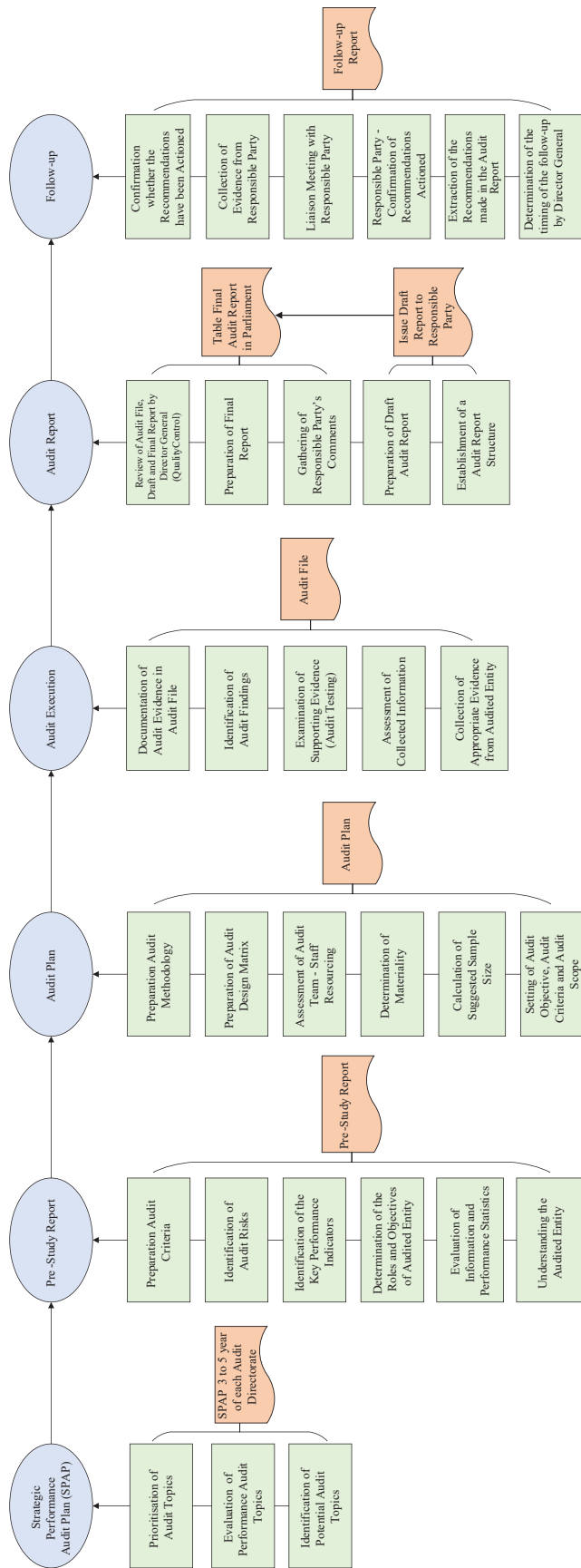
9.3.1. As per section 8.01 to 8.05 of the Quality Control System in Office of the CAG Bangladesh⁷³ the monitoring of the Quality Control system will be carried out by other Senior Officials who are not less than the rank of DG to carry out the Quality Assurance (QA) on a selected number of audits. It is important to note that the Senior Officials are totally independent and are not associated with the work of the Directorate at any time during the period under review.

9.3.2. The objective of the QA is to gain the assurance that the audit work that has been carried out is in accordance with the office procedures and in line with the required auditing standards and guidelines and that the QC is being operating effectively at the engagement level by the Directorate Generals.

9.3.3. To assist with the process of the Peer review, *Appendix 11: Peer Review Quality Assurance Review Checklist* has a suggested guideline for reviewers to follow.

⁷³Quality Control System in Office of the CAG Bangladesh <https://cag.org.bd/storage/app/uploads/public/639/568/020/6395680203c2c840005205.pdf>

Appendix 1: Stages of Performance Audit with Methodology and Deliverables



Appendix 2: Example of an Independence Statement

In all matters relating to OCAG's audits, the OCAG, its employees and others involved must be free from circumstances that would cause a reasonable and informed third party to doubt their integrity, objectivity or professional skepticism and must maintain independence of mind and in appearance.

Threats to Independence include, but are not limited to:

- a. Self-interest Threat – the threat that a financial or other interest will inappropriately influence an auditor's/investigator's judgement or behaviour.
- b. Self-review Threat - the threat that an auditor or OCAG has provided non audit services will not appropriately evaluate the results of previous judgements made or services performed as part of then on-audit services when forming a judgement significant to an audit.
- c. Bias Threat- the threat that an auditor will, as a result of political ,ideological, social or other convictions, take a position that is not objective.
- d. Familiarity Threat - the threat that aspects of a relationship with management or personnel of a Responsible Party, such as a close or long relationship, or that of an immediate or close family member, will lead an auditor to take a position that is not objective.
- e. Undue Influence threat- the threat that external influences or pressures will impact an auditor's ability to make independent and objective judgements.
- f. Management Participation Threat- the threat that results from an auditor's taking on the role of management or otherwise performing management functions on behalf of the entity undergoing an audit
- g. Structural Threat- the threat that an audit organisation's placement within a government entity, in combination with the structure of the Responsible Party will impact the audit organisation's ability to perform work and report results objectively.
- h. Completing this form underscores the importance to adhere to standards of independence and objectivity. Auditors who are unable to make this certification or believe a threat to their independence that could require safeguards may exist must notify their Director Generals to discuss their situation.

I certify that there are no impairments to my independence, and I will promptly notify a senior manager on my current assignment if a threat to my independence that may require safeguards should arise.

Signature: _____ Date: _____

Appendix 3: Sample Initial Meeting Agenda

Completed by	Date Completed	Reviewed by	Date of Review
Names of Attendees:			
(i) From Audited Entities;	(ii) From OACG	(iii) Date of Meeting	

1. Discussion of Audit (5 minutes)
 - A. Basis for the audit (law, request or other). Estimated resource requirements.
 - B. Risks for weaknesses in performance.
 - C. Challenges in meeting the principles of economy, efficiency and effectiveness, including being able to comply with laws and regulations.
2. Internal/External Coordination (10 minutes)
 - A. Summary of meetings with internal stakeholders and audit teams working on related topics or with the Responsible Party.
 - B. Summary of meetings with external stakeholders, including other audit organisations, research groups or those who have examined the topic of the audit.
 - C. Known ongoing activities at the Responsible Party pertaining to the substance of the audit. Planning to schedule meeting with relevant subject matter experts.
3. Proposed Audit Objectives (15 minutes) What have been the trends?
 - A. To what extent does the division?
 - B. How consistently and adequately is the division?
4. Potential Methodologies (15 mins)
 - A. Data analysis: Analyse data from the ... fiscal years. Interviews with knowledgeable officials at ... offices. Site visits at ... locations.
5. Discussion of Stakeholder Roles (10 minutes)
6. Recap of key decisions made at the meeting and post-meeting action items (5 minutes)
7. Document Decisions

Appendix 4: Audit Fieldwork – Suggested Interview Guide

1. Planning the interview

Step 1: Complete pre-interview research:

- A. Identify purpose and goals.
- B. Develop sufficient background.
- C. Identify who will be interviewed.
- D. Identify other sources of information needed.

Step 2: Prepare questions:

- A. Determine what you want to know.
- B. Draft questions.
- C. Have your Team Leader review the questions you have drafted?

Step 3: Prepare logistics:

- A. Schedule the time, place and location of the interview.
- B. Inform the person being interviewed about the purpose and goals of the interview.
- C. Decide how many staff will attend. Try to have more than one interviewer attend.

2. Conducting the interview

Step 4: Open the interview:

- A. Be punctual and dress appropriately.
- B. Consider conducting some small talk, if appropriate, to put officials at ease.
- C. Provide introductions, purpose of the interview and background on the audit.
- D. Explain desired outcomes.

Step 5: Conduct the interview:

- A. Ask the questions you have prepared.
- B. Practice active listening.
- C. Don't just accept statements at face value – ask for elaboration and supporting documentation.
- D. Ask what the problems are, why they exist and how the people interviewed would change the audit topic; ask who, what, where, when, how and why.
- E. Ask for reasons and examples to support the information provided.
- F. Be prepared to ask follow-up questions that may not be on your predetermined list of questions.
- G. Follow new lines of enquiry when topics or responses are presented that you did not anticipate.
- H. Clarify ambiguous responses.
- I. Ask people being interviewed to spell out any acronyms with which you are not familiar.
- J. Ask for definitions of key terms and technical jargon.
- K. Take detailed notes of the responses to your questions.
- L. Maintain a list of documents to be obtained.
- M. Maintain control of the interview.
- N. Focus the interview on relevant information.
- O. Watch for topics that officials try to evade.
- P. Respect time limits.

- Q. Ask for related documentation and referrals.

Step 6: Close the interview:

- A. Summarise key information obtained.
- B. Explain how the information will be used.
- C. Address any questions or comments from the person interviewed.
- D. Ask if it would be appropriate to contact the person interviewed with any follow-up questions.
- E. Thank the people interviewed for their time and information.

3. Debriefing the interview

Step 7: Debrief the interview:

- A. Did you accomplish what you set out to do? If not, why not?
- B. What could you have done differently?
- C. What should the audit team do next?
- D. Did everyone on the audit team hear the same information?

Step 8: Complete post-interview activities:

- A. Write up the interview record as soon as possible after the meeting (see additional guidance below).
- B. Send the draft interview record to your supervisor for review.
- C. Obtain identified documentation from the people you interviewed.
- D. Schedule follow-up interviews as needed.

4. Documenting the interview

The purpose of documenting the interview is to document the facts of what was said in the interview and by whom; and organize these facts to help you develop findings. Prepare the interview record as soon as possible after the meeting to document the testimonial evidence obtained as completely and accurately as possible:

- A. Use your notes and the notes from team members who also attended the meeting to record it as accurately as possible.
- B. Generally, it is useful for interview records to be organised logically by topic, preferably with the most important material being presented first.
- C. Keep in mind that while the record is to be as detailed as possible, it is not a transcript of the interview. Cross-reference all documents referred to in the record.
- D. Use notes to help explain context, circumstances, prejudice or other contributing factors to the interviewees' statements.
- E. Define all acronyms and abbreviations when they are first discussed.

Keep the audit objective(s) and questions in mind as you prepare the record:

- A. Assess whether you are gathering the data you need to address the audit questions.
- B. Use headings/sub-headings in the record to organise the information whenever possible.
- C. If necessary, ask your supervisor if it would be useful for you to confirm any information you gathered during the interview.

Ask your Team Leader if it would be useful for other team members who attended the interview to review your document for accuracy.

Provide the draft interview record to your Team Leader for review.

Appendix 5: Pre-Study Report – Review Checklist

Reviewed by	Date of Review

The Pre-Study Report should discuss the points in Table 13 below:

Table 13: Key Review Questions in the Pre-Study Report

Key Issue	Key Review Question
Authority?	Does the activity have specific authority under relevant legislation or regulations?
Need?	Is there a need for public expenditure or resources to be used on this activity?
Alternatives?	Has consideration been given to alternative means of meeting the need? Was the best alternative chosen?
Method?	Have activities been planned, organised and implemented in an acceptable way?
Standard?	Were the requirements or specifications appropriate, at the right level and are they being met?
Timeliness?	Did matters proceed at the appropriate rate, avoiding delay and unnecessary costs?
Controls?	Are there adequate controls to ensure the achievement of satisfactory VFM?
Cost?	Were resources used economically and efficiently?
Recovery?	Were receipts or returns optimized?
Achievement?	Were the intended objectives properly defined and communicated? Were they achieved?
Implications?	Were there any other significant VFM implications of the activity concerned?

1. Pre-Study Process

- A. Was the Pre-Study conducted properly?
- B. Written and oral data and analyses collected?
- C. Does the study set out a clear recommendation to proceed?
- D. Is the recommendation justified and supported?
- E. If there is a recommendation not to proceed, is this fully justified?

2. Audit Topic and Financial Significance

- A. Have laws and other norms that regulate Responsible Party activities been noted?
- B. What are the objectives of Responsible Party activities?
- C. Has the audit team fully reviewed the Responsible Party's performance framework within the *Budgetary Central Government of Bangladesh Performance Management Framework*?
- D. Has the audit team reviewed the means and tools with which Responsible Party objectives are achieved (this may include regulation, service production, critical assets and so on.)?
- E. What ministries or agencies are responsible for activities and for supervision, finance and monitoring of the Responsible Party?
- F. Do Organisations outside budgetary central government, such as local authorities or State Owned Enterprises, have a role in objectives of the Responsible Party?

- G. What is the direct financial significance of the Responsible Party or activity? (The audit team should identify this from iBAS++ and MTBFs etc)
- H. Is there any indirect financial significance of activities (such as user charges or other local revenues)?

3. Responsible Party Risk Management Framework

- A. Does the Responsible Party have a risk register?
- B. Does the register identify key risks to VFM?
- C. Is the risk register up to date?
- D. Have risks been assessed for impact and likelihood of occurrence?
- E. Have specific mitigations been identified by the Responsible Party?
- F. Is Responsible Party risk ownership allocated?
- G. Has Responsible Party risk appetite been set and is it formally reviewed?
- H. Is the risk management framework assessed as adequate by the audit team?

4. Potential of the Audit to Produce Useful Information

- A. Are activities included in reform or development projects?
- B. Should an audit be timed and focused so that it supports ongoing development work?
- C. Does it make more sense to wait until tentative experience has been gained and then strive to influence how things are done?
- D. Has the audit topic already been studied or are studies under way that have significance for an audit?
- E. Is an audit justified from the viewpoint of accountability and transparency if there is no connection to development projects?

5. Perspectives on Efficiency and Effectiveness

- A. Does the Responsible Party identify critical processes that contribute to efficiency and effectiveness?
- B. Has the audit team identified these processes?
- C. Are mission-critical fixed assets identified by the Responsible Party?
- D. Has the audit team identified mission critical fixed assets used by the Responsible Party?
- E. Which agencies influence Responsible Party performance and results?
- F. Has the Responsible Party identified and implemented mitigations?

6. Audit Questions and Scope

- A. What are the audit question should the audit should try to answer?
- B. Are these audit questions feasible and reasonable?
- C. What are the sub- questions that the audit is should try to answer?
- D. Are any aspects set as outside the scope of the audit?
- E. Is this justified or appropriate?
- F. Is the timeframe of the audit scope appropriate and achievable?
- G. Is the administrative scope of the audit appropriate and achievable?

7. Audit Criteria

- A. Has the audit team identified multiple audit criteria?
- B. Are the identified audit criteria set out within the **Budgetary Central Government of**

Bangladesh Performance Management Framework?

- C. Are the audit criteria selected consistent across the Responsible Party's reports within **Budgetary Central Government of Bangladesh Performance Management Framework?**
- D. Are international standards or sources possible for the Responsible Party?
- E. Has the audit team considered the full range of possible sources for audit criteria?
- F. Have audit criteria been worded clearly fairly, objectively and accurately?
- G. Is the terminology of the principles of VFM (the 3Es) clear within each audit criterion?

8. Collecting and Analysing Audit Data

- A. What data will be needed to answer audit questions?
- B. Is this data likely to be available to the audit team?
- C. Is the data within a well-developed Responsible Party database?
- D. Is corroborative data available?
- E. Is iBAS++ data available (e.g. a policy segment or functional segment within the BACS)?
- F. Are other IT systems usable for data (e.g. eGP, ASYCUDA etc)?
- G. Which audit techniques will be applied by the audit team to analyse the data?
- H. How will data be collected and analysed?
- I. Is outside expertise needed to collect and analyse data?
- J. Are special interrogation and analysis tools needed?
- K. Has the audit team identified an appropriate balance between quantitative and qualitative data?

9. Audit Risks

- A. Are there any imminent reviews, evaluations, development projects or significant legislative reforms under way that are relevant to the audit topic?
- B. Are there any factors that might affect the validity of the audit framework (such as access to data)?
- C. Has the Pre-Study made sure that different data sources are available to answer audit questions?
- D. Does the audit team have adequate methodological expertise to handle data (including outside expertise if necessary)?

Appendix 6: Performance Audit Plan – Review Checklist

Reviewed by	Date of Review

1. Understanding the Responsible Party

- A. Is there a clear understanding of the RP and has the Audit Team assessed the internal and external controls that the RP should comply with?
- B. Has the Audit Team defined the Project’s vision and objectives?
- C. Has the Audit Team carried out any preliminary work on the expenditure analysis?
- D. Are there any Key Performance Indicators that should be taken into account?

2. Follow up from Pre-Study Report

- A. Have the recommendations for the main study been flagged up in the Audit Plan with suggested audit procedures to action the recommendations?
- B. Have the proposals for main study been addressed in the audit plan?

3. Audit Related Matters

- A. Are the key stages of the audit identified in the plan (planning, fieldwork, reporting and follow up)?
- B. Does the Audit Plan clearly identify the Audit Objective, Audit Issue/s, Audit Approach and Limitations, Audit Criteria and Audit Methodology?
- C. Does the Audit Plan cover the risk analysis?
- D. Does the Audit Plan indicate the materiality that is to be used for the Audit and is there any supporting evidence to support the materiality assessment?
- E. Does the Audit Plan indicate the level of sampling to be carried out?

4. Audit Design Matrix

- A. Does the Audit Plan contain the Audit Design Matrix for the proposed performance audit?

5. Expected Audit Findings

- A. Does the Audit Plan indicate the expected audit findings – this is heavily based on Audit Judgement of the Audit Team.

6. Other Issues

- B. Has a resources plan been developed for the assignments (including inputs days)?
- C. Has the duration of each stage in overall calendar days been identified?
- D. Has a start and end date been identified for each stage of the audit?
- E. Have audit tasks been allocated between team members?
- F. Are review arrangements in line with the OCAQ Quality Control System set out in the plan?
- G. What other major costs (besides those resulting from work days) will the audit involve?
- H. Has the audit team developed a communication plan for interaction with the Responsible Party management?
- I. Does the audit plan identify how will Responsible Party management participate in the audit?
- J. Has a resources plan been developed for the assignments (including inputs days)?
- K. Has the duration of each stage in overall calendar days been identified?
- L. Has a start and end date been identified for each stage of the audit?
- M. Have audit tasks been allocated between team members?
- N. Are review arrangements in line with the OCAQ Quality Control System set out in the plan?
- O. What other major costs (besides those resulting from work days) will the audit involve?
- P. Has the audit team developed a communication plan for interaction with the Responsible Party management?
- Q. Does the audit plan identify how will Responsible Party management participate in the audit?

Appendix 7: Fieldwork Stage – Review Checklist

Completed by	Date Completed	Reviewed by	Date of Review

1. Was the audit plan comprehensive and appropriate for the audit's objectives?
2. Did the audit team adequately document their work and maintain proper records?
3. Did the audit team follow the audit plan and conduct the audit in accordance with professional standards?
4. Did the audit team obtain sufficient and appropriate evidence to support their findings and conclusions?
5. Did the audit team identify and analyse significant risks and assess the effectiveness of internal controls?
6. Did the audit team communicate with Responsible Party management and obtain their feedback on the audit's findings and conclusions?
7. Did the audit team identify any potential conflicts of interest or independence issues and address them appropriately?
8. Did the audit team evaluate the reliability and accuracy of the data and information used in the audit?
9. Did the audit team adequately consider alternative explanations or hypotheses for the audit findings and conclusions?
10. Did the audit team properly evaluate the financial, operational, and compliance aspects of the Responsible Party's activities?
11. Did the audit team use appropriate analytical procedures to identify trends, anomalies, and other significant matters?
12. Did the audit team obtain management's responses to the audit findings and conclusions and assess their adequacy?
13. Did the audit team maintain a professional attitude and demeanour throughout the audit?
14. Did the audit team prepare clear and concise documentation of the audit's findings, conclusions, and recommendations?
15. Did the audit team meet the audit's deadlines and budget constraints?

This checklist is not exhaustive and can be customized based on the specific needs of the audit and the directorate's requirements. The checklist should be used as a guide to ensure that the audit team has performed their work in accordance with professional standards and that the audit's objectives have been met.

Appendix 8: Draft and Final Audit Report –Review Checklist

Reviewed by	Date of Review

1. Structure, layout and style of the report

- A. Is the title of the report informative and precise?
- B. Do section headings correspond to the content of sections/ chapters?
- C. Is the text clear and concise and have any professional terms been explained in the report?
- D. If the report contains figures or tables, do they support findings and conclusions?
- E. Does the report provide a basis of follow-up work either by the audit team or by others to review the implementation of recommendations, or alternative action taken by the Responsible Party?
- F. Is the report presented attractively and are the findings, conclusions and recommendations readily understandable by all stakeholders?

2. Executive Summary

- A. Is the Executive Summary short (two to three pages) and effective?
- B. Does it summarise the audit in two or three sentences?
- C. Does it convey the key conclusions and recommendations?
- D. Does the Executive Summary contain essential information about the topic and its financial significance and essential findings?

3. Background to the Audit

- A. How clearly and logically has the reason for the topic been explained?
- B. How well has the topic been explained in terms of financial significance and risk?
- C. Has the activity in question, the responsible authorities and the legislative basis of the activity been presented clearly in the report?
- D. Has the topic or activity been placed in proper perspective?

4. Audit Objectives:

- A. Has the audit objective been clearly explained?
- B. Has additional information on the topic been taken into account in the audit’s objectives and questions?
- C. Does the report make it clear what Organisations can possibly utilize the results of the audit?

5. Audit Criteria

- A. Are the audit criteria clear and appropriate?
- B. Are the references for audit criteria both independent and credible?

6. Audit Questions

- A. Does the report present the audit questions clearly? (One VFM issue per question / no sub questions)
- B. Is question setting clear, precise and in line with audit objectives?

7. Audit Findings

- A. Does the report provide adequate, clear, reliable, objective and fair information on audit findings?
- B. Has the financial or performance significance of audit findings been explained?
- C. Has the audit report distinguished between findings that differ in terms of significance and value? (High medium and low priority)
- D. Have the calculations on which findings are based been performed correctly?
- E. Has feedback provided by the Responsible Party?
- F. Is feedback fairly reflected in the report?
- G. Has Responsible Party feedback been taken into account?

8. Audit Conclusions

- A. Have conclusions been stated clearly and specifically?
- B. Are conclusions a clear and logical consequence of audit findings?
- C. Have different findings received the proper emphasis in conclusions?
- D. Have conclusions been written in a neutral and constructive way?
- E. How well does the audit produce information that can be used by administration in directing activities?

9. Recommendations:

- A. Does the report make clear which Organisations should take measures as a result of the findings in the audit?
- B. Will the report be distributed to those Organisations that can do something to correct shortcomings and resolve problems?
- C. Do the recommendations state the benefits that will arise if they are implemented?
- D. Do recommendations avoid unnecessary detail?
- E. Do recommendations address systemic change?
- F. Are recommendations listed in priority order?

Appendix 9: Follow-up – Review Checklist

Reviewed by	Date of Review

1. Review of the Actions Taken by the Responsible Party

- A. Is there clear evidence that all the recommendations by the OCAG note on the follow-up audit file?
- B. Has the Responsible Party responded in writing with summaries of corrective action taken in respect of each of the audit recommendations made?
- C. Has a meeting taken place between the OCAG and Responsible Party to discuss on their responses made on the actions that they have taken to address each of the audit recommendations?

2. An Evaluation of the Adequacy of the Actions Taken by the Responsible Party

- A. Has the information been collected by the Audit Team that shows how the Responsible Party responded to the recommendations?
- B. Has an assessment been made on the audit file that shows which recommendations have been cleared and those that are not cleared need further assessment to their impact?
- C. Is there any evidence how the audit team followed up on each of the recommendations?
- D. Is there any evidence on the audit file that shows that a dialogue between the audit team and the Responsible Party?

3. Consideration of the Need or Scope for further Audit Work

- A. Has the audit team considered if they should carry out further audit work and is this consideration been supported with evidence?

4. Follow-up Report

- A. Has a follow-up report been prepared?
- B. Does the report clearly show which audit recommendations have been actioned and those that have not been actioned by the Responsible Party?
- C. Does the report indicate the amount of audit testing/work that the Audit Team have carried out in following-up the audit recommendations?
- D. Does the audit report indicate next steps?

Appendix 10: Review Sheet Responses – Format and Examples

Reviewed by	Date of Review

<u>REVIEWERS COMMENT</u>	<u>AUDIT TEAM’S CLEARANCE OF POINT</u>
<p><i>Phase place conclusions on working paper 1.0.1.1.</i></p>	<p><i>Conclusion now added...</i></p>
<p><i>There is a mathematical error on page 1.0.1.2.</i></p>	<p><i>Error now corrected...</i></p>
<p><i>Please add cross references to the Audit Finding to the Audit Report</i></p>	<p><i>All cross references now completed...</i></p>
<p>.....</p>	

Appendix 11: Peer Review Quality Assurance Review Checklist

Current Audit File References and Audit Topic	Working Document Reference
Name of the Responsible Party:	Reviewer : Name, Job Title, Date, Confirmation signature
Audited Period: From / To	Verified by : Name, Job Title, Date, Confirmation Signature

Objective: : To assess the quality of the implementation of the performance audit carried out in Audit Year 202*/2* by XXXX Audit Directorate

No	Audit Phase	Quality Control Activities and Questions	Yes / No	Reviewer Conclusions and Key Observations (for annual review) (Satisfactory / Not Satisfactory and Adjustment Actions Required)
1.	Engagement Planning	A. Has audit planning been carried out in accordance with GASB, and the Performance Audit Guidelines?		
		Detailed Review Questions to be inserted		
2.	Fieldwork	B. Has the fieldwork been carried out in accordance with GASB and the performance audit guidelines?		
		Detailed Review Questions to be inserted		
3.	Reporting	C. Has the audit report been compiled in accordance with GASB and the performance audit guidelines?		
		Detailed Review Questions to be inserted		
4.	Follow-Up	D. To what extent was the Quality Assurance Review implemented by the audit team?		
		Detailed Review Questions to be inserted		

OVERVIEW QA QUESTIONS - REPORTS

1. Is there sufficient, relevant and reliable evidence to provide sound answers to the audit questions? This could be answered by compiling a list of sources and types of evidence, matched against the audit questions, to ensure all evidence is corroborated; and conducting a formal review of the evidence, to determine how convincing the evidence is for each question.
2. Has the evidence been fully analysed and interpreted? The audit team can formally assess the results from quantitative and qualitative data analysis, and discuss and evaluate evidence - a whole-team (collective leadership) approach can often be more effective.
3. Have the key messages been identified, and are they supported by the evidence? It is crucial that the Team Leader considers what has been found. Useful techniques include producing a logic map, setting out each audit question and sub-question, and the findings for each. This way, (s)he can quickly see where the strength of the argument lies, and where further analysis might be necessary.
4. Do the findings corroborate those of other parties? The Team Leader could review the extent to which the audit findings are consistent with those of other relevant groups (for example, internal audit or evaluations) or, where the OCAG's findings diverge, ensure that they are supported by the audit work performed and the corroborative evidence gathered.
5. Are the findings cleared with the Responsible Party? The Team Leader should ensure that there has been formal agreement regarding the factual content of the report through the issue of the Findings, and the Responsible Party's responses thereto. By discussing emerging audit findings with the Responsible Party throughout the course of audit, the later formal procedures should be more straightforward.
6. Is there an agreed structure for the draft report? The drafting process is much more likely to be efficient if the preferred structure of the final report, as well as its content and tone, is considered. This might be achieved by discussing these matters.

Appendix 12: Bibliography, References and Key Citations

Bangladesh Climate Fiscal Framework; Finance Division (2020)

Code of Ethics; Comptroller and Auditor General of Bangladesh (2021)

Government Auditing Standards of Bangladesh; Comptroller and Auditor General of Bangladesh (2022)

IDI (2021)- Performance Audit: ISSAI Implementation Handbook, Version-1, August 2021.

ISSAI 100 - Fundamental Principles of Public-Sector Auditing; INTOSAI IFPP (2019)

ISSAI 300 - Performance Audit Principles; INTOSAI IFPP (2019)

ISSAI 3000 - Performance Audit Standard; INTOSAI IFPP (2019)

ISSAI GUID 3910 - Central Concepts for Performance Auditing; INTOSAI IFPP (2019)

ISSAI GUID 3920 - The Performance Auditing Process; INTOSAI IFPP (2019)

Making Vision 2041 A Reality - Perspective Plan of Bangladesh 2021-2041; General Economics Division (2020)

Quality Control System in Office of the CAG Bangladesh; Comptroller and Auditor General Bangladesh (2021)

Strategic Plan 2021 - 2022; Office of the Comptroller and Auditor General of Bangladesh

Strategic Plan 2022 - 2023; Office of the Comptroller and Auditor General of Bangladesh

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