PERFORMANCE AUDIT MANUAL

PROCUREMENT AUDIT MANUAL

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# List of acronyms

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<th>Description</th>
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<tbody>
<tr>
<td>SAI</td>
<td>Supreme Audit Institution</td>
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<tr>
<td>QC</td>
<td>Quality Control</td>
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<td>INTOSAI</td>
<td>International Organization of Supreme Audit Institutions</td>
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<td>Performance Audit Department</td>
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<td>PA</td>
<td>Performance Audit</td>
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<td>Regularity Audit</td>
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<td>OAG</td>
<td>Office of the Auditor General</td>
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<td>VfM</td>
<td>Value for Money</td>
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<td>PPRC</td>
<td>Public Procurement Regulatory Commission</td>
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<td>CA</td>
<td>Contracting Authority</td>
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<td>CPA</td>
<td>Central Procurement Agency</td>
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<td>LPP</td>
<td>Law on Public Procurement</td>
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<td>EC</td>
<td>Economic Operator</td>
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1. Introduction to performance auditing

Each Supreme Audit Institutions (SAI) should produce policies and procedures for preparation of the written guidelines and other roadmaps and instructions when it comes to carrying out the audit.

INTOSAI’s fundamental auditing principles recognize that due to the differing approaches and structures of SAIs, not all auditing standards apply to all aspects of their work. Furthermore, on the basis of the terms of the audit mandate with which SAIs are empowered, any auditing standards external to the SAI cannot be prescriptive, nor have a mandatory application to the work of the SAI. However, in order to promote high quality work across its members, INTOSAI advocates that each SAI should establish a policy which has regard to INTOSAI standards, and other specific professional standards, which should be followed in carrying out various types of work that the organization conducts. This audit guideline of key principles outlines a common understanding of what defines high quality work in performance auditing.

The purpose of this guideline is to:

- Assist performance auditors in managing and conducting PA efficiently and effectively;
- Describe the features and principles of PA; and
- Serve as a base for the further development of PA methodology and professional development.

In this manual are presented several aspects related to PA such as: basic principles, PA phases, methods used, Quality Control (QC) in the audit process, clearance process with parties of interest, follow up of PA and other aspects. PA in procurement remains a specific part of this manual.

The manual is supported by relevant documents that are used by auditors in daily basis while performing their activities.

This document should not be understood as a “Cooking book” because in PA is always room for creativity.

Both, PA and RA contribute to a better financial management of tax payer’s money. Yet, there are some differences\(^1\) between these two kinds of audits when it comes to purpose, focus, academic background of auditors, methods used, evaluation criteria and report structure. It is important to mention that a communication is needed between these two audits. It happens that information obtained from RA are a good basis for PA when it comes

\(^1\) See table in Annex 1
to gaining preliminary information about an entity, its staff and organizational structure, etc. It also happens that findings in RA reports serve as a basis for starting with a pre-study in PA, especially when in a certain field findings are repeated year by year in RA reports.
2. The context of performance audit

PA focuses on how public sector organisations have used resources available to achieve their objectives. Performance audit relates to what is known as the 3Es concept: Economy, Efficiency and Effectiveness. In an effort to analyse any of or all 3E’s reports are produced which may differ in essence due to the approach applied by auditors.

PA generally follows one of three approaches in examining the performance of the audited entity. The audit may take a result-oriented approach, which assesses whether pre-defined objectives have been achieved as intended, a problem-oriented approach, which verifies and analyses the causes of a particular problem(s), or a system-oriented approach which examines the proper functioning of management systems: or a combination of the three approaches.

The specifics of PA is that it requires qualitative research work and more time should be spent on learning to be able to assess the performance of the auditee, because the programs and activities of the auditees are not the same, and they may have nothing in common except principles, namely the 3 E’s. Therefore, performance auditors are not required to be accountants but they may have a wide range of academic fields e.g. economists, sociologists and journalists.

Comparisons between the practices of PA in different countries show considerable variations depending on the mandate, organization and methods used by the SAIs. The legal, administrative and economic environment can have a bearing on the nature of performance audits conducted and how they are carried out. The maturity of public sector administration also impacts on the extent and nature of PAs that can be performed.

According to International Standards of Supreme Audit Institutions (ISSAI) 100, an individual PA should have the objective of examining one or more of these three assertions:

(a) The economy of activities in accordance with sound administrative principles and practices, and management policies;

(b) The efficiency of utilisation of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and

(c) The effectiveness of performance in relation to the achievement of the objectives of the audited entity, and the actual impact of activities compared with the intended impact.

The main objective of PA is to provide independent information to The Parliament, to provide assurance and conclusion regarding the economy, efficiency and effectiveness in key areas of revenues, costs and management of resources.
Another objective in PA also is to identify ways for improving the performance of the entity and to encourage and advise them in taking necessary actions to improve the systems and controls.

The main questions which PA aims to answer are:

- If the things are done in the right way?
- If the right things are done?
- If not, what are the causes and what measures should be taken in order to do things in the right way and do the right things?

PA refers to current issues which affect society and public finances and provides information and adds value by:

- Elaborating significant issues;
- Challenging poor practices;
- Providing incentives for change and improvement;
- Promoting accountability and transparency;
- Assisting in preventing fraud and corruption;
- Serving society and proper management of public finances; and
- Contributing to public finance savings and better organisational performance.

PA refers to an objective and systematic examination of a program, function, operation or the management systems and procedures of public sector organisations to assess whether the entity is achieving economy, efficiency and effectiveness when using its financial, human and technical resources.

2.1 The meaning of economy, efficiency and effectiveness

**Economy** - means minimising the costs of resources used for an activity, without impacting the quality of the product, service. We might say that an organisation is economic if it secures its inputs at appropriate quantity and quality and at the lowest price.

*Example:* when standard items like stationeries or medical devices of certain quality are purchased at lowest price possible. Or the cost of a vehicle compared with another model of the same quality.

**Efficiency** - refers to the ratio between manufactured products and services offered (outputs) and the resources used to produce them (inputs). The entity is efficient if it manages to produce maximum output with certain inputs.

*Example:* efficiency is increased when the cost per unit for teaching the students or for medical treatment is reduced over time, without using additional resources.
Effectiveness - refers to achieving the objectives set (specific plans) and the actual impact compared with the intended impact. The effectiveness of the entity may be assessed by using a set of performance indicators. Briefly, effectiveness means achieving successful outcomes, objectives, targets or policies.

Example: when passing rate in the state exam is improved, or when the number of patients decreases.

Figure 1. Input-Output Model

Economy

<table>
<thead>
<tr>
<th>Objective</th>
<th>Input</th>
<th>Action</th>
<th>Output</th>
<th>Outcome</th>
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</table>

Efficiency

2.2 Stages in the performance audit process

PA process has several stages. It consists of planning, execution, reporting and follow-up. Each of the stage is executed by carrying out several main activities.

Figure 2. Performance audit stages and main activities

The purpose of planning is to select suitable areas for audit, identify problems and prepare the execution of the main study. Before starting with audit planning, it is required that the
management makes strategic decisions concerning the criteria and priorities which may guide the auditors through the selection process.

The first phase is usually looking into the field followed by general research, if these are needed for analysing possible topics. After the field of audit is selected, a pre study may be conducted for PA, resulting with an audit design and work plan for the main study.

The main study consists of collection, documentation and analysis of audit findings, and this study is finalised by preparing a draft audit report. Phase of preparing a draft report is a continuous analytical process for formulating, testing and assessment of audit findings, conclusions and recommendations. When documenting and analysing the audit evidence, issues such as impact and the expected value of the audit should be considered. Emphasis should be put on producing a final report which will be considered by Parliament and presented to the Government and auditees.

Reporting phase includes clarification of the report through reviews, quality control and final meetings with the auditee and submission of the report to the Parliament and stakeholders.

Audit impact and the progress achieved by the auditee in addressing audit recommendations is identified and documented in follow-up process. Such processes are of vital importance for providing feedback.
3. Elaboration of stages in performance audit

PA includes the following stages:

- Planning
  - Strategic;
  - Annual; and
  - Individual.
- Execution (Conducting the main study);
- Reporting; and
- Follow-up activities.

3.1 Strategic planning

A strategic plan document is the main orientation for PA of a SAIs. It covers several years and includes the selection of areas, programs or topics to guide the audit.

Strategic planning is a useful tool to establish long-term priorities and overall orientation of PA. It helps in selecting key areas for audit (audit topics). Selection criteria are usually the main contribution to the audit to evaluate and improve the functioning of the government and its entities. These are some of the general selection criteria:

- **Adding value**: An audit adds value when it is of high quality\(^2\) and covers areas which have not been audited before. Adding value is acquiring new knowledge and perspectives;

- **Material problems**: As greater the consequences in terms of economy, efficiency and effectiveness of resources used or public trust are then the problems tend to be more important;

- **Risks or uncertainties**: The following factors indicate a high risk and as a result the highest impact possible:
  - Considerable regularity or budgetary amounts or significant changes in the amounts;
  - Traditionally risk oriented field such as procurement or health;
  - New or urgent activities and changes in conditions;
  - Complex management structure and confusion regarding the responsibilities;

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\(^2\) There is no exact definition of what a qualitative audit is. But there are some attributes that determine what an audit report should consist in. On regard to this a more detailed explanation will be given in Chapter 7.1 of this manual.
o Lack of reliable information, independent and up to date on the efficiency or effectiveness of a government program;

o **Materiality/political actualities or other strategic issues:** Some SAIs may choose topics based on strategic choices rather than being based on the selection criteria (including the type of performance audit, policy spheres, and relations with reforms within the sector public).

Prioritizing broader areas of PA, incorporating general and primary objectives of the Government is made by analysing and understanding the policies, strategies, budgets and government statements to identify critical aspects of policy implementation.

The strategic planning process will be achieved by:

- Knowing the environment (social, political, economic) important for PA’s;
- Continuously reviewing broader areas of relevance for PA;
- Facilitating a wider consultation process to obtain input from relevant stakeholders in Government;
- Updating planning methodology for risk analysis and reporting; and
- Identifying internal and external experts regarding the topic.

### 3.2 Annual planning

The annual plan is of a more operational nature than strategic plan. It includes selection of topics which will be initiated or audited over the next year. It is based on strategic planning.

The selection process of audit topics is crucial. Audit impact greatly depends on audit topics therefore special attention should be paid to this process.

When proposing topics for PA’s, the auditor should consider the complete field of audit to identify some potential topics that will afterwards be presented to Auditor General then the most important topic will be selected.

To achieve this, the following is necessary:

- Analyzing the environment in a certain field of the public sector on annual basis and information sources as follows:
  - Development objectives;
  - Analyzing the budget and guidelines;
  - Reports on the results achieved by governmental bodies;

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3 Read more: [http://www.psc-intosai.org/media/33211/Selecting-Performance-Audit-Topics.pdf](http://www.psc-intosai.org/media/33211/Selecting-Performance-Audit-Topics.pdf), Identification of Audit topic, Chapter 3.1
Presidential messages;
Other relevant policy documents;
The printed and electronic media and issues raised by the public in other forums;
Local and international reports;

- Internal discussion on risk assessment regarding possible topics; and
- Consultations with external interested groups are desirable. We have to build good relations and communicate more often in order to identify and discuss possible topics for audit. Inputs for topics may be obtained from various stakeholders from the government, experts in the field and internal auditors within the auditee.

Auditors they should have time to research in a specific field (health, procurement, education, private market development) and make the reasoning of the proposal and then come out with a good, reasonable and convincing audit proposal.

3.3 Selection of the audit topic

Auditors should propose audit topics that are significant, auditable, and reflect the SAIs mandate. The audit should lead to important benefits for public finance and administration, the audited entity, or the general public. Where there is an overlap between other types of audit and performance auditing, classification of the audit engagement will be determined by the primary purpose of that audit. Aside from audits carried out under legal mandate at the request of the Parliament or other empowered entity, performance audits topics should be selected on the basis of problem and/or risk assessment and materiality or significance - not only financial significance, but also social and/or political significance, focusing on the results obtained through the application of public policies.

Several criteria for the evaluation of possible audit topics have to be considered:

- materiality;
- possible impact;
- auditability;
- relevance;
- request for AP’s;
- high political sensitivity, etc\(^4\).

\(^4\) Read more in: [http://www.psc-intosai.org/media/33211/Selecting-Performance-Audit-Topics.pdf](http://www.psc-intosai.org/media/33211/Selecting-Performance-Audit-Topics.pdf), Criteria for the evaluation of possible audit topics, Chapter 3.2
The audit topics selection process should aim to maximise the expected impact from the audit while taking account of audit capacities. The processes of strategic planning, and establishing the annual audit programme, are useful tools for setting priorities.

### 3.4 Audit Planning

The auditor should plan the audit in a manner which ensures that it is of high quality and is carried out in an economic, efficient and effective way and in a timely manner. The audit planning document\(^5\) should contain:

a) background knowledge and information needed to understand the entity to be audited, to allow an assessment of the problem and risk, possible sources of evidence, auditability, and the materiality or significance of the area considered for audit.

b) the audit objective, questions or hypotheses, criteria, scope and period to be covered by the audit, and methodology (including techniques to be used for gathering evidence and conducting the audit analysis);

c) an overall activity plan which includes staffing requirements, i.e. sufficient competencies (including the independence of engagement staff), human resources, and possible external expertise required for the audit, an indication of the sound knowledge of the auditors in the subject matter to be audited; and

d) the estimated cost of the audit, the key project timeframes and milestones, and the main control points of the audit.

### 3.5 Audit scope

The audit scope should clearly define the extent, timing and nature of the audit to be carried out. When laws, regulations, and other compliance requirements, pertaining to the audit entity, have the potential to significantly impact on the audit questions, then the audit should be designed to address these issues in order to conclude on the audit questions.

In determining the extent and scope of the audit, auditors often need to assess the reliability of internal controls that assist in conducting the business of the audited entity. The extent of that assessment depends on the audit objectives. Moreover, they should be alert to situations or transactions that could be indicative of illegal acts or abuse and should determine the extent to which such acts affect the audit findings.

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\(^5\) OAG actually is using a document (template) called Prestudy memo that includes above mentioned elements and is used by auditors.
3.6 Audit questions and sub-questions

The purpose of the main audit question is to secure the audit focus and scope. This way, it sets prerequisites for the design of the entire audit. At this stage, it is necessary to have a sound knowledge regarding the field and a clear idea of what the audit will address.

The audit question defines the subject to be audited, the scope and purpose of the audit, and is the basis for the design of the whole audit.

For example, the question could indicate whether the audit will assess the performance of management and control systems of a government programme or an organisation, or a more direct assessment of the economy, efficiency or effectiveness of a government programme or activity. It may also address the causes of problems concerning these factors, but it’s seldom advisable to audit all three aspects of performance in one audit.\(^6\) It’s advisable to formulate the audit questions and the sub-question in a normative or analytical way, rather than just descriptive.

Having questions in a normative form means that the question itself contains, in a way, a possible answer which is associated with the audit criteria.

Questions in the style of “why” or “how” could be preferable audit questions. Questions which can be answered with “yes” or “no” are not desirable audit questions.\(^7\)

A method of developing key audit question is called situation-complication-question structure. The situation provides the background to this topic, through a short description as an audit point of departure. This includes a non-controversial statement or batch of statements that a listener/reader will know it is true, or is willing to accept it as such.

Complication factor represents “what then?”; what is that which “complicates” the situation, and what it makes the topic auditable. Complication means the audit problem. Usually there is a level of subjectivity in the approach to complexity. In this regard we often have a particular complication in mind to reach the undertaken audit.

\(^6\) INTOSAI, Performance audit subcommittee –PAS, Designing performance audits: setting the audit questions and criteria

\(^7\) In the literature these two kinds of questions are known as open and closed questions. Open questions always give possibility for feedback to the question thus providing more information related to the issue. Also these questions give a good opportunity for following questions. Knowing what kind of questions to address is of a great importance in audit process especially when conducting interviews or discussion.
**Audit sub-questions**

The main audit question can be broken down into sub-questions continuing with sub-questions as needed. Audit sub-questions should be:

- Short and clear, i.e. unambiguous and easy to understand;
- Relevant and linked in a logical way, the question of problem for higher level;
- Distinct and different from each other, altogether sufficient to answer a question from a higher level;
- Concrete and testable (e.g., in principle, that they can answer “yes/no” even when it is necessary to give a complete answer), making it possible to identify the procedures and tests necessary to provide answers and reaching conclusions in relation to the question (e.g. “a comparative analysis has been undertaken for the project”, rather than “how were projects selected?”); and
- Limited to 3-5 questions for each level in order to secure clarity.

In the example of audit of human resources management system, main audit question may be: Are the Government institutions developing their human resources effectively? Than the main questions can be followed with sub and, sub-sub questions as presented below.
3.7 Audit criteria

Formulating good audit criteria is a difficult task in PA. Performance auditors should identify and formulate appropriate audit criteria which should be in line with audit questions.

Criteria represent a base for evaluating evidence and preparing audit findings and drawing conclusions related to the audit objectives. PA’s should have suitable audit criteria that focus the audit and provide a basis for developing audit findings. The audit criteria, which can be of a qualitative or quantitative nature, should be reliable, objective, useful, and complete. It should be possible to identify the source of the audit criteria used.

Audit criteria may be qualitative in terms of nature or quantity and it is defined in relation to what will be subject to an audit. Criteria may be general or specific and reflect all the “what should be” in line with laws, regulations and objectives; "what is expected to be", in line with the sound principles and good practices to "what can be" if better conditions would be in place. In the case of complex audit questions for complex issues, it is not always possible to define criteria beforehand; instead they will be determined during the audit process.

If good practice\(^8\) is found during the audit, then this is a valid audit criterion. If the law and regulations are taken as criteria, then the original purpose of the law or the regulations is

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\(^8\) Good practices can always be found but at the same time they should not be far ambitious, impossible to be implemented by the audited entity when recommending. Recommendations given must be analyzed so the entities can implement them. For this the auditors should consider entity capacities for implementation.
considered, why they were adopted, what the objective was and what the regulation aims to achieve.

These sources may lead to audit criteria:

- Orientation of the Government as an audit entity;
- Laws and regulations governing the operation of the entity that is subject to audit;
- Decisions brought by the legislative and the executive;
- Comparison with good practices;
- Professional standards, experiences and values;
- Key performance indicators set by audit entity or government;
- Independent expert’s opinion and knowledge;
- New and recognized scientific knowledge or other reliable information;
- Criteria used in previous audits;
- Organizations that have applied the same or similar activities or programs; and
- Performance standards or previous procedures implemented by the legislative body and general management literature and literature review of similar topic.
4. Audit methods and sources of information

PA can draw upon a large variety of data-gathering and analysis techniques, such as surveys, interviews, focus groups, observations, documentary analysis, transaction testing, as well as the analysis of economic, financial and performance data. Audit methods should be chosen which best allow the gathering of audit data in an efficient and effective manner. While the aim of auditors should be to adopt best practices, practical reasons such as availability of data may restrict the choice of methods. Therefore, as a general rule, it is advisable to be flexible and pragmatic in the choice of methods. For this reason, PA procedures should not be standardised in all their terms, as being too prescriptive may hamper the flexibility, professional judgement, and high levels of analytical skills required, in a PA.

A source of information and methods of data collection should be mentioned for each audit question and sub-question. Very often a combination of different sources and methods is made.

Data can be collected in various ways. Sources of information can be primary or secondary. The data in pre-study phase may be obtained from various sources, including:

- Statistical data;
- Data and published research by other institutions;
- Data from the regularity audit reports;
- Questionnaires;
- Surveys;
- Interviews;
- Data from websites, etc.

It is very important that the data are properly documented so that, they can also be used as evidence in the main study not just in the pre-study phase.

A method selected for collection of data in the pre-study should provide an analysis of data collected in efficient and effective manner.

4.5 Pre-study memo, design matrix and work plan

Pre-study memo is a document which contains the results of pre-study research. It explains what will be the audit topic, although this audit is done, then the purpose of the audit,
hypothesis to be proven and the manner of carrying out this audit and what are the possible recommendations.9

The purpose of these elements presented is to convince the reader, respectively the management of the SAI of that there is a problem/issue that needs to be audited and that the OAG with its work can add value to public institutions in their efforts to improve the situation in the given field.

The structure of the text in the pre study memo is given below:

- Introduction (audit topic and areas, social problem indicators and consequences for the society, motivation and reasons);
- Audit problem;
- Audit objective;
- Audit question and potential sub-questions;
- Audit hypothesis;
- Audit design (scope and limitations, criteria, methods, sources of information);
- Preliminary results and possible recommendations;
- Contributions (work plan, design matrix).

Design matrix is a tool to determine what and how to audit. It provides a structure for the basic design components. Usually a design matrix contains the following main components: the main audit questions, the audit sub-questions, what to examine, audit criteria, methods for gathering information.10

Audit scope and design are processed within the design matrix and verified through answers to sub questions. According to sub-questions set in a design matrix, audit team is oriented in what way it will collect data and information, from whom and where.

Result of the work arising from the pre-study phase is the pre-study memo with work plan as an operational plan based on which an audit is carried out. Work plan is an agenda that defines time table for conducting the audit, concrete division of duties amongst the audit team, activities to be undertaken during the audit execution.

The pre-study memo should be clear and concise document with the optimum number of pages (6-10). Pre-study memo with work plan and design-matrix should submitted to the OAG management for approval and this act it is considered as an “agreement” between the management and the team conducting the audit.

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9 A pre-study memo template is developed and describes aspects that should be treated
10 An concrete example of design matrix is presented in Annex 2
Design matrix that is drafted during the pre-study should be updated following the approval and before the audit. By updating, data presented is analyzed and harmonized with eventual changes regarding pre-study memo and work plan.
5. Conducting performance audit

Audit examination work takes place on the basis of audit planning already undertaken, and the planning documents thereby developed. Audits should be performed with due care, with an objective state of mind, and with appropriate supervision. The audit team should collectively possess adequate knowledge of the subject matter and audit techniques.

5.1 Communicating with the audit entity

The development of good and proper external relations is a key factor in achieving efficient and effective PA results. Auditors should seek to maintain good professional relationships with all stakeholders involved, promote a free and frank flow of information in so far as confidentiality requirements permit, and conduct discussions in an atmosphere of mutual respect and understanding of the respective role and responsibilities of each stakeholder. The communication process between the auditor and auditee begins at the planning stage of the audit and continues throughout the audit process, by a constructive process of interaction, as different findings, arguments and perspectives are assessed. Where important audit findings are made during an audit these should be communicated to those charged with corporate governance in a timely manner.

Most of the times it happens that contacts with the auditee have already been established in the pre-study stage. It is necessary to make an introduction to the main study via writing a paper\(^{11}\) or meeting. The paper signed by the Auditor General or any delegated authority should inform the auditee on our decision to start with the main study and explain the intention behind. At the meeting, we are usually represented by the audit team and the Director in charge of the PA.

This introduction meeting is intended to present the audit to be undertaken. The audit team should inform the auditee on the following:

1. The purpose of the main study;
2. The time dynamics of the main study;
3. Audit team members;
4. Methods to be used in the audit;
5. Information to be requested from the auditee; and
6. The need to appoint or confirm the contact person.

The introduction meeting is followed by a meeting between the audit team and the appointed contact person. During the audit, the contact person should provide the audit team with the required information and he/she should be consulted when the audit team

\(^{11}\) Engagement letter is developed and used when starting field work.
intends to pay visits to the auditee’s regional offices or local branch. Technical conditions such as access to internet, printers should be secured so the working conditions for the team are in place.

Good relations with the auditee would help to draw information in a free and sincere fashion and to conduct discussions in an environment of reciprocal understanding and respect. On regard to this a special attention has to be paid by the team in creating good professional working relationships with the auditee. It is important that the team by the end of field work keeps the auditee shortly informed about preliminary findings.

5.1 Data collection sources and methods

Data collection and their analysis represent the longest audit process stage and usually involve field work at different levels in the audited organization.

Usually, the data collection character changes during the main study phase. At the beginning of the study, the auditor is more interested in more generic and broader information. But, while the study is carried out, the necessary data become more specific in terms of the number of data sources and questions asked.

In order to make good evidence out of data and information and come up with audit findings, conclusions and recommendations, it would be good if the many sources of data and information are combined.

There are different sources of data and information:

- Data and information directly obtained by the auditor through interviews, surveys, focus groups, observations, and direct inspections;
- Data and information obtained from databases, statements and reports (annual reports, internal audit report, etc); and
- Data and information obtained from other bodies and organisations, statistical databases, international and national reports related to audit interest, etc.

Auditors should determine the method to be used and provide better evidences for the audit assignment. However, audit designing skills and applied methods determine the quality of evidences.

Producing a list of information sources and the audit procedure to be implemented could be a data collection approach.

The data collected should not be taken for granted. Data has to be analysed critically thus create auditors judgement based on evidence and arguments. This is important issue and as such avoids the possibility of having a descriptive report, only. The aim of audit report is
being analytical from different perspectives. Maintaining an open and objective attitude to various views and arguments is of a great importance.

Where audit evidence obtained from a source is inconsistent with evidence obtained from another source, the reliability of both evidences shall remain doubtful until inconsistency is resolved or explained. Consistency between evidences from different sources and findings in the audit related parts provides assurance higher than that obtained from individual parts. As an auditor it is very important to critically assess the sources of information.

5.2 Audit evidence

When designing audit procedures, the auditor should determine the means for gathering sufficient appropriate audit evidence to conclude against the objectives, answer the audit questions, or confirm the hypotheses. Since auditors seldom have the opportunity to consider all information about the audited entity, data collection methods and sampling techniques should be carefully chosen. The planning phase should always involve certain research efforts, with the aim of building knowledge, testing various audit designs; and checking whether data needed is available. This makes it easier to choose the most appropriate audit method.

Audit evidence is all the information establishing the base that supports our findings, conclusions and recommendations. They consist of specific collected information used for testing assessment criteria and support audit findings. All audit work should be planned on the perspective of obtaining the evidences needed to identify findings which complete the audit objective. Audit evidence selection, examination and assessment constitute the audit’s main pillar.

Audit evidences can be categorised as follows:

- **Physical evidence** is obtained through direct observation of people and events or inspection of property. It can be documented by photographs, charts, maps etc.;
- **Testimonial evidence** is obtained through responses to inquiries, interviews and questionnaires which cannot be assembled through other forms of audit work;
- **Documentary evidence** is obtained in physical and electronic form and is the most quickly obtained audit evidence from both internal and external sources. It consists of all types of documentation, e.g. reports, research papers, records, statistical data etc.; and
- **Analytical evidence** is obtained from data analysis and verification. Analysis involves computations, analysis of ratios, trends and patterns of data obtained from the auditee or external sources.

Questions that can be helpful when auditor evaluate data and sources include:
• Do I have enough?
• Do I have the right kind?
• Is it complete? Reliable? Consistent?
• Is it convincing (logical)?
• Is it relevant?
• Is there other evidence to support this?
• Is there contradictory evidence?
• Are there any inherent biases? Can these be compensated?
• How am I using this evidence at this stage in audit?
• What does it mean? What are the implications? So What?
• How did it come to be? What is the cause of this? Why so?
• What are the basic conceptions, themes, ideas or concepts in this area? What do they mean? Is there an alternative explanation?
• Are there any contradictions or discrepancies in that which is said and done? and
• Does anything in the data surprise you?

It should not be forgotten that audit findings are the specific evidence gathered by the auditor to satisfy the audit objectives in order to be able to answer the audit questions and verify stated hypothesis.

5.2.1 Some key audit evidence concepts

Audit evidence should be obtained to support auditors judgement and conclusion regarding the organization, program, activity or function under audit.

It is of great importance for the auditors and management to critically assess the quality of audit evidences obtained during the main study. In doing this, they need to get acquainted with key concepts such as relevant, reliable, sufficient and valid which are important tools for quality assessment.

**Relevant evidence** has a clear and logical relationship to the audit objective/s, audit questions, and assessment criteria. An important aspect of relevance is that the evidence should not be old when used for reaching a conclusion on. If recent evidences are not available, the auditor should be able to justify further relevance to historical evidences.

**Reliable evidence** is when consistent findings result from the same study made in the same environment by different auditors using the same methods and data. Therefore, auditors should ensure that their methods are clearly described and generally acceptable.

**Sufficient evidence** means there is sufficient audit evidence to support an audit finding. The decision whether the evidences are sufficient or not depends on the quality of the evidences. Audit teams should gather sufficient evidences that are convincing by showing that findings, conclusions and recommendations have a sound base.
The judgement on what can be considered sufficient evidence shall be influenced by various issues including:

- The team’s knowledge on the auditee and its business;
- The materiality of the matter;
- The risk that insufficient evidences will result in a wrong conclusion;
- The extent evidences are reliable to;
- The odds that the auditee will challenge the findings.

**Valid evidence** represents what it purports to represent. For example, an accurate thermometer is valid evidence if the auditor wants to measure the water temperature, but using it to measure water depth will produce invalid evidences. Similar to that, if the audit team intends to study schools quality, it is the education employees that can provide valid evidences than health employees could. The concept of validity has special importance when findings are based on analytical evidences (“rational arguments”). Well in a sense the two taken examples are same kind of extremes but still a good way of what is meant by valid evidence.

The following forms presented will help the auditors to carry out the audit evidence quality assessment:

- Evidence verified from different sources is valid and sufficient;
- Evidence obtained by some auditors that used the same methodology is more reliable;
- Old evidence reflecting no changes may be irrelevant;
- High-cost evidence may be irrational and insufficient;
- Evidence obtained from non-representative samples are not valid for the entire population, as such they are insufficient;
- Evidence obtained directly from the information source are more valid than that obtained indirectly;
- Evidence obtained from well-informed and independent sources are less biased, as such they are more valid than that obtained from the auditee;
- Evidence obtained from declarations made by officials of the auditee might be, but not always, more reliable when they are given in written than only given by interviews.

In collecting data, attention should be paid to the collected data’s relevance to the audit in order to have them easily structured. Otherwise, irrelevant data may lead to loss of audit focus. The more data are collected and analysed the more they need to be structured. Documentation is not just a common recording, e.g. taking notes on an interview. Auditors’ records should be written and structured in line with audit questions as soon as possible. This helps on latter analysis of audit evidence. In addition, it is good that interview records are sent to the interviewee for confirmation in order to prevent the information from being challenged at a later audit stage. If the data are not properly documented, the risk of not
having important aspects involved is present. This is of particular importance when the auditor obtains new primary data from interviews or direct observations.

5.3 Analysing audit data

Analysing data is an important step in all PA’s. When analysing data, the audit team should start by reviewing the audit objective and audit questions. This will help them to organise their data and focus their analysis based on the audit questions. Effective analysing and interpretation of data requires time, communication, creativity and systematic use of obtained and summarised data.

At this context it is important mentioning that being a good data analyser asks for some abilities: Being curious, capable to listen and think actively, being creative, and know what kind of data are needed.

Sometimes, it is useful to draw a line between the data compilation and data analysis. For example, when working with questionnaires, responses to each question should be compiled on an average representing all the answers. The compiled data can be then analysed from different perspectives or combined with other data. This line between the compilation and analysis is not always clear, as it is the case with interviews where the line is not possible to maintain.

It is important that the information is thoroughly and widely studied. Analysis and interpretation of data is an iterative process that requires from the audit team to constantly move between different stages in getting new knowledge and ideas from the analysis. This process should carry on until auditors are satisfied with the outcomes.

The approach used for analysis depends on the type of collected data. We separated the data analysis into three types:

1. Quantitative statistical analysis;
2. Qualitative analysis of interviews and documents; and
3. Combination of qualitative and quantitative analysis based on three types of data

5.3.1 Quantitative analysis

Quantitative analysis is often considered same as the statistical analysis. Implementing it or not partly depends on the type of data collected. The difference between quantitative and qualitative analysis is often described as the difference between analysing numbers (quantitative analysis) and analysing texts (qualitative analysis). However, information obtained from the text can in many cases be transformed into numbers. For example, the documentation may be examined to find out how many documents include positive statements about a particular matter. Afterwards, we may compute the percentage which represents the percentage of reviewed documents containing the positive statement.
5.3.2 Qualitative analysis

Qualitative analysis is a broad term used to describe a wide spectrum of methods for structuring, comparing and describing data. It is usually used when combining different types of data. Unlike quantitative analysis, qualitative analysis does not use mathematical procedures, numbers. Instead, this analysis is based on reasoning and logical arguments. However, qualitative analysis in general means finding ways to structure analytical thinking. The most common components of this structuring are comparing, sorting after differences and sorting after similarities.

Qualitative analysis is commonly used when analytical evidence is obtained from some sources of data, such as interviews and documents.

5.3.3 Combination of qualitative and quantitative analysis

Data are mainly analysed by using different sources, different methods of data collection and analysis of different data. Therefore, the data analysis’ final step consists of a combination of quantitative and qualitative data analysis results. This means that the results of the interviews can be combined with the results of statistical analysis. The combination of data from different sources is a process that can be compared to the game of putting the pieces of a puzzle together, where the pieces are the results of the data collection activities. There is no general solution to deal with these situations. However, it is of vital importance for the auditor to work systematically and carefully in interpreting the collected data.

5.4 Audit documentation

The main objectives of documentation – besides helping the auditing team – are to record the audit evidence in support of conclusions and recommendations, to provide records to assist audit management and monitoring, and to enable work to be reviewed by senior officers. Information obtained during the audit should be treated as confidential until the draft/report has been tabled.

Sufficient documentation is important for some reasons:

a) Confirms and supports the findings in the audit report;

b) Increases audit effectiveness and efficiency;

c) Serves as information source for the preparing reports, answering the questions by the auditee or other party;

d) Serves as evidence proving that the audit is carried out in compliance with audit standards;
e) Enables planning and supervision

f) Helps the auditor’s professional development

g) Helps ensure that the delegated work is carried out satisfactorily; and

h) Provides evidence for the future regarding the work carried out.

The auditor needs to produce audit documentation to fully record the preparation, conduct, contents and findings of the audit in a meaningful way. They should be sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit to subsequently determine what work was performed in support of the audit findings, conclusions and recommendations. In general, the organisation of the audit should also satisfy the requirements of good project management. A record of the work should be retained in the form of working papers.

Working papers are the link between fieldwork and the audit report and should be sufficiently complete and detailed to provide an understanding of the audit. Thus, they should contain all evidence accumulated in support of the findings, conclusions and recommendations in the report.

Throughout the audit, the audit team should prepare working papers containing relevant information for achieving the audit objective. These working papers need to be of sufficient quality as described in the following guidelines:

- Completeness and Accuracy;
- Clarity;
- Legibility; and
- Relevance.
6. Carrying out focus group meeting

This activity should take place during the main study, when most evidence is gathered and findings and tentative conclusions are at hand. However, the Audit Office is in this stage still open for comments and arguments and is also ready to collect new information and conduct additional analysis.

An important part of the analysis is to check findings and preliminary conclusions with representatives from auditee and other stakeholders and experts. Focus groups will provide the team with confirmation on collected data or requirement of additional data. Focus groups are also a suitable way for the management to get proper information about the quality of the PA. It will provide feedback of whether the drafted report is reliable and convincing. In addition, these meetings that may take 2-3 hours will also provide an opportunity for various stakeholders to meet and exchange views.
7. Audit report

In a PA, the auditor reports on the economy and efficiency with which resources are acquired and used, and the effectiveness with which objectives are met. Such reports may vary considerably in scope and nature, for example covering whether resources have been applied in a sound manner, commenting on the impact of policies and programmes and recommending changes designed to result in improvements.

Audit report should be reliable, informative and provide logical and clear recommendations that are related to audit objectives and findings. Auditors should report audit objectives, scope, methodology and sources used, as well as the audit findings, conclusions and recommendations. The report should be easy to understand the audit goals and communication of results.\textsuperscript{12}

Audit report is the most important product of the main study wherein are presented audit results. These results are communicated to the audited entity, Assembly, Government and to other stakeholders.

Audit report has several goals:

- Identification of processes and structures that are not performing properly and the possibility of bringing them to the attention of stakeholders, so that they can motivate the changes;
- Presenting a possibility for change in order to improve administration and management of areas or an audited activity through:
  - Presentations of findings of the audit work;
  - Determining conclusions of the audit; and
  - Provision of recommendations regarding the change/s that are required.
- Provision of assurance to stakeholders on areas and activities that are managed well, whereby they were reviewed in sufficient detail to come up with this assessment;
- Reporting on activities and procedures that represent good practices, and which can be applied usefully by other parts of the entity;
- Provision of a basis to follow up implementation of recommendations by the auditor or the entity, in order to review the implementation of recommendations, or an alternative action undertaken by the audited entity;
- Provision of evidence regarding the auditor’s work on the audit topic.

\textsuperscript{12} The reporting standards, INTOSAI 400 and ISSAI 3000, Chapter 5 give out some practical guidance regarding the drafting of performance audit reports. Also OAG has developed a PA audit report template giving practical explanations what and audit report should content.
Main steps in the reporting phase are:

- Preparation of work papers/material for discussion/draft report for the management;
- Conducting an exit meeting with the audited entity;
- Preparation of the final audit report; and
- Public notification regarding the audit report.

Drafting of the audit report should begin during the identification and confirmation of the findings. The earlier the audit analysis are written concerning a finding, the more time will be available to take into account and review the report before it is finalized.

Another reason why the auditor should begin writing the audit report as soon as possible is that he/she will be more effective if they do this. When an auditor starts to develop an argument, he may notice that there is a need for more evidence that relate to support of his conclusions. Writing of the audit report is more efficient and easier at the times when the audit team is still doing audit work in the field.

While some of the audit work in the field has been completed, the auditor should draft relevant paragraphs for the audit report, although the final structure of the report is not decided yet.

While most of the audit work is completed in the field, the auditor should have started with structuring of the report.

7.1 Audit report and its attributions

The audit report should include information about the audit objective, audit questions, audit scope; audit criteria, methodology, sources of data, any limitations to the data used, and audit findings. The findings should clearly conclude against the audit questions, or explain why this was not possible. The audit findings should be put into perspective and congruence should be ensured between the audit objective, audit questions, findings and conclusions. The report should, where appropriate, include recommendations.

The report should be timely, complete, accurate, objective, convincing, constructive, and as clear and concise as the subject-matter permits. It should also be reader-friendly, well structured, and contain unambiguous language. Overall, it should contribute to better knowledge and highlight improvements needed. The audit findings and conclusions should be based on evidence and should be clearly distinguishable in the report. All relevant viewpoints should be considered in the report and the report should be balanced and fair.

Recommendations, where provided, should be presented in a logical, knowledge-based and rational fashion, and be based on competent and relevant audit findings. They should be
practicable, add value and address the audit objective and questions. They should be addressed to the entity having responsibility and competence for their implementation.

The presentation and the structure of the report should aim to motivate the targeted audience to read it immediately, to understand it easily, to accept what it has to say, and to support or implement its recommendations. In order to achieve its objectives, a PA report should be objective, complete, clear, concise, convincing and important.

**Objective**

Audit reports should be written from an independent and impartial standpoint. The report should be neutral in tone, not to reveal only the negative aspects, but also to highlight positive aspects of the performance.

In order for the objectivity to be visible, the auditors should also present relevant evidence that show an opposite opinion to his, and not only the evidence in the favor of the report. The audit report should present only logically valid arguments.

The auditor should present positive aspects in the report that have been come across in the entity. Such report does not add value to the audited entity, although it can serve as a good practice demonstration for other parts of the public service.

**Complete**

The report should contain all relevant information and arguments that are necessary to achieve the audit objective and to get the responses of the audit questions. There should be a relationship between the audit objective, audit criteria, audit evidence, conclusions, and recommendations. The relationship between the audit objectives, findings and conclusions has to be verifiable, complete and clear.

**Clear**

The audit report should be clear and easy to understand, written to be suitable with capabilities, interests and time constraints of the readers. The report should be easy to read and understand, which explains special concepts, technical terms, acronyms, and unusual abbreviations.

The language used in the report should be simple to the extent allowed by the topic reviewed. Tables, diagrams and photos should be used where appropriate in order to present and summarize complex information. All information should be presented in a logical order.
Concise

The report should not be longer than necessary to convey and support the message. The report should not contain information that is not related with audit objective or with immaterial findings. However, in cases of complicated audits should be provided sufficient information so that readers without any special knowledge can understand its content.

Convincing

In order for a report to be convincing, the writer of the report should take into account audience views on the report and what will it take to convince them to undertake appropriate actions to address the findings.

The PA report should create a case for change. The information presented should be convincing to the reader about the validity and sufficiency of the findings, reasonableness of conclusions, and the benefits if the recommendations are implemented.

Important

To address issues and cover important areas, where the risk is significant that has consequences to the economy, efficiency and effectiveness, public trust, or the problems that are expected to be more significant.

Accurate

The evidence presented should be true and consistent with the findings. The evidence presented should be true and comprehensive, and all the findings should be presented in a correct and logical form.

Relevant

The content of the report should be relevant, be of interest to the readers and that adds value. In order to achieve maximum benefit, the report should be drafted in time and be current in order to respond to the need of certain changes. Therefore, it is important for the audit report to be completed and published within the timeframe foreseen in the audit plan.

7.2 Audit report structure

The OAG has determined a base structure for preparation of reports, which will be used for all PA reports that contains all key elements for writing of these reports. However, depending on the type of the audit, these structures can be modified.

The audit report has to contain:

- Title page;
- Foreword of Auditor General
- Table of content;
- Abbreviations and definitions;
- Executive summary (conclusions and recommendations);
- Introduction
- Audit motivation;
- Audit objective
- Audit problem and questions;
- Audit criteria
- Methodology used, scope and limitations;
- Description of system, program, process, etc;
- Findings;
- Conclusions;
- Recommendations; and
- Annexes.
8. Clarification of the audit report

In order to facilitate an agreement with the audited entity regarding the final draft report and to provide a constructive and positive dialogue during the preparation of parts of the draft audit report, discussions should be made with representatives of the audited entity responsible on specific areas that were analysed by the auditor. The manner of discussion, such as meetings, correspondence, and so forth will be selected by the team leader of the audit.

Auditors should try to obtain all arguments of the audited entity so that no new arguments arise, and maybe the final arguments will arise during the final agreement. The auditor should look for possible counter-arguments provided by and assess different points of view.

The draft audit report is drafted by the audit team leader, who will ensure that the draft report is drafted bearing in mind the timeframe laid out in the audit plan. All members of the audit team should be involved in preparation of the draft audit report and provide comments, and suggestions, not only on certain parts of the draft report, but on the entire draft report as well.

The draft audit report drafted by the audit team is presented to the Director /or the Deputy Director of the audit department. The Director /or the Deputy Director checks out the draft report and discusses results with members of the audit team. Preparation of an audit report is a developing process - usually the first draft can be revised several times, so that all versions of the draft audit report are a subject to improvement, revision, and documentation up to the final version.

A revised draft audit report is sent to the Deputy Auditor General, who coordinates and monitors activities of the PA department. It is preferred to have a meeting with stakeholders of the audit office with the intention of having a better coordination and to assure quality.

The draft audit report is submitted for potential external reviews of PA’s, to the Deputy Auditor General and the Auditor General, which can be followed by supporting material and a work paper wherein are specified methods for implementation of recommendations and impact expected.

In the situations when during the audit are encountered important law violations, the Auditor General or the Deputy Auditor General shall undertake appropriate actions. In such cases, usually the recommendations are not issued.

In the situations when the draft audit report is submitted for review also outside the SAI, then the same, with external comments attached is sent back for review to the Deputy Auditor General/Auditor General. The Deputy Auditor General/Auditor General reviews
and approves the draft report. The reviewed draft audit report is then sent back to the audit team with changes (if there were changes) and is submitted (in hard copy) to the audited entity. The draft is followed by an information letter. Sending the draft via e-mail is another possibility to be considered.

8.1 Agreeing on the draft audit report and drafting of the report

The draft audit report should be agreed with the audited entity (by considering the comments received and additional explanations if they are available).

When presenting the draft PA report to the audited entity or to other institutions for which conclusions were issued or recommendations given, in the follow-up letter should be specified the deadline for provision of comments. In addition, should be proposed organization of a discussion relating to the audit report, if the entity being audited or other institutions have provided comments, evidence, or other relevant information.

After receiving comments in writing from the audited entity or other institutions, the audit team leader prepares a work paper on the assessment of relevant arguments provided, to see whether the comments provided should be taken into consideration.

The discussion of the draft report should be done in the presence of the head of the relevant audit department, members of the audit team, legal official of the department, management, and or responsible persons of the audited entity. The auditors may also invite representatives of institutions, for which conclusions are issued or recommendations given. The Auditor General and/or the Deputy Auditor General who coordinates and monitors activities of the department which is responsible for the PA, is preferable to participate in the discussion of the draft report. The discussion of draft report with the audited entity or with other relevant institutions will be recorded in a work paper.

The discussion of the draft report will include consideration of measures defined by the audited entity or other institutions, as well as the timeframe for implementation of recommendations. The plan agreed upon for implementation of recommendations should be provided in an annex to the final audit report.

If it is decided to consider the comments (and evidence is received), the draft report will be reviewed. If the auditors think that comments should not be taken into consideration then the audit report can be finalized for the audited entity, but should be provided supporting arguments explaining the stance of the auditors.

The audit report should be signed by the head of the audit department and the audit team leader, along with a work paper drafted by the audit team leader which contains assessment of the comments of the audited entity. The assessment of comments is submitted for review.
to the Deputy Auditor General that reviews and approves documents and submits them for consideration to the Auditor General.

The Auditor General shall review and decide on the audit report. The revised audit report is sent back to the audit team, adjusted (if necessary) and which was presented to the audited entity and to other institutions for which conclusions were issued or recommendations given. The follow-up letter should indicate whether the comments on the draft audit report have been taken into consideration.

The audit report is also sent to the COPF in the Parliament of the Republic of Kosovo. When appropriate, the audit report can also be sent to the other authorities.

8.2 Publishing the report

The publication of PA reports contributes to transparency in public sector management and demonstrates how PA can contribute to improvements in public administration and governance. Accordingly, having in place a process for communicating the results to key audiences, such as the legislature, stakeholders and the media is paramount. At the basic level this should entail clarifying which stakeholders should receive information (and in what order) and what information should be provided.

SAIs adopts many different ways for publicizing PA reports. For example, some SAIs take a highly visible approach and develop press releases and/or conduct press conferences, while others rely on a more low-key approach and ensure audit reports are made easily available to the legislature, stakeholders, media and the general public.

Regardless of the method for communication, it is important to consider the specific messages to be communicated and the appropriate style and language. Focus should be on strategic issues relating to public administration that warrant attention or are better practice, rather than single performance deficiencies. Consideration should also be given to the specific details of the information to be published. For example, in some cases there might be a need for ensuring anonymity, such as where general disclosure is prohibited by laws or regulations in national security areas.

Once internally finalised, the report should be submitted to the stakeholders. Comprehensive reports and distribution of reports are key points to the reliability of PA function.

Our policy is to make PA reports available to the public, as it is the case with other reports, and have them widely distributed.

Other than the auditee, the report should be delivered to The Parliament, Government, media and stakeholders. In addition, a copy of the report may be given to individuals
having contributed to the audit. Afterwards, the report will be published on the OAG webpage.

In order to forward the message in the audit report and avoid misinterpretations, we will provide media with adequate and well-balanced information via press releases or press conferences.

8.3 Public notification (press release)

The OAG issues media notifications that accompany audit reports. While technically they are not a part of the report, they are drafted as a part of the same process that provides a summary which is briefer than the executive summary. This was designed to draw public attention to the report so that they are motivated to read and analyze it more closely.
9. Follow up of audit report recommendations

It is important to carry out a following up of implementation of recommendations in order to assess the benefits of PA work. This helps in the assessment of PA effectiveness in terms of improving public services thus making them more effective. The obvious question is “Are we making a difference and, perhaps more important are we making the difference that we wanted to make?”

The decision to follow up the impact of recommendations should be based on a results (feedback) analysis in support of actions to be taken for the recommendations which are presented in the Action Plan prepared by the entities. The entity should, in this plan, set the timing\(^\text{13}\) for implementation of recommendations. If the responsible institutions are lagging behind the implementation of recommendations given in the PA report, have shortcomings in coordinating their activities or have difficulties in understanding that all actions are needed, these are reasonable indications to start the follow-up activities on.

SAIs activities to measure recommendations impacts require a lot of efforts and analysis. This is actually a new PA which should cover the way recommendations are implemented and many other issues that might have an impact on the outcome. Impact assessment is, in each case, the essence of this activity and provides the basis for the effectiveness of audit recommendations given in the PA report.

Following publication of the PA report and any deliberations by the legislature, the auditee may be required to respond to the SAI or the legislature about implementation of PA recommendations.

Where it is considered that the findings and/or recommendations of a PA warrant further review it may be appropriate for the SAI to conduct a follow-up on the report. Accordingly, the SAI needs to have in place a system that captures audit findings and/or recommendations and the auditee's undertakings in relation to them. Then, after an appropriate time period has elapsed, the SAI can undertake a further assessment of the auditee's progress with responding to audit findings and implementing recommendations and report on this through a follow-up audit.

\(^{13}\) Actually it is given 30 days to the entities for preparing the action Plan. Than the time needed for Action Plan should be discussed together with the entity since the it can happen that not all recommendations can be implemented within the same period of time.
10. Quality control

Quality Control (QC) consists on the systems and practices designed to ensure that a SAI issues reports that are appropriate in the circumstances and in the accordance with applicable auditing standards.

QC of PAs is integrated in the institutional processes and the audit process.

In this regard, established systems are not the only element required to ensure QC. Human resources involved in the audit process play an active and key role in this. QC has to be a continuously monitored process but organized as well, mainly by managerial levels.

The QC should be implemented with the respect to the following aspects of the audit process:

- Selecting matters (topics) for audit;
- Planning the audit;
- Executing the audit;
- Reporting audit results, including conclusions and recommendations; and
- Following up audit reports to ensure that appropriate action is taken.

INTOSAI General Auditing Standards 200, 1.28 states that: ‘….it is desirable for SAIs to establish their quality assurance arrangements. That is, planning, conduct and reporting in relation to a sample of audits may be reviewed in depth by suitably qualified SAI personnel not involved in those audits, with consultation with the relevant audit line management regarding the outcome of the internal quality assurance arrangements and periodic reporting to the SAI’s top management. Then 1.30 states that: The quality of the work of the SAI can be enhanced by strengthening internal review and probably by independent appraisal of its work.

It is up to each SAI to adopt its QC systems according to the conditions and circumstances it is facing.

10.1 The benefits of conducting quality control

QC review allows the SAI to benchmark its practices against relevant standards (ISSAI 40 for example) and international best practices. The findings of the QC review will allow the OAG to:

- Assess its efficiency and effectiveness;
- Evaluate its current needs with conjunction with future goals of the SAI;
Appraise the risk to the SAI if in case the staff is performing below satisfactory level or is not in conformity to professional standards, applicable legal and regulatory requirements and SAI policies and procedures; and

Plan and implement strategies for upgrading SAI policies and procedures and knowledge and skills of staff. So by this SAI will improve facilities and abilities to produce audit reports appropriate to the circumstances.

10.2 Elements of quality control system

INTOSAI standards\textsuperscript{14} have outlined the main requirements on SAI’s in the following categories:

- Leadership (management) responsibilities for quality within the SAI;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Human resources;
- Engagement performance; and
- Monitoring.

In the following text we will cover aspects linked to the planning, conducting and follow up of PA’s.

10.3 Quality control in performance audit process

Preparing, conducting and follow up of PA’s covers the following six steps:

- Strategic plan;
- Annual plan;
- Pre study and work plan;
- Main study;
- Audit reporting; and
- Follow up.

The first three steps imply preparation work while the PA study starts with the fourth step, the main study.

The text below will address aspects to be considered during above mentioned steps before and after audit process.

\textsuperscript{14} ISSAI 40
10.3.1 Quality control aspects during audit process

There are several important aspects to be considered during the PA strategy development, planning, execution, reporting and follow-up stage of individual PA’s, which should be evaluated and relate to the quality of audit work throughout the audit process. By doing this assessment (verification), we will be able to check with the aim to ensure that the audit process was or is planned, conducted and reported as provided in the INTOSAI standards. These aspects are presented hereinafter.

**QC aspects in Strategic planning**

a) The strategy provides a firm basis for the SAI management to give strategic direction for future audit coverage;

b) Within strategy are identified and selected audits fields with the potential to improve public sector accountability and administration;

c) The strategy provides a platform for communication with parties of interest such as Assembly, Presidency, local and central level organizations, agencies and independent budgetary organizations, public owned enterprises; and

d) The strategy foresees the needs of performance auditors when it comes to career paths, recruitment, promotion and retention, as well as training programs for performance auditors.

**QC aspects in annual planning**

a) The problems, the auditees and the activities to be audited are well defined;

b) The arguments for the audit are clearly stated: If there are evidences of material efficiency and effectiveness problems, and that there are risks that these problems will continue or increase;

c) The problems are addressed by the Audit Office; suits its mandate, its strategy and its competence and the value can be added by the Audit Office;

d) The proposed design is reasonable;

e) The Audit Office is able to conduct the audit; competence, access to reliable data and resources;

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15 Key sources of information: Entity corporate documents, strategies, action plans, national and international reports, EU directives and relation with entities strategies, issues addressed by commissions within assembly, findings from previous Audits, etc.
QC aspects in individual audit planning

a) The management appointed an audit team with clear roles (incl. team leader) and appropriate knowledge of the subject matter, audit standards and techniques as well as the skills to carry out the audit (including support from external experts when needed);

b) The selection of an audit problem was related to the three E’s (Economy, efficiency and effectiveness), based on a pre-study with appropriate understanding of the operations, preliminary findings and an assessment of the relevance (mandate, materiality, risks to the 3 E’s), audit ability and the potential for change;

c) The work plan has a clear audit objective, an appropriate scope (who, what, when, where), a limited number of thematically related and exhaustive audit questions and sub-questions to be answered, and useful assessment criteria with clear sources;

d) The work plan includes an appropriate methodology (including methods for data collection, sampling and audit analysis) to efficiently collect sufficient audit evidence to conclude against the objectives and answer the audit questions;

e) The work plan includes a realistic administrative plan with an activity plan, main control points, monitoring, a competent audit team, estimated cost, as well as the planned regular communication with the audited entity and analyses of risks in the audit;

f) Draft pre-study memo and work plan was a systematically reviewed, incl. discussions within the unit (department) and reviewed by the operational manager and top management before decision to start the audit;

g) Top management approved the audit design and milestones and allocated sufficient time, resources and technical support (based on a pre-study with specific and realistic plans) to carry out the assigned audit?

QC aspects in executing PA’s

Once the audit plan is completed and approved by top management, the audit execution stage starts. The aspects to be considered at this stage are:

a) The audit was properly introduced to the audited entity (including notification of the audit objective, scope, questions and criteria) before the start of data collection and discussed at an exit meeting to clarify outstanding issues before finalization;

16 See annex 4. Questions to ask before a work plan is approved by top management
b) Qualitative and quantitative data from different sources (documentary, testimonial, physical, analytical) were combined & carefully interpreted, guaranteeing anonymity;

c) Data collected was reasonable, sufficient, relevant, valid and reliable audit evidence to satisfy the objective, answer all questions (complete) and derive conclusions;

d) The team maintained good relationship with stakeholders and an active dialogue with the audited entity throughout the audit, making it easier to continuously check preliminary findings and communicate instances of non-compliance or abuse;

e) The plans and the results of the fieldwork and analysis were documented, filed and cross-referenced to the report, to enable an experienced auditor to determine the work performed in support of the findings, conclusions, and recommendations;

f) Was the work of the audit team and working papers reviewed by the team leader, with supervision and review of the audit file by a supervisor and with regular monitoring of progress of the audit by appropriate levels of management?

g) Was a draft audit report systematically reviewed by the SAI, incl. discussions within the unit, review by the operational manager, possibly external experts and top management, documenting and resolving internal differences of opinion before issuing the report?

h) Does the audit satisfy the requirement of good project management, was executed timely in line with the work plan and regularly monitored by management, with major decisions on changing the plan explained and documented in the file?

**QC aspects in reporting PA’s**

a) Does the report address an important topic within the mandate, related to the economy and efficiency with which resources are acquired and used, and the effectiveness with which objectives are met and discloses standards followed and if regulations limited the audit?

b) Does the report present an appropriate audit design (objective, questions, scope, assessment criteria, methodology, principles for sampling, limitations to data) to efficiently collect sufficient evidence to conclude against the objectives and answer the questions?

c) Does the report give the reader an appropriate understanding of the organisation’s systems and processes subject to audit and how they are expected to function?

d) Does the report present findings, congruent with the objective and put into context, based on complete, reasonable, sufficient, relevant, valid, reliable, accurate, objective and logical audit evidence (referring to sources) answering the audit questions and when appropriate analysing the causes and consequences; and all relevant arguments and perspectives considered and correctly reproduced?
e) Does the report present reasonable conclusions (statements deduced from the findings based on evidence, rationality and project specific criteria) clearly distinguished from findings and congruent with the audit objective, audit questions and findings?

f) Does the report add value, improve the knowledge, highlights improvements needed and (usually) include reasonably specific and practical recommendations relevant for Public Accounting Committee and the responsible entity, (including providing clear and convincing motives behind the recommendations) logically addressing the causes of findings usually without requiring additional resources?

g) Is the report balanced and fair in tone and content, convincing, constructive, reader-friendly (for respective entities and other readers), clear, concise, well designed, without typographical errors and using simple unambiguous, non-technical language with explanation of abbreviations?

h) Is the report well structured, with focus on main findings, and appropriately uses a submission letter, table of content, an executive summary, and a logical structure of chapters, informative headings, annexes, tables, charts and photographs?

i) Was a draft report sent to the audited entity, with an invitation to comment on findings, conclusions, and recommendations; documenting the feedback, analysing disagreements, correcting factual errors and documenting changes of the report?

j) Has the report, within the provision of regulations, been submitted to the main recipients (e.g. Parliament, the audited entity), made public and widely distributed to media and other stakeholders and made available at the OAG?

k) Have the OAG assisted the auditees to better understand the report and to take appropriate action (e.g. brief the chairman, suggest questions for its members, attend deliberations at appropriate management level)?

**QC aspects in PA follow up**

a) Does the OAG arrange internal seminars to discuss experiences or review completed audits, to learn for future improvement?

b) Does OAG regularly follow up the implementation of OAG recommendations by the respective auditees (through follow-up audits, information obtained by regularity auditors, informal contacts with the auditee or formal requests addressed to them?)
10.4 Applying quality control

Document review process has been considered as a good way of increasing the quality of reports and audit process in general.

QC has many advantages. The outcome of QC is not only to improve quality of the pre-study memo, design matrix and audit plan or draft audit report, but this also creates incentives for quality work, promotes development of skills on how to read and examine plans, how to provide smart, critical and constructive comments and how to listen to and handle various views and arguments.

Above we present model on how to create a basic system of QC for PA in OAG.

Documents (materials) that will pass through review process are:

- Pre-study memo;
- Design matrix and audit plan; and
- Audit draft report.

The process has to be carried out by three levels within organization: team leader and members, department, operational management (operational manager) and top management. Depending from the interests of the office External Advisors can be part of the process as well.

Each of staff belonging to these levels is responsible for carrying out certain activities within QC process.

Team leader is responsible for:

- Drafting and discussing with his/her team the final version of the material to be reviewed;
- Submit it to the opponent team staff and give some time for reviewing the material;
- After the comments are received by opponent team and implemented than the material has to send to the other staff of PA department;
- Organize workshop (time, premises, staff availability and address few issues of higher importance);
- Sum up workshop, draw conclusions, implement comments.

The step two is that team leaders, after the comments are received by department and are implemented; sends the draft material to operational manager.

Operational manager’s responsibilities in the QC process are:
• Reading the draft material thoroughly by considering above mentioned aspects\textsuperscript{17}; 
• Initiates and leads discussion with team leaders than comments in draft material and send it back to team leaders; 
• Than improved draft comes back to operational manager; 
• And when assumed that good quality of the report is achieved the draft material is sent to management for approval.

Further on we have given explanations regarding steps that should be taken in implementing QC within PA departments, on relation to team, department, operational manager and management.

**Step 1: Internal examination of Work Plan and Design Matrix by two opponents and colleagues from the PA Departments**

Each PA team needs to provide material (pre study memo with a work plan, design matrix and audit draft report). Before the plan is fully examined by the operational manager (and later sent to top management for comments) the first step in the QC is to have the proposal examined and commented by opponent team and colleagues. This task will circulate among all staff members, and all pre studies will have to go through this process. The time can be decided based on the need for discussion.

The draft is thereafter adjusted and sent to the operational manager. After additional changes the proposed work plan is sent to top management for comments. After the management comments are implemented the draft is sent back again for approval.

**Step 2: Carry out focus group meetings based on preliminary findings**

As mentioned earlier this is a step to be carried out during the main study.

Two basic questions to address are:

1. Have we got the findings right? 
2. What ought to be done to improve the performance?.

The focus group meeting facilitates cooperation between the audit office and actors involved in audit, helps prepare ground for good reception of the audit report once it is published, and finally, the improving the impact of provided conclusions and recommendations. The procedure and how to conduct these events need to be addressed.

\textsuperscript{17} In the text above we have presented several aspects to be considered when ensuring QC that can be considered by all levels involved in the process. See the text above related to: Individual audit planning, executing performance audits and reporting performance audit.
Step 3: Internal examination of draft report proposal by opponent team and colleagues from the PA departments

All PA teams have to provide a draft report proposal to their opponent team for comments before the draft is critically read by the operational manager and later sent to top management for reading and comments, in such a way that the proposal is critically reviewed and commented initially by the department colleagues. It follows the same procedure as with work plans. The head of the PA department shall appoint opponent team to fulfil this task, and allocate necessary time for them to carefully read the report and prepare their comments. All staff members will have to conduct this duty, and all audits will follow the same process. The draft is adjusted and sent to the operational manager who will go through it again together with the team leader if there are needs for clarification. After additional changes, the draft report is sent to top management for reading and comments. These are some issues to address:

- Are all relevant perspectives addressed, and are the analyses sufficiently done?
- Are the report and the main messages understandable, objective and convincing?
- Are findings reliable, put in context and supported by solid and fair evidence?
- Does the executive summary reflect the tone and the findings?

Do the conclusions flow logically from the analyses and the findings?

Step 4: Conduct a proper clearance process

Of vital importance for a reliable report – and for impact of the audit – is that there is no arguing from the auditee against collected and compiled findings in the report. Even so, the practice has shown that most of the times there are argues provided by the audited entity. This has to be checked by the audit team in a proper clearance process with the auditee. If there are frequent or extended changes of the report draft, the clearance process might have to be conducted more than once. The audit team should then analyse the comments from the auditee with the PA manager and top management and conduct adjustments of the draft in accordance with these discussions.

Step 5: Consider conducting an exit conference (meeting) and go through the report again (mainly for medium to high risk audits)

Within OAG it has been practiced that the draft report has been sent to the audited entities by giving them the possibility to comment on the draft within two weeks, most of the time by written. Yet, it happened that more time was given to the entity when asked by them. The office should not rely only on comments offered by written. A proper discussion with the auditee before publishing the report provides an opportunity to discuss and clarify various

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18 A check list on what kind of aspects should be checked when offering comments to the draft audit report are presented in Annex 4 of this guideline.
issues. This may prevent misunderstanding and unnecessary conflicts. It may also facilitate the impact of the audit.

- Are disagreements with auditees or experts regarding facts properly addressed?
- Are there remaining issues to be solved, and has the audit process been fair?
- Are the recommendations evidence based, clear and adding value?

After the exit conference (meeting) top management is prepared to give the final directives to the PA team and – later – finalize the process.
11. Key concepts in procurement auditing

The purpose of this procurement audit chapter is to assist and advise our auditors in the Value for Money (VfM) audit of procurement of public bodies in Kosovo.

VfM audit of procurement is an important aspect of performance audit. This chapter augments and integrates with the guidance presented in the rest of the Performance Audit Manual, providing specific guidance in relation to the VfM audit of procurement

11.1 Legal framework

The current legal situation is that all procurement is governed by the Law on Public Procurement: Nr.04/L-042. This law is currently in the process of being revised. It is also mandatory for all public bodies to comply with secondary legislation or administrative instructions issued by the Public Procurement Regulatory Commission (PPRC). PPRC issues operational guidance regarding the implementation of the law and the administrative instructions

11.2 Organisational structures

There are more than 170 institutions authorised as Contracting Authorities (CAs). These include central government, local government and public enterprises. PPRC is responsible for the overall development, operation and supervision of the public procurement system in Kosovo. They are also obliged to collect, analyse and publish information about public procurement procedures and awarded public contracts. The Procurement Review Body (PRB) is responsible for implementing the procurement review procedures identified in the current law. The Central Procurement Agency (CPA) is currently established within the Ministry of Finance. It is responsible for carrying out certain procurements on behalf of contracting authorities, for example, stationery, fuel and in the future central procurement will expand.

11.3 Relationships with other OAG Audit

VfM procurement audit is an important part of our wider performance audit mandate. It is distinct from the regulatory and integrated compliance audit programme and responsibility which we undertake and which includes the audit of compliance by public bodies with procurement law and related secondary legislation. VfM procurement will take account of the outcomes of compliance audit in areas that are the subject of VfM procurement audit.
11.4 Scope

VfM procurement audit covers the whole process involved in supporting acquisitions from third parties including goods, services and construction projects. This process spans the whole life cycle from initial concept and definition of business needs through to the end of the acquisition process, including contract management, and beyond this to the results of procurement. VfM audits will assess whether the value for the tax payers money was achieved and beyond this will make cost-benefit analysis for purchases through procurement.

VfM audit covers the contract management process in order to determine whether the Economic operator has executed its responsibilities in compliance with the terms and conditions stated by the CA in the Tender Dossier and to determine how are they (terms and conditions) relevant to the procurement object and how they contribute to the best fulfilment of end-user’s needs. The scope of VfM procurement audit will consider if there has been an optimum combination of whole life costs and quality to meet the end-user’s needs.

We will conduct audits in order to assess the overall procurement systems in specific sectors where whenever this is applicable. Considering that the existing regulatory framework (LPP and secondary legislation) and the institutional and operational arrangements (internal instructions, inter-institutional arrangements for joint procurements etc) allows CAs to purchase same goods using different procurement procedures, we will assess which procedure/procedures achieve the best value for money.

VfM procurement audit will cover inter alia:

- The overall procurement system;
- Procurement within a policy area;
- Procurement of an item or items across all budget organisations;
- Programme procurement;
- Discrete procurements, large and small, chosen on the basis for example of scale, risk, sensitivity; and
- Published procurement information

It may then cover a complete system-wide review. This will look at whether procurement systems and approaches as a whole are designed in the most effective fashion and whether or not they are function holistically and in a way that is likely to secure efficiency, effectiveness or economy. Alternatively, VfM audit might take place at a more detailed level at specific procurements to see whether VfM has been achieved on a case-by-case basis.

VfM audit will, in many cases consider if the CAs are paying more for goods and services procured than it needs to. Quality will be considered - items procured should not be sub-
standard, i.e. incapable of providing the quality of outcomes needed. On the other hand, the items procured should not be over-specified, i.e. of a higher quality than is absolutely required to deliver the outcomes needed. Such audits will also address the identification of needs and if the requirements to meet those needs are coherent and rational.

11.5 Challenges

Achieving VfM in procurement is complicated by the number of different CAs and the related number of procurement certifying officers (approximately 550) resulting in a high volume of contracts and the consequential challenge of ensuring the anticipated results of each individual contract are realised. The volume of low-level contracts mitigates against the potential for achieving economies of scale in procurement.

At the same time, the VfM auditor must also be mindful that the procurement strategies and actions of CAs do not impede the development of a robust competitive market place to respond to government procurement requirements. The procurement strategies adopted need to be legally compliant and skilfully applied. They should protect long-term competitiveness and ensure healthy competition between providers of suitable quality for government programmes. They should take into account new companies possibilities to access the market.

The VfM auditor will look for any inappropriate barriers imposed by contracting authorities on Economic Operators (EOs). At times CAs fail to pay due attention to the development of new EOs and formulate the minimum qualification requirements in a way that exclude newly-established EOs which possess a sufficient economic, financial and technical capability. This undermines competition and consequently VfM.

11.6 “Whole of Life Cost”

In some procurement cases, there may not just be an initial cost of goods or services but ongoing costs of related maintenance over a longer period, up to disposal. In such cases, what needs to be looked at is the accumulated cost of the contract including all directly related ancillary costs. Only by looking at these ‘whole life costs’ can a meaningful assessment of VfM be made. Better VfM from procurement can be achieved in many ways, for example:

- collaborating with other public bodies to obtain the best prices and secure better discounts from bulk buying;
- introducing incentives into the contract to ensure continuous cost and quality improvements throughout its duration; and
- reducing the cost of buying goods or services by streamlining procurement and finance processes.
11.7 The Importance of a Procurement Strategy

The effective VfM procurement auditor needs to be able to appreciate that a clear and logical procurement strategy on the part of the public body is fundamental to VfM in procurement outcomes. There is a danger that when an auditor draws their conclusions from their work they identify the symptoms of a particular problem (e.g. public sector agencies paying more than they should be for goods and services) and not the causes. The conclusions drawn by the auditor should conceptually seek to explain one question more than all others: why is this happening?

Often the cause of a procurement problem will be either a poorly defined procurement strategy in a particular procurement or sometimes no clear strategy at all. Alternatively, a procurement strategy may exist but it may be, in VfM terms, an inappropriate one. Alternatively, it may exist in theory but it is not operational in practice. Therefore, the auditor needs to be sure that they clearly understand and document the relevant procurement strategy and as part of their overall assessment draw a conclusion as to how appropriate and effective it is. In doing so, they will help themselves greatly towards an understanding of the ‘why’ question. A checklist may be of help towards an assessment of a particular procurement strategy.

11.8 Methods and benchmarking

Benchmarking is a powerful method for assessing whether or not for example:

- Prices paid for goods and services are lower than like items of similar quantity for one procurement unit in the organisation than others
- Prices paid for goods and services are lower than like items of similar quality paid for by other public organisations.
- Prices paid for goods and services are lower than like items of similar quality that are available direct from the market.

Comparison with market prices is a particularly important benchmark. As a major procurer of goods and services there should be significant economies of scale available to the public sector.

PPRC, pursuant to the LPP provisions produces reference-price manuals, which should be used as a benchmark when comparing prices paid by CAs for goods and services. These manuals are useful as they serve as a good starting point for the comparison of prices at an early stage of the audit process i.e. at the pre-study stage. Even though there are only ten manuals so far, such as stationary, food supply, fuel etc. Depending on the outcome of the comparison, an auditor can decide whether to go on or discard the topic.
Methodologies applied in a VfM procurement audit will vary depending on the nature of the audit question, but areas of research that may be used include the following:

- Assessment of procurement processes against alternative procurement practices;
- Cost analysis: cost of winning bidder versus unselected bid;
- Reference costs: different entities audited measured against each other;
- Reference costs: compare what other bodies national or international are paying;
- Reference costs: compare with market prices more widely.

A combination of methods and approaches can be applied; for example looking at the application of the law and regulations (but from the perspective of how any non-compliance might affect VfM), or through interviews with procurement and other staff, which should be structured and designed with a view to addressing specific pre-determined questions.

In addition, the existence of management information systems, or the lack thereof, is a factor that greatly affects the achievement of VfM. VfM audits should cover in the first place the existence of information systems that provide well-organised, properly analysed and meaningful and reliable outputs. They should also examine the effectiveness of such systems i.e. how much the information provided by the system is being used to better design and carry out a procurement process.

Often benchmarking is a significant part of a VfM procurement study. The range of benchmarks might be:

- comparing costs against other public sector bodies: if a multi-entity study, it should be possible to get some/all of this information from the study itself;
- comparing current against historic costs; and
- comparing against market costs both in Kosovo and also in some cases possibly with the wider region. (Thought needs to be given as to how market prices can be collected.)

The benchmarking process should be designed to enable, at the end of the study, an evaluation of how much money could have been saved if comparative prices had been attained for similar quality items by the current procurement exercise. Details of the monetary value of such potential savings must wherever appropriate be included in the final report.
12. **Stages in procurement process**

There are a number of stages in a conventional procurement process. Studies undertaken by the OAG could potentially cover any of them and will often look at more than one element. The overall process should be seen as a circular one: lessons identified from one contract (e.g. concerning poor performance in terms of time or quality) should be learned and factored into follow-on processes.

*Figure 5: The procurement loop*
Step 1: Need recognition

The organisation must know there is a need for goods/services, whether from internal or external sources. The goods/services may be one that needs to be reordered, or it may be a new item or project or development for the organisation. A business case in whatever form must result in a decision that the need exists. This has proved to be a major weakness in the procurement systems in use in Kosovo in the past where the needs definition has been very poorly defined in a number of cases with serious implications for the competitive environment and on VfM as a result.

Step 2: Specifying requirement

Once the needs have been properly defined, they should be formally documented in the form of specifications.

Step 3: Invitation to tender / request for proposal

The organisation will publish an invitation to tender, which is the procedure for generating competing offers from different bidders looking to obtain a contract. Criteria must be established to establish which suppliers will be qualified to submit a formal bid: care must be taken that these are not unfairly prescriptive and prevent new entrants to the market from emerging or potentially exhibit unfair bias towards particular suppliers. Qualified suppliers and contractors are invited to submit sealed bids during a specific timeframe. This step often includes sub-processes such as request for expression of interest, a prequalifying questionnaire and preliminary qualified short-lists of suppliers that have pre-qualified onto framework contracts.

Step 4: Evaluation

The organisation will evaluate bids. This evaluation must follow a defined pattern to which all participants subscribe, to ensure all bids are dealt with in exactly the same way. The methods for comparison have to be fair, thorough, independent, transparent and consistently applied. The evaluation criteria must be formally laid out in advance so that the scoring process is undertaken on an objective basis.

Step 5: Award

Having established which tender provides best overall value for money, taking into account price, quality, timing and costs where appropriate, a decision can be taken about the award of the contract. Once the contract has been awarded, the successful and unsuccessful tenderers will be notified by the organisation.
**Step 6: Agree form of contract**

A contract exists for the benefit of both parties (e.g. to avoid disputes and minimise the exposure to financial risk) so it is important that it is set out clearly and in plain language. It should also be concise, easy to understand and flexible enough to allow for variations if circumstances change.

**Step 7: Formal appointment**

Following the completion of the tendering process, the organisation will formally appoint the successful tenderer in writing.

**Step 8: Contract performance monitoring and evaluation**

It is basic good practice to know that you are getting what you contracted for. Monitoring the performance of suppliers is a key aspect of production and systems management and one that needs particular attention paid to it. Again this has been an area of specific weakness in Kosovo in the past and the auditor needs to be aware of this when considering their audit.

**Step 9: Lessons learned from current contract performance**

The organisation needs to ensure that lessons learned from contract performance are fed into future procurement processes. If a supplier performs ineffectively on a current contract, there is a strong possibility that this might be the case on future contracts too. This information is also very important not just for individual organisations but also for the public sector as a whole. An example of an EU tendering process is identified below:
Figure 6. European Union Tender process

European Union Directive on Procurement

According to EU Directive on procurement\(^\text{19}\) public bodies should carry out procurement processes based on national legislation and the objectives and guidelines set out in the European Union (EU) Directive on Procurement 2014/24/EU.

\(^{19}\) [http://europa.eu/index_en.htm](http://europa.eu/index_en.htm)
13. VfM Procurement audit methodology

To enable the VfM audit objectives to be met, it is important to adopt a methodological approach to undertaking the audit although this should not be mechanistically applied if circumstances dictate flexibility. The auditor should always keep in mind the primary objective of VfM audit, which is to ensure that goods and services of the appropriate level of quality are procured at the best possible price.

The methodology to be applied in the majority of cases to achieve this should use the following approach:

1. Identify a suitable topic for VfM Procurement Audit. This could come from a variety of sources, for example, issues that have been identified during regularity audits which might suggest potential VfM issues, media reports and investigations or recommendations from stakeholders about areas that could benefit from a VfM review, high cost purchases, topics of public concern and specific procurement area. This topic could be a system-wide review on a broad procurement area or a more detailed benchmarking-based comparison of common items procured or indeed a combination of these and other topics.

2. Design the audit. This should involve the following stages:

   1. Define audit problem
   2. Confirm audit objective
   3. Prepare audit questions
   4. Confirm audit scope
   5. Detail audit approach

The above elements require consideration of the following:

**Audit Problem** What are the main issues you are trying to explore here. Explain the general context and background to the issues involved.
**Audit Objective**

Specific aims of this audit as per the agreed specification.

**Audit Questions**

Specific questions you will to help meet the audit objective

**Audit criteria**

How you will measure whether or not VfM in this particular procurement area will be met

**Audit Scope**

Explain what procurement areas you have covered in your audit and in which particular entities

**Audit Approach**

Describe the approach you will use e.g.

- Assessment of processes against procurement laws and regulations in Kosovo to see if the VfM requirements defined by the regulatory framework are being met
- Review of the effectiveness, efficiency and economy of a broad procurement area against best practices
- Assessment of more detailed processes against best procurement practices
- Cost analysis: ensuring that the best price is obtained from all those who qualify for the tendering process
- Reference costs: ensuring that one procurement unit inside an entity does not pay more than other procurement units inside the same entity
- Reference costs: matching prices paid by one government entity against another
- Reference costs: versus market prices

Whilst a number of these stages are similar to those that would be present in all procurement audits, the auditor must bear in mind that the specific aim here is to ensure that VfM is being achieved. This is not therefore a review into compliance with the law per se for example, or only so far in that non-compliance with the law may be impacting negatively on VfM. VfM Procurement Audit essentially requires a very different mind-set from the auditor that would normally be employed for example in a regularity audit. It requires the application of common-sense principles about whether or not for example the items procured were actually needed or whether items of a similar and appropriate quality level could have been obtained for lower prices than have actually been achieved.

3 Validate that the possible study area will be likely to provide meaningful benefits to stakeholders. Unless the scope for potential benefits and savings are self-evident a pre-study may be required to ensure that on balance there is likely to be real value added by undertaking a full review of the procurement area under consideration. The auditor should not be concerned about recommending that a more detailed review should not be undertaken if it appears after the pre-study phase that the benefits will not justify the costs that would be incurred by the audit team. On the other hand, we must do our pre-study work thoroughly and ensure that any recommendations we make at this stage are based on a sound foundation.
4 Undertake the audit work. Design tests for evidence to provide answers to the various questions asked and criteria defined. Be led by the evidence when forming your conclusions as in all audits. Bear in mind at all times the original scope and objectives; ensure that these are met but if unexpected areas for investigation emerge during your fieldwork do not be afraid to vary the scope - but only after discussion and agreement with OAG management. Be innovative in looking for reference costs to benchmark against especially for market price information. Fully utilise publicly available information such as that provided by PPRC but do not limit research to this. Exploit other information that might be relevant, for example that which is available on the internet in developing a benchmark to compare costs against.

5 Complete the audit and prepare the report. This should include the following:

- An Executive Summary summarising the key findings, conclusions and
- An introductory section: this should include a statement of the audit problem, the audit objective, the audit scope, the audit questions, audit criteria and the audit approach
- A description of the procurement area under review
- The key findings: the ‘what’ element that has been uncovered by the audit, which should summarise the main results of the work undertaken. It should include presentation of any reference cost comparisons that have been obtained and the results of such exercises. It is important to include in the report where possible information about how much could have been saved if a different procurement approach had been followed by the auditee: this will attract the attention of readers.
- The conclusions: the ‘why’ element. This needs to present the auditor’s conclusions as to why problems are occurring. Care needs to be taken that this is not a repetition of the ‘findings’ section but is instead a thorough analysis of the underlying weaknesses that are in existence. This should include a general assessment of whether or not VfM is being achieved but must then go on to provide more detailed assessment of why this is so.
- Recommendations: these should follow on from the ‘conclusions’ made. The need to provide insightful suggestions as to what can be done to improve VfM emphasises the importance of the analysis undertaken in the work on the conclusions.
14. **Checklists for Value for Money in Procurement audits**

The scope of public procurement is broad and incorporates a wide range of activities including, acquiring goods and services at an appropriate quality and quantity, bundling supply needs with other public bodies, outsourcing services and establishing partnerships with suppliers. In all cases, the public body has to choose a supplier and pay for the goods delivered or services provided.

A checklist to assist auditors when carrying out a procurement audit has been prepared based on common principles and procedures having regard to the legislation underpinning procurement in Kosovo and the basic precepts of the Treaty on Functioning of the European Union (TFUE) and of the EU Directives on Procurement.

The importance of incisive questions to address the VfM problem is implied in the overall methodology in use by OAG. Asking the wrong questions will lead to getting the wrong answers. The audit team, in preparing for each VfM procurement audit, can refer to the set of questions included in the checklist and establish a bespoke questionnaire for the specific audit by drawing relevant questions from the checklist and adding specific additional questions that might be needed to address the objectives of the particular audit. The checklist is as follows:

**A. Strategic approach to procurement**

**Key questions for auditors to ask**

- Does the organisation have a procurement strategy covering the whole process of obtaining goods, services and construction projects from third parties?

- Does the procurement strategy make a clear link between procurement goals and the achievement of organisational policy and business objectives?

- Is there a formal statement of procurement policies and plans with mechanisms to ensure they are implemented across the whole organisation?

- Is there a written policy or code of ethics covering procurement and are staff aware of its content?

- Is there monitoring and periodic reporting on the outcomes of major procurement initiatives at a senior level in the organisation?
Does the organisation know its: main procurement requirements; its key suppliers and their supply chains; the markets from which it purchases and is there evidence that it uses this information to develop its procurement strategy and in its negotiations with suppliers?

Does the organisation examine the extent to which the third parties it funds apply best practice in their procurement? Does it encourage them to do so?

Does the organisation have in place mechanisms for working with key suppliers effectively at a senior level?

Does the procurement strategy contain an assessment of the:

- Performance of the organisation’s purchasing unit and the potential to reduce purchasing costs?
- Scope to adopt innovative approaches to improve procurement while managing risks? And the extent to which professional procurement staff are involved?

Does the procurement strategy cover all the spend?

Does the organisation have sufficient management information to make decisions?

Has the organisation considered the benefits of tools and methods such as electronic commerce, procurement cards and framework agreements and is there evidence that it uses these appropriately?

Has the organisation considered the scope for collaboration with other organisations, for example by sharing information or joint purchasing?

Is the organisation fully cognisant of its legal obligations regarding the laws of Kosovo and are these protected in its procurement strategy and approaches?

B. Electronic commerce

Key questions for auditors to ask

- Does the organisational e-procurement strategy fit with the main procurement strategy?

- Has the organisation carried out a risk assessment of electronic procurement, identifying key risks including propriety, security (especially access to and protection of electronic records), confidentiality, reduced division of responsibility and shorter timescales, and taken steps to manage them effectively?
• Is the level of control reasonable given the risks involved whilst still being cost effective?

• Is the organisation using electronic commerce to facilitate:
  o information sharing;
  o electronic procurement; and
  o monitoring of prices and suppliers’ performance?

• Are there procedures in place to ensure that third party providers of services, where necessary, have the electronic procurement capability required to meet the government’s objectives in respect of electronic procurement?

• Is there a suitable and sufficient audit trail?

C. Management and procurement risks

Key questions for auditors to ask

• Is the procurement need justified in terms of a sound business case? (This is a crucial question)

• Where specialist skills are needed, has the most appropriate mix of internal expertise and input from external consultants been considered?

• Has the risk to service delivery and objectives of the suppliers providing a service or goods late, over budget or below standard been considered and appropriate contingency plans been developed?

• Has the procurement been subject to competition and, if not, are the reasons for not using competitive tendering justified (such as procurement costs) and the arrangements/mechanisms in place to ensure value for money?

• Are early warning indicators in place to identify potential underperformance from suppliers?

• Do the contractual and other arrangements with suppliers encourage them to be innovative and suggest ways in which value for money can be improved?

• Have the full implications for service delivery been considered where risks are transferred to the private sector?

• Is there common understanding of risks for all parties involved in the procurement chain?
• Is there sufficient information on contractors’ performance to assess the risks in using them?

• Are there appropriate controls in place to ensure propriety and regularity in procurement activities? In particular, to address the risk of fraud, misappropriation of funds and ensure procurement complies with the procurement laws of Kosovo.

• Are there any special risks of fraud and impropriety because of the type of goods and services being purchased?

• Do the financial awards to private sector contractors appear reasonable in relation to the risks that the contractors will be bearing?

• Have alternative forms of procurement been considered?

• Does the payment mechanism include suitable deductions for poor performance by the supplier?

• Do processes hinder new or small suppliers competing successfully for relevant contracts?

• Has the organisation established rights to approve any refinancing and to share in refinancing gains?

D. Appropriate contract strategies actively managed

Key questions for auditors to ask

• Is the contract approach appropriate for the goods and services being purchased?

• Will the contract strategy deliver what is needed by the end user to the appropriate quality, time and cost standards?

• Is the contract strategy consistent with the organisation’s high-level objectives?

• Are the roles and responsibilities of the end user, the procurement team and the supplier(s) during procurement and subsequent contract management clearly set out in the contract strategy and are arrangements in place to monitor their performance?

• Have suitable staff for managing the contract been identified and trained?

• Does the contract strategy include incentives for the supplier to perform well?

• Has appropriate expert advice been sought on the contract strategy, for example that of lawyers, accountants, IT specialists, engineers?
• Are there appropriate mechanisms for monitoring performance of the contract/supplier with clear review dates?

• Does the procurement team have a sound knowledge and experience of the market for the particular goods or service, which they have drawn from to develop appropriate contract strategies?

• Do procurement staff have up to date knowledge of movements in prices in key goods and services, for example computer equipment?

• Do contract strategies make provisions for succession planning in the end of the contract?

• Does the contract strategy ensure competition?

• If single tender has been adopted, are the reasons justified?

• Where strategies such as call off contracts and framework agreements are used, have opportunities to negotiate better value for money (such as discounts for volume purchases or better quality of service) been taken?

• Where price reductions have been negotiated, has the procurement unit ensured that these apply to the whole organisation and not just to that contract?

• Have suitable change procedures been built into the contract?

E. Careful management of major procurement projects

Key questions for auditors to ask

• Is the scale and complexity of the procurement project achievable?

• Does the organisation have a clear and well-documented plan for the whole procurement, which splits it down into manageable blocks of work?

• Has a reasonable timetable for the procurement exercise been set which allows sufficient time for potential suppliers to make good quality bids but also means goods and services are delivered when required?

• Has the procurement team been involved from an early enough stage?

• Are tools being used to make an early assessment of the difficulty of the project and the risks involved?
• Are appropriate forms of peer review and project controls used throughout the project?

• Has a formal project management approach been used?

• Is there a senior manager responsible for overseeing the project and acting as the client (may be known as Project Sponsor for construction projects, or senior responsible owner in IT projects)?

• Is the contract between the organisation and its suppliers clear? For example are issues such as the length of the contract, risk allocation, payment mechanisms and incentives, performance monitoring and change procedures clearly set out?

• Does the procurement team have the necessary skills and experience to carry out this procurement?

• Has the team identified early on what external advice it required and appointed appropriate advisors through competition?

• Are there clear procedures in place for reporting and decision-making and are these adhered to during the life of the project?

• Has there been a proper investigation of the market? Did it identify whether there were suppliers willing and able to bid for the work? Did it seek early soundings from the market as to the different types of potential solutions available?

• Has the team chosen an appropriate procurement strategy that allowed maximum competition, whilst containing costs both for the organisation and supplier?

• Was the specification clearly explained to the supplier at the time of bidding and is there evidence that this understanding has been passed on to the team supplying goods and services, or carrying out the work?

• Are suppliers required to produce a realistic delivery plan before contracts are signed and are these re-examined during the delivery of the goods or services?

• Has the organisation reviewed the success of the procurement, including the realisation of benefits against plans so that the lessons learnt can be fed back into other projects?

• Does the contract clearly specify the respective roles of the procurement team, the contract manager and the supplier and are mechanisms for measuring the performance of the contract/service in place, so that its success can be evaluated and performance managed?
F. Partnering and long term collaboration of suppliers

Key questions for auditors to ask

- Are partnering/collaborative working relationships established on the basis of open competition?

- Is the criteria for selection of partners clear? Did the selection process consider criteria such as through life cost, ability to deliver, ability to manage the supply chain?

- Have appropriate measures been taken to assure propriety, for example is the requirement regularly put out to competition; is performance regularly monitored against clear performance targets, does the contract specify open book accounting?

- In negotiating the terms of the relationship have issues such the intellectual property rights of any product used or developed in carrying out the contract been considered and agreed with suppliers taking into account the organisation’s current and future needs for the product and its commercial value?

- What incentives are in place to encourage the contractor to deliver the services required?

- Is there a partnering agreement or protocol which defines: the common goals for success; a common resolution ladder for reaching decisions and solving problems; the targets to be met to demonstrate continuous measurable improvements in performance; and any mechanisms for sharing “gains and pains” in the contract?

- Where collaborative working results in mixed client and supplier teams, are there mechanisms in place to ensure that where appropriate skills are transferred to the organisation’s staff?

- Do staff have the necessary experience and training to enter a partnership relationship?

G. Reliable Procurement Financial and Management Information

Key questions for auditors to ask

- Is there sufficiently focused data on procurement spend with key suppliers, by contract, product or service, in a reasonable timescale to enable the organisation or agency to meet its policy commitments, and to facilitate best practice procurement?
• Does the organisation have a system for capturing performance data on contracts which incorporates qualitative indicators, including changes from specification or agreed level of service, and which facilitates year on year trend analysis?

• For major, multiyear projects, does the available information include: spend with each supplier/contractor, information on specific projects, spend against plan, milestone information, work in progress, variations of cost and time, claims?

• Are there mechanisms for capturing and sharing best practice in procurement processes and performance throughout procurement /project networks within and beyond the organisation or agency, subject to legal requirements?

• Is there a register of financial interests?

• Are there systems for recording and monitoring fraud?

• Is management information reviewed against budget to identify anomalies in recorded expenditure?

• Are the procurement processes followed and the reasons for purchasing decisions clearly documented?

• Has the organisation established appropriate rights of access to the financial records of its private sector contractors?

H. Measurement and Evaluation of Procurement Performance

Key questions for auditors to ask

• Are there regular reviews and analysis of the organisation’s total procurement expenditure to identify trends on how much is spent, on what and with which suppliers to help inform the development of procurement and contract strategies?

• Are Post Implementation Reviews carried out after procurement exercises to assess whether planned targets have been achieved and to identify lessons learnt?

• Does the contract contain regular reviews, targets and quality standards with which to assess and manage supplier performance? Is this information discussed with the supplier and used to improve performance?

• Is information on the past performance of suppliers taken into account in making procurement decisions?

• Is information on good practice shared within the organisations and more widely in government?


- Does the procurement unit evaluate and benchmark its performance against other purchasers in areas such as practices and procedures, prices paid and transaction costs?

- Is information on the organisation’s purchasing requirements and the procurement unit’s performance used to develop the expertise of procurement staff, by identifying priorities for making guidance and training available?
## Annex 1. Difference between PA and RA

<table>
<thead>
<tr>
<th></th>
<th>PA</th>
<th>RA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Assess whether or not the performance of the auditee meets the three E's - economy, efficiency and effectiveness</td>
<td>Assess whether or not the accounts are true and fair</td>
</tr>
<tr>
<td><strong>Focus on</strong></td>
<td>Organisation/program and its activities</td>
<td>Accounting and management systems</td>
</tr>
<tr>
<td><strong>Academic base</strong></td>
<td>Economy, political sciences, social sciences, etc.</td>
<td>Accounting</td>
</tr>
<tr>
<td><strong>Methods</strong></td>
<td>Different, depending on the audit objective</td>
<td>Standardised</td>
</tr>
<tr>
<td><strong>Evaluation Criteria</strong></td>
<td>Unique criteria for each audit</td>
<td>Standardised criteria adjusted for all regularity audits</td>
</tr>
<tr>
<td><strong>Reports</strong></td>
<td>Different structure and content. Published on ad- hoc basis</td>
<td>Standardised structure. Published on regular basis</td>
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</tbody>
</table>
Annex 2: Design Matrix template

<table>
<thead>
<tr>
<th>Main audit questions</th>
<th>Audit sub-question</th>
<th>Audit Criteria</th>
<th>Audit evidence: What information is needed?</th>
<th>Methods: How to find and analyse the data?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the organisation developing its capacities effectively?</td>
<td>Is the system securing reliable information?</td>
<td>• HR management tools should provide reliable information on the skills and qualifications of staff based on good and relevant practices. • They should have a reliable system on an annual basis for reviewing the staff competencies, acceptable to all parties involved.</td>
<td>• Procedures to secure those CVs are reliable and up to date. • To assess the extent to which CVs are used. • Find evidence on training registration and registration to be reliable. • To assess the expectations of managers and staff.</td>
<td>• Interviews, analysing documents. • Qualitative analysis of procedures, Compare the experiences of similar systems for other organisations.</td>
</tr>
</tbody>
</table>
Annex 3: Questions to ask before approving a work plan from a top management perspective

### Questions to ask and explanations before approving a work plan

<table>
<thead>
<tr>
<th>1. Is it feasible to audit this topic now?</th>
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<tbody>
<tr>
<td>Is there interest in this topic on the part of the stakeholders; are there clear risks to sound regularity management, and do the timing and timeliness of the audit contribute to change?</td>
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</table>

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<tr>
<th>2. Will the audit have an impact?</th>
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<tr>
<td>Does the audit have the potential to produce practical recommendations, and thereby contribute to improving regularity management?</td>
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<table>
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<tr>
<th>3. Is there a coherent and relevant set of questions?</th>
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<tbody>
<tr>
<td>Are the audit questions relevant and are the sub-questions logically derived from them?</td>
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</table>

<table>
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<tr>
<th>4. Is there a robust and practical methodology?</th>
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<tbody>
<tr>
<td>Has a clear methodology been established for addressing each sub-question, which is appropriate for the question being asked, enables sufficient, relevant and reliable evidence to be obtained, and ideally combines quantitative and qualitative techniques?</td>
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</table>

<table>
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<tr>
<th>5. Are the necessary skills available?</th>
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<tbody>
<tr>
<td>Is there sufficient experience and technical knowledge amongst the audit team members, and has the use of consultants been foreseen, where necessary?</td>
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<table>
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<tr>
<th>6. Is the timetable for delivery clear?</th>
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<tbody>
<tr>
<td>Have realistic key milestones been established, such as: the start and finish of audit work, including missions; delivery of Statements of Preliminary Findings; production of the Preliminary Observations; contradictory procedure period; adoption of the report by the Court; and report publication in the Official Site?</td>
</tr>
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<tr>
<th>7. Has the auditee been informed of the audit?</th>
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<tbody>
<tr>
<td>Have the audit questions, criteria and proposed methodology been discussed with the auditee?</td>
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<tr>
<th>8. Can the risks associated with delivering the audit report be managed?</th>
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<tbody>
<tr>
<td>Has a risk analysis been performed and a risk management approach established, particularly where new methods are being tried out, there are many DGs or other bodies as auditees, the timetable is very tight, or the subject matter is inherently controversial. Has the specific level of risk that late publication might present been considered?</td>
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<tr>
<th>9. In light of the above, is it appropriate that the audit team propose that the audit be undertaken?</th>
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<tbody>
<tr>
<td>The audit team and Member responsible need to arrive at an objective judgement as to the merits of proposing that the audit proceed, having regard to their replies to the above questions.</td>
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</tbody>
</table>
Annex 4: Check list for draft report quality control

M= Met ND= Need discussion N/A Not applicable

<table>
<thead>
<tr>
<th>M</th>
<th>ND</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Presentation</strong></td>
<td></td>
<td></td>
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<tr>
<td>Product choice appropriate; title reflects message; and product is concise and written in straightforward. Easy-to-understand language with appropriate use of technical language; visual aids help convey message; graphs and charts are properly used</td>
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<tr>
<td><strong>Linkage</strong></td>
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<tr>
<td>Organized so that there is clear linkage between objectives: RIE/summary; sections; and, when appropriate, conclusions and recommendations, logical argument flow linking audit questions, evidence, reasoning, findings and conclusions</td>
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<tr>
<td><strong>Highlights</strong></td>
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<tr>
<td>The significant points are presented. The linkages between the why OAG did this audit, what OAG found, and the Recommendations are clear and accurately reflect the report’s message</td>
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<tr>
<td><strong>Results in brief</strong></td>
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<tr>
<td>Summary answers objectives directly; are fair and balanced; and highlights bottom-line summaries of analysis/findings. Conclusions set out clear answers to the audit question, well structured and clear executive summary</td>
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<tr>
<td><strong>Background</strong></td>
<td></td>
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</tr>
<tr>
<td>Sets up material (purpose, authority, and functions of program/activities but limited to what is necessary, provides context and references to relevant additional information</td>
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<tr>
<td><strong>OSM</strong></td>
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<tr>
<td>Objectives and audit questions are stated neutrally and are clear, fair, balanced, and consistent throughout; links scope, coverage and methods to objectives; emphasizes methodological rigor; states time period covered, identifies any limitations, and ensures conformance with standards, if appropriate</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Findings/Evidence</strong></td>
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<td></td>
</tr>
<tr>
<td>Evidence is clear, adequate, and appropriate for objectives and findings; condition describes existing situation; criteria state what we are comparing to; and cause reflects reason(s) why condition/criteria differ; effect describes the result of this difference</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Presentation</strong></td>
<td></td>
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</tr>
<tr>
<td>Highlight the impact (positive, negative) of the facts presented, are fair and balanced, and set up recommendations; are short, concise, and do not repeat or summarize findings, annexes provides necessary detailed information</td>
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</tr>
<tr>
<td><strong>Recommendations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linked to evidence and flow from the conclusions; address serious deficiencies; clearly state what needs to be done; are reasonable, doable, add value and cost-effective</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
References

AFROSAI-E Quality Assurance Handbook for SAI’s

NAO VFM Standards

PASAI Performance Audit manual

INTOSAI Performance Audit Guidelines – Key Principles, ISSAI 3100

INTOSAI Fundamental Principles of Performance Auditing, ISSAI 300

INTOSAI Sustainable Development: The Role of Supreme Audit Institutions, ISSAI 5130