

## Review of a Supreme Audit Institution – Capability to Audit World Bank-Financed Activities

SAI name: \_\_\_\_\_ Country: \_\_\_\_\_

### Section I – Institutional Areas (to be completed by the reviewer)

INTOSAI Para	Topic and Questions	Yes	No	Comments
<b>Basic Principles</b>				
1.0.6 (a)	Has the SAI established a policy as to when INTOSAI auditing standards, or other auditing standards (please specify), should be followed?			
1.0.6 (h)	Does the SAI have the appropriate legal authority to conduct audits and to obtain access to all relevant data necessary for a comprehensive assessment of the activities under audit?			
1.0.6 (i)	Are all audit activities within the SAI's audit mandate?			
1.0.6 (j)	Does the SAI work towards improving techniques for auditing the validity of performance measures?			
1.0.26	Does the SAI work with the accounting standards setting organizations to help ensure that proper accounting standards for financial reporting and disclosure are issued for the government?			
1.0.31	Is the legal responsibility for developing adequate internal controls systems, for ensuring such controls are in place and functioning to help ensure compliance with applicable statutes and regulations, and for probity and propriety in decision making clearly assigned to the management of audited entities?			

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INTOSAI Para	Topic and Questions	Yes	No	Comments
1.0.39	<p>Are the requirements of regularity (financial) audits clearly defined?</p> <p>Do they include:</p> <ul style="list-style-type: none"> <li>• Attestation of financial information?</li> <li>• Evaluation of compliance?</li> <li>• An audit of internal control?</li> <li>• An audit of the probity and propriety of decisions?</li> <li>• Reporting of “other matters”?</li> </ul>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
1.0.40	<p>Are performance audits within the authority of the SAI; and are the requirements of such audits clearly defined?</p> <p>Do these requirements include an audit of the:</p> <ul style="list-style-type: none"> <li>• Economy of administrative activities?</li> <li>• Efficiency of utilization of resources?</li> <li>• Effectiveness of performance in relation to stated objectives and intended results?</li> </ul>	<p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>	
1.0.44	<p>Is the SAI authorized to audit all public expenditures?</p> <p>Is the SAI required to audit all public expenditures?</p>	<p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p>	
Other	<p>Does the SAI subscribe to the INTOSAI Code of Ethics (November 1998 INCOSAI Meeting)?</p>	<p>_____</p>	<p>_____</p>	

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INTOSAI Para	Topic and Questions	Yes	No	Comments
<b>General Standards</b>				
2.1.4	Does the SAI set and apply minimum and appropriate requirements for education, experience and accreditation for each level of its audit staff?			
2.1.5	Does the SAI have policies and procedures that ensure that staff are adequately trained to perform assigned tasks? Are the criteria for advancement defined and appropriate?			
2.1.6	Are there requirements for continuing professional education (please specify)?			
2.1.7	Does the SAI maintain an inventory of staff skills, so that staff can be appropriately assigned?			
2.1.16	Does the SAI use procedures that ensure that each engagement team contains the requisite skills and experience (including external experts) to perform a competent audit?			
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2.1.18				
2.1.19				
2.1.8	Are there regular staff appraisals and other methods of measuring staff development (please specify)?			
2.1.10	Are staff adequately trained in the SAI’s audit methodology (standards, policies, procedures and practices); as well as specialized knowledge of accounting and reporting in the public sector?			
2.1.14	Is the SAI’s written audit methodology available to staff, and is it updated regularly?			
2.1.21	Does the SAI use criteria to determine audit priorities and meet legal requirements when resource constraints preclude the timely completion of all planned tasks?			
2.1.22	Is the completion of audits required by legal agreements with the Bank the highest priority (please specify)?			

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INTOSAI Para	Topic and Questions	Yes	No	Comments
2.1.24	Does the SAI use a commencement authorization that establishes the audit's objectives, scope, focus and timing; as well as commits resources and schedules interim progress reviews (similar to an engagement letter)?	—	—	
2.1.27	Does the SAI use adequate quality assurance procedures, which include:	—	—	
2.1.28	Second reviews of all audit reports and opinions?	—	—	
2.1.29	Reviews of samples of audit work by managers not involved in their preparation or supervision?	—	—	
2.1.30	The use of internal auditors? Independent peer review?	—	—	
<b>General Standards – Independence and Conflict of Interest</b>				
2.2.3	Is the SAI sufficiently independence of both the executive and legislative branches of government?	—	—	
2.2.8	Is the SAI independent from other political influences?	—	—	
2.2.5	Does the SAI derive its mandate and authority from the constitution or legislature?	—	—	
2.2.6	Are the results of audits communicated to its authorizing body (indicate how)?	—	—	
2.2.9	Is the SAI free to set its priorities, program its work in accordance with its mandate, and adopt appropriate methodologies?	—	—	
2.2.12	Is the SAI provided with sufficient resources to carry out its mandate?	—	—	
2.2.13	Does the SAI refrain from participating in executive functions or decisions that might impair its independence, including assistance provided to audited entities?	—	—	
2.2.27		—	—	
2.2.29		—	—	

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<b>INTOSAI Para</b>	<b>Topic and Questions</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
2.2.18	Are audit scope restrictions imposed by the executive branch reported to the legislative branch?			
2.2.19	Does the SAI enjoy full and free access to all information, premises and persons, including sources of sensitive or classified information?			
2.2.20	Does the tenure, compensation and pension rules for the head of the SAI reasonably insulate him or her from undue influence?			
2.2.21	Is the SAI's reputation for independence strong within the country and internationally?			
2.2.23	Is there a strong understanding of the SAI's role among audited entities?			
2.2.25	Are there policies and procedures that effectively prevent SAI staff from working on engagements where they may have social, family or other relationships that might negatively impact their objectivity?			
2.2.28	Are staff required to certify their independence? Are staff required to certify that they will keep information arising from audits confidential and will not use it for personal benefit?	___ ___	___ ___	
2.2.31	Does the SAI have guidelines to avoid conflicts of interest between the auditor and the entities under audit?	___	___	

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INTOSAI Para	Topic and Questions	Yes	No	Comments
<b>General Standards - Competence and Due Care</b>				
2.2.35	Does the SAI have a structure where opinions, conclusions and recommendations are issued by appropriate high level personnel, so that they represent the official view of the SAI as a whole?			
2.2.37	Does the SAI have policies and procedures that ensure that audit staff have the education and experience commensurate with the nature, scope and complexities of their assigned tasks?			
2.2.37	Has the SAI equipped itself with up-to-date audit methodologies, including systems-based techniques, analytical review methods, statistical sampling, and audits of automated information systems (please specify)?			
2.2.39	Does the SAI have adequate policies and procedures for specifying, gathering and evaluation evidence?			
2.2.39	Does the SAI have adequate policies and procedures for reporting findings, conclusions and recommendations?			
2.2.42	Are standards or guidelines for public sector accounting and reporting used in the country (please specify) and does the SAI test against them?			
2.2.43	Does the SAI have policies and procedures that specify the level of care that should be exercised over work performed by consultants, specialist or other auditors?			
2.2.44				
2.2.45	Does the SAI have appropriate safeguards over the use and dissemination of confidential information?			
2.2.46	Do staff sign confidentiality agreements?	—	—	

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Section I completed by: \_\_\_\_\_

Date: \_\_\_\_\_

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**Section II – Audit Methodology (to be completed by the reviewer)**

INTOSAI Para	Topic and Questions	Yes	No	Comments
<b>Field Standards – Planning</b>				
3.1.1	Do planning procedures require the auditor to plan the audit in a manner which ensures that it is high quality, as well as efficient, effective and timely?			
3.1.3 3.1.4	Specifically, do planning procedures require an audit plan that documents: 2 The objectives and scope of the audit? 3 An assessment of audit risk and a determination of the most efficient and effective audit approach? 4 The resources, staffing, budget and timing of the audit? 5 The auditor’s understanding of the auditee’s purpose, main operations, environment and key relationships? 6 The expected outputs of the audit? 7 The key systems and controls that will be relied upon? 8 A preliminary evaluation of those systems and controls? 9 Conclusions on the nature, timing and extent of audit testing and procedures? 10 An assessment of materiality? 11 The reliance on internal auditors or other auditor? 12 The expected work of specialists? 13 A review of prior audit experience, findings and their current status? 14 A review of special concerns, issues or problems? 15 The accounting standards used by the auditee and the auditing standards that will be used during the audit?	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	

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<b>INTOSAI Para</b>	<b>Topic and Questions</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
General	16 Do planning procedures require the preparation of detailed audit programs that are approved for use by a senior auditor?			
3.1.4	17 Do planning procedures require audit plans to be updated or amended if the objectives or scope of the audit is significantly altered?			
<b>Field Standards – Supervision and Review</b>				
3.2.3	18 Do supervision procedures specify that: The audit plan is explained to all members of the audit team? 19 The audit is carried out in accordance with the standards and practices of the SAI? 20 The audit plan and audit programs are followed, unless variations are authorized? Working papers properly document that sufficient evidence was gathered to support conclusions, recommendations and opinions? 21			
3.2.4	22 Do supervision procedures require a review of all relevant audit work by a senior member of the audit staff before finalizing audit conclusions, opinions and reports? Are senior staff required to document their review that all evaluations and conclusions are properly supported by competent, relevant and reasonable evidence? 23			
3.2.4	24 Do supervision procedures include a method of documenting lessons learned and areas for improvement for both audit testing and audit staff (staff development plans)?			

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INTOSAI Para	Topic and Questions	Yes	No	Comments
General	25 Does the SAI have clear guidelines on how to ensure that every audit team has the requisite skills to achieve its audit objectives?			
<b>Field Standards – Study and Evaluation of Internal Control</b>				
3.3.1	26 Do testing procedures require a study and evaluation of the reliability of internal controls for all engagements?			
3.3.2	27 Specifically, do testing procedures require a study and evaluation of controls over: For financial audits – the safeguarding of assets, and the accuracy and completeness of accounting records? For compliance audits – compliance with laws and regulations? 28 For performance audits – the effectiveness and efficiency of operations, adherence to management policies and timely and reliable financial and management information? 29	— — —	— — —	
<b>Field Standards – Compliance with Applicable Laws and Regulations</b> (Note – although World Bank agreements supercede local and national laws, the capability to effectively audit compliance with those laws indicates that the SAI could effectively audit for compliance with World Bank legal agreements.)				
3.0.3 (d)	30 Do planning procedures require tests of compliance with applicable laws and regulations?			
3.4.3	31 Do testing procedures require the audit team to identify which laws and regulations should be tested? 32 Has an illustrative listing been compiled by the SAI?	— —	— —	
3.4.6	33 Do testing procedures require that the auditors to assess the risk that the control structure may not detect or prevent non-compliance?			

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<b>INTOSAI Para</b>	<b>Topic and Questions</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
<b>Field Standards – Evidence</b>				
3.5.1	34 Does the SAI have guidance that defines what competent, relevant and reasonable evidence is, and explains that it must be retained to support audit conclusions?			
3.5.2	35 Does the SAI have guidance to assist the audit team in determining which data collection and/or sampling techniques should be employed?			
3.5.2	36 Do testing procedures require an evaluation of the internal controls surrounding computer-based systems and special testing of the accuracy of computer-generated data?			
3.5.3	Do testing procedures define and describe various types of evidence, including: 37 Inspection? 38 Observation? 39 Inquiry? 40 Confirmation? 41 Computation ? 42 Analytical Review?	_____	_____	
3.5.7	43 Do testing procedures require that a standard working paper documentation system be followed to increase the efficiency of both preparing audit working papers, as well as reviewing them?			
General	44 Do testing procedures require significant conclusions to be documented throughout the working papers?			

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<b>INTOSAI Para</b>	<b>Topic and Questions</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
General	45 Do testing procedures require a management representation letter be obtained to document management’s assertions as to the accuracy of financial information, the appropriateness of certain management estimates and assumptions, compliance with applicable laws and regulations and the effectiveness of the system of internal control?			
General	46 Do testing procedures require a review of the period between the balance sheet date and the date of the auditor’s opinion (subsequent events review)?			
<b>Field Standards – Analysis of Financial Statements</b>				
3.6.1	47 Do testing procedures require the audit team to review the financial statements and disclosures to determine if stated reporting standards have been complied with?			
3.6.2	Specifically, that: 48 The financial statements were prepared in accordance with acceptable accounting standards? 49 Disclosures are sufficient? 50 Elements of the financial statements are properly evaluated, measured and presented?			
<b>Field Standards – Errors, Irregularities and Illegal Acts</b>				
3.0.3 (d)	51 Do planning procedures for financial audits (regularity audits) require that audit steps and procedures be designed to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statement amounts or other results of the audit?			

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<b>INTOSAI Para</b>	<b>Topic and Questions</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
3.0.3 (d) 3.4.1	Do planning procedures for performance audits require the auditor to provide reasonable assurance of detecting illegal acts that could significantly affect audit objectives?			
3.0.3 (d)	Do testing procedures require auditors to extend procedures to confirm or dispel suspicions that an irregularity, fraud or error has occurred?			
3.2.4 (b)	Do supervision procedures require suspicious items to be brought to the attention of very senior SAI staff, or staff specializing in investigations?			
3.4.4	Do testing procedures provide guidance to the audit team what to do should they encounter instances where illegal acts have occurred, and how the discovery of such acts impacts their audit results?			
<b>Reporting Standards</b>				
4.0.3	Are audit reports on audits of financial statements standardized, and do they report on the following: Compliance with laws, regulations and loan agreements? Adequacy of internal control systems? Illegal acts and fraud? Execution of budgetary laws?			
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## Review of a Supreme Audit Institution – Capability to Audit World Bank-Financed Activities

INTOSAI Para	Topic and Questions	Yes	No	Comments
4.0.8	<p>61 Are these standard wordings and formats clear and concise, and contain the following:</p> <p>62 Title?</p> <p>63 Addressee?</p> <p>64 Identification of subject matter?</p> <p>65 Legal basis for the audit?</p> <p>66 Objectives, scope and period covered?</p> <p>67 Compliance with specific auditing standards?</p> <p>68 Completeness (the report usually accompanies the F/Ss)?</p> <p>69 Auditor’s signature and date of the opinion or report?</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
4.0.9 – 4.0.15	<p>70 Do reporting procedures describe the various opinion options and define when each would be appropriate? Including:</p> <p>71 Unqualified opinion?</p> <p>72 Emphasis of matter?</p> <p>73 Qualified opinion?</p> <p>74 Adverse opinion?</p> <p>75 Disclaimer of opinion?</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	
4.0.10	<p>Do reporting procedures define an unqualified opinion as including that the financial statements:</p> <p>76 Have been prepared using an acceptable accounting bases and policies, which have been consistently applied?</p> <p>77 Comply with statutory and relevant regulations, or legal agreements?</p> <p>78 Are consistent with the auditors’ knowledge of the entity?</p> <p>79 Contain adequate disclosures?</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	

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<b>INTOSAI Para</b>	<b>Topic and Questions</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
4.0.16	Does the SAI usually issue a more detailed report for any opinion other than an unqualified one?			
General	Are audit reports available to the public?	—	—	
	Is the audit process transparent?	—	—	
4.0.17	Are irregularities, illegal acts, fraud and corrupt practices usually reported on separately in a more confidential report, with reference in the main opinion if their magnitude impacted that opinion?			
4.0.26	Do reporting procedures require the audit report to contain a summary of the status of prior years' open findings?			

Section II completed by: \_\_\_\_\_

Date: \_\_\_\_\_

**Review of a Supreme Audit Institution – Capability to Audit World Bank-Financed Activities**

**Section III – Audit Practices – (to be completed by the reviewer, once for each engagement in the sample)**

Engagement Name: \_\_\_\_\_ Period Covered: \_\_\_\_\_

Section II Reference	Procedures Followed?			Comments
	Yes	No	N/A	
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**Review of a Supreme Audit Institution – Capability to Audit World Bank-Financed Activities**

Section II Reference	Procedures Followed?			Comments
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Section II Reference	Procedures Followed?			Comments
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Section II Reference	Procedures Followed?			Comments
	Yes	No	N/A	
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Engagement Name: \_\_\_\_\_

Section III completed by: \_\_\_\_\_

Date: \_\_\_\_\_