Advancing Audit Practices

Strategic Paper

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Acknowledgements

Advancing Audit Practices

Strategic Paper

1.   Introduction

1.1   Objective

The objective of this paper is to propose advancement of the audit practices in the Brazilian Court of Accounts - TCU[1] through the reinforcement or implementation of the best practices in audit methodology, training and development, audit software, quality and results control, benchmarking, and strategic planning.

1.2   What is advancing?

There have been advancements in the following audit areas:

-        methodology

-        process

-        technology

-        quality and consistency

-        efficiency and effectiveness

-        continuous improvement

-        professionalism

The studies that this paper is based, and the identification of the best audit practices, pointed to audit methodology, training and development, audit software, quality and results control, benchmarking, and strategic planning as the core aspects to be advanced in TCU audit practices at the moment.

1.3   Why is it important to advance?

The well-being of the Brazilian people, as the people from every country, depends on a range of factors, including health, education, transportation, defence, and infra-structure. The Congress represents the people and has the important role to evaluate if the government uses the public money wisely, in compliance with authority, and provides the best results to the public. The external control carried out by supreme audit institutions as TCU gives Congress the required information to make this evaluation.

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[1] TCU is the acronym of Tribunal de Contas da Uniao, the Brazilian Supreme Audit Institution.

TCU uses two means to provide the information to Congress: accounts and audits. Audits play an important role and are carried out based on audit practices.

A study was prepared in May 2000 by a joint working group for submission to the International Auditing Practices Committee, the Assurance Standards Board of the Canadian Institute of Chartered Accountants, the Auditing Practices Board of the United Kingdom and Ireland, and the Auditing Standards Board of the American Institute of Chartered Accountants. The study stated that the largest audit firms have invested considerably in developing and implementing their new or revised audit practices and this has resulted in improved audit effectiveness.

It is important, therefore, that TCU always revise and advance its audit practices to improve audit effectiveness and provide the best results to both Congress and the public.

1.4   What are the benefits expected from the advancements?

The following benefits could be expected from the advancements:

?   Brazil: to have its public budget better controlled and applied.

?   TCU as a whole: to be recognized as generating better results to Brazil and having a better cost/benefit ratio.

?   TCU auditing practices: to be recognized as being among supreme audit institutions that have the most advanced audit practices that improve audit efficiency and effectiveness.

?   Auditors: to be recognized as having the knowledge and skills required in using the best audit practices.

1.5   What impact will the advancements have on auditors?

Auditors should

?   participate in an audit training and development program,

?   change to an automated process,

?   follow TCU auditing standards,

?   have their work evaluated by a reviewer team, and

?   achieve the goals of TCU audit practices.

1.6   How were the advancements chosen?

To identify the audit practices that should be advanced in TCU, six main studies were performed:

? Comparison between IFAC, CICA, AICPA, and CFC^2 Auditing Standards

? Comparison between INTOSAI, OAG, GAO, and TCU Auditing Standards and Methodology

? Assessment of the OAG audit product lines substantiation

? Assessment of the OAG benchmarking in the private sector audit methodology and software

? Assessment of the One-Pass Planning Methodology and Price Waterhouse & Coopers Tool Set

? Survey on the SAIs and private firms' audit methodology and software

The studies compared TCU audit practices and its Program of Professional Development in Auditing (PPDA) to the best audit practices to identify the advancements needed.

2. TCU Audit Products

TCU is responsible for a very large mandate that encompasses the control of all kinds of expenditures, revenues, operations, and properties of the government and the agencies, including funds transferred. This control covers aspects such as lawfulness, legitimacy, economy, efficiency, and effectiveness.

TCU's mandate is applied over 2,500 federal units that run a budget of C$700 billion related to all public areas, including finance, education, health, transportation, agriculture, industry, commerce, work, environment, defence, justice, and infra-structure.

To perform its role, TCU has two product lines: accounts and audits. The audit product line has nine sub-products:

? compliance audits

? environmental audits

? financial audits

? information technology audits

? operational audits

? payroll and personal audits

? privatization audits

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^{2} CFC is the acronym of Conselho Federal de Contabilidade, the Brazilian Accountant Board

? public programs evaluations

? public works audits

The audit practices in each product line are different from each other; some are updated and strong, and some have room for improvement.

This paper does not aim to advance practices in the account product line.

3. TCU Audit Practices

3.1 Strengths

The strongest audit practices are in the operational audits, information technology audits, privatization audits, public programs evaluations, and public works audits. Their audit methodologies are advanced, they have specific training programs, and they have provided positive results to Congress and the public. Operational audits, information technology audits, and public programs evaluations have specific audit manuals, and public works audits use a built-in audit software for audits.

In November 2001, TCU approved the Program of Professional Development in Auditing – PPDA , which aims to internalize our audit methodology. The subjects that PPDA is now dealing with are related to the first steps of planning, risk analysis, internal control assessment, sampling, working papers, reporting, and quality control. The PPDA was approved in a project format, with its dissemination of audit practices ending in December 2002. One of the objectives of this paper is to reinforce, improve, and enlarge the objective of this program and further its advancements in a more comprehensive and continuously improving activity.

The PPDA subject risk analysis is a result of the implementation of the Strategic Paper of Horacio Saboia Vieira, previous Brazilian CCAF International Fellow 2000-01. It is now in its second pilot audit.

3.2 Opportunities for improvement

The TCU audit manuals contain the majority of the best aspects in audit methodology. Nevertheless, TCU does not have a system to ensure that auditors are using these aspects and that they are using them as they should. Nor does it have a means of ensuring that they are still the best audit practices.

One indication that TCU audit manuals contain the majority of the best aspects in audit methodology is that 11 of the 15 (70%) best aspects of audit methodology selected in this paper aim to reinforce an existing aspect in TCU audit methodology and not to implement a new aspect. (See item 4.1 and Appendix II).

The main reason that supports the need for reinforcement is that, in spite of the most of the best aspects of audit methodology being written in the manuals in a good or reasonable level of detail, they are not broadly or frequently used in TCU audits.

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The facts that directly contribute to the low use of the best audit aspects in TCU are that the SAI does not have the following:

? a regular and permanent training and development program in auditing, based on the best audit aspects, that could promote the aspects to all auditors;

? audit software that could guide the use of the best audit practices through all the audit phases, provide consistency, and improve the quality and efficiency of audits;

? a quality assurance review system, based on due care (compliance with) to TCU audit standards. The system would guide and motivate the auditors to use the best audit aspects and give TCU the assurance that they are being used. This would help to ensure that the quality of the audits is being maintained and continuously improved;

? benchmarking policy that would allow the audit methodology to be updated; and

? strategic planning goals related to improvement of audit practices.

4. The Advancements

4.1 Audit methodology

Any significant development in methodology has the potential to change many aspects of audit practice. The reinforcement and implementation of audit methodology in TCU is the first goal to work toward, and it may require the use of external specialists. The core advancements in audit methodology proposed to be implemented (i) or reinforced (r) are related to

1. Materiality and significance (r)

2. Sampling (r)

3. Risk assessment (r)

4. Study and evaluation of internal control (r)

5. Audit focus on results (i)

6. Familiarization of the entity with the audit (compliance audit) (i)

7. Use of an external or internal expert (r)

8. Use of the work of another auditor (r)

9. Audit evidence (r)

10. Quantification (performance audit) (r)

11.   Documentation (r)

12.   Follow-up (r)

13.   Due care (compliance with auditing standards) (i)

14.   Training and development in auditing (r)

15.   Quality assurance review (i)

The following complementary aspects in audit methodology were also selected to be implemented (i) or reinforced (r) in TCU audit methodology:

1.   Code of Ethics (i)

2.   Conflict of interest (i)

3.   Signing of the auditor's report (delegation) (i)

4.   Co-ordination of work with regional offices (r)

5.   External communications (i)

6.   Study (i)

7.   Client and stakeholders survey (i)

8.   Benchmarking (i)

9.   Recruitment (r)

10.   SAI internal audit (i)

11.   Independent appraisal (i)

Risk. The main risk to advancing these aspects in TCU audit methodology may be the difficulty in finding the internal or external specialists with the necessary skills to develop the aspects. Activities should be planned to eliminate or minimize this risk.

Some advancements, such as risk assessment, will require external communication with the entities in order to explain the auditing and management approach.

The complete studies with specific explanations and details of these advancements in audit methodology are reported in Appendixes I and II.

4.2   Audit training and development

The second goal in the advancements of audits is to promote the best aspects of audit methodology to all auditors. This goal will be reached by continuous training and development, which should be implemented with pilot audits to obtain the feedback and the best results.

The main advancements in training and development proposed are related to the creation and maintenance of audit curriculums in TCU - one general and some specific to each audit product. The first step in this direction was the PPDA. The second step will be the transformation of the program in a continuous activity aimed at internalizing the best audit practices and standards in TCU.

The most important aspects of the audit training and development to be implemented are the following:

? growing level of knowledge;

? learning by doing with supervision (pilot audits);

? continuous training, improvement, and development;

? behavioural changes driven by ongoing continuous training;

? internalization and globalization of TCU audit practices among auditors; and

? self-learning (reduce classroom training and provide more interactive/self learning opportunities).

The main characteristic of this advancement should be encourage auditors to learn through experience by participating in learning oriented to audit teams. This approach requires the instructor to be more of a facilitator and less of an instructor.

Risks. The first risk in advancing audit training and development may be the quality of the external instructors and the availability of internal instructors. The external instructors should have been tested by a group of specialists in the specific subject and in training skills. The importance and necessity of the training should be reinforced to the principal of the internal instructors.

The second risk is that pilot audits will require more time than regular audits. The importance and necessity of the learning process should be reinforced to the ministers, principals, directors, and auditors.

4.3   Audit software

The third goal in the advancement effort is to create audit software that could improve the consistency, quality, and efficiency of audit and support the TCU audit methodology.

Audit entities and firms around the world have automated the audit process with the computerization of procedures and documentation and the introduction of computer-based decision support aids. These developments have improved the efficiency and effectiveness of conducting audits, improved the quality, timeliness, and usefulness of audit products, and allowed auditors to greatly reduce turnaround time and do more audits.

TCU does not have audit software that integrates all the audit phases and the majority of its audit products. This advancement could perhaps be a revolution to our audit practice.

The core aspects of the software should:

? support the elaboration, execution, and follow-up of the TCU Audit Plan based on TCU's and entities' business risks;

? integrate seamlessly all the audit phases (survey, planning, execution, reporting, and follow-up) of operational, compliance, and financial audits;

? store the information about the entities and the audit work done on them;

? have an automated risk and control-based audit approach (business risk);

? store standard audit programs based on risk and control;

? permit the selection/creation/modification of audit programs based on risk and control;

? link electronically working papers, audit documents, and files;

? have links to external databases;

? import and export files and documents;

? permit supervision and review;

? indicate what should be followed up;

? save time and cost in elimination of unnecessary printing and paper handling;

? be flexible with control;

? be very friendly and easy to use; and

? be fast.

Risks. The first risk of implementing the audit software may be the resistance to change. Auditors who have been working for years in a paper-based process will have to change to an automated process. Several communication sessions should be planned to explain the benefits of the software to auditors and to discuss the change management needed to eliminate or minimize this risk. This will ensure that management and staff understand the need for change and accept the change.

The second risk is related to the inflexibility of the software and its speed, which may make the auditors feel that they are expending more time than they are used to during an audit.

The third risk is that efficiency savings will be obtained only in future years and not in the year of implementation of the software. Auditors and managers will probably feel anxious for faster results.

Specific details about the software are in Appendix III.

4.4   Audit quality and results control

The fourth goal in advancing audit is to implement a quality assurance review and results control system based on compliance with TCU's audit methodology and standards and on the accomplishment of the expected results.

The creation of an audit quality and results control system will maintain and improve the benefits brought by the advancements in audit methodology, training and development, and software. It will also give TCU assurance that its audits are being done with due care to its audit methodology and standards, and that they are generating the expected results.

The essential aspects of this audit quality and results control system are the following:

?   externalization of the quality and results criteria and standards;

?   self-assessment practices;

?   director and principal supervision and review;

?   internal peer review;

?   selection based more on internal units proposals;

?   assessment of the results of audit recommendations and determinations;

?   recognition and reward (audits of the year); and

?   publication of the best audits as standards.

The methodology in this advancement related to audit quality control, as illustrated below, aims to prevent director and principal supervision and review being characterized by back-end review, and repeated accessing of the same material and extensive rework.

Execute ?	Document ?	Review ?	Rework ?	Complete

The focus on real-time supervision (coaching) and the review process, conducted mainly by interview and elimination of written to-do's, would substantially reduce rework as follows:

Supervision and Review		
Execute ? Document	?	Complete

This methodology also aims to improve the job satisfaction and development of audit team members.

Risks. The main risk to advancing this aspect in TCU audit methodology may be the resistance to change. Auditors who have been working based on their own auditing standards will have to work with due care to TCU's auditing standards. Activities should be planned to eliminate or minimize this risk. The final result will certainly be the improvement of audit quality as a whole in TCU.

The secondary risk in a quality control system may be the dialogue between reviewer and reviewee. The reviewers should be trained to facilitate conversation and minimize confrontation.

4.5   Audit benchmarking

The fifth goal of this paper is to establish a benchmarking policy to continuously improve TCU's audit practices.

TCU does not have a formal policy to do benchmarking regularly, to systematically and continuously monitor, and to keep informed and abreast of the new developments and initiatives in the field of auditing. To keep its audit practices up-to-dated and ensure that they are as advanced as possible, TCU should implement a survey and routine visit program in public and private audit institutions.

The benchmarking program should aim, every three years, to assess the audit advancements carried out by the main supreme audit institutions, private firms, and professional audit bodies. This would help TCU to keep abreast of new and best audit practices, and to update its personal expertise. With this program, TCU would be alert to ways to improve efficiency and effectiveness, and could take maximum advantage of state-of-the-art audit methodologies, technologies, and techniques.

TCU audit practices should always be aligned with the best audit practices around the world to provide the best audit results to the Congress and the public. One initial area that should be benchmarked is attest audit related to Public Accounts of Brazil.

Risk. The main risk to maintaining a benchmarking system may be the urgent audit issues that emerge on a daily basis that could delay or prevent staff from carrying out benchmarking to identify new audit advancements. Communication about the importance of the benchmarking process and its inclusion in strategic planning should minimize this risk.

4.6   Audit strategic plan

The sixth and last goal of this paper is to include the project goals in TCU's strategic plan.

The majority of the goals in TCU's strategic plan aim for quantity results, such as larger numbers of accounts assessed and audits performed; few goals are related to quality improvement. Contrarily, the advancements proposed will improve TCU audit quality in the first regard and quantity in the second.

The audit practices advanced in this paper will give TCU auditors the necessary expertise and means to carry out their audits more efficiently and effectively. As the project predicts a learning process, the auditors will probably spend more time in the

early phase carrying out their audits with the new practices; however, after this phase, they will conduct their audits faster and more efficiently because they will know what to do and when and how to do it. They will thereby increase the number of TCU audits conducted.

One of the ways to maintain the increasing use of the best audit practices is to include it as a goal in the strategic plan. For example: increase by 20 percent the number of audits using risk analyses.

Risk. In the beginning, there may be resistance to adopting the advancements proposed, mainly because more time will be needed to do the audits. Considerable communication will be needed to minimize or eliminate this risk. The inclusion of the project goals in the strategic planning should minimize this risk; however, obtaining and maintaining the auditors', directors', and principals' interest in using the practices will be achieved mainly through ongoing communication.

5.   Plan of Action to Advance Audit Practices in TCU

First, it is important to identify and describe the key players who will take part in the actions:

?   Board of Ministers: the full Court, integrated by all ministers and deputy ministers

?   President: the minister elected for that position, at present Mr. Humberto Souto

?   Vice-President: the minister elected for that position, at present
         Mr. Valmir Campelo (Mr. Campelo who will be the President in the
         years 2003-04)

?   Instituto Serzedelo Correa (ISC): unit in charge of training the staff

?   Assessoria de Relacoes Internacionais (ARINT): unit responsible for international
         affairs

?   Secretaria Geral de Controle Externo (SEGECEX): unit in charge of overseeing
         all technical work in TCU, including accounts and audits

?   Secretaria Adjunta de Fiscalizacao (ADFIS): unit responsible for overseeing all
         technical work related to audit

?   Secretaria Adjunta de Contas (ADCON): unit responsible for overseeing all
         technical work related to accounts

?   Secretaria de Tecnologia da Informacao (SETEC): unit responsible for
         developing

?   built-in software

? Secretaria de Planejamento (SEPLON): unit responsible for strategic planning and performance report

? Secretarias de Controle Externo (SECEX): 36 units responsible for conducting audits and assessing accounts

? Auditors: 1,000 professionals responsible for conducting audits and assessing accounts

Three-Step Implementation Strategy

STEP 1 – Communication about the Advancements Proposed

Prepare a project summary with the current practices and the benefits that the project should bring (current practices/future view) to be briefed or presented to TCU stakeholders:

? Briefing the President. Deadline: 15 July 2002

? Briefing the Vice-President. Deadline: 20 July 2002

? Briefing the Ministers. Deadline: 30 July 2002

? Presentation to the TCU's Senior Management during the monthly meeting: 31 July 2002

? Separate presentations to ADFIS, ADCON, ISC, ARINT, SETEC, SEPLON, and each SECEX (presentations to the SECEXs in the states should be by video-conference or with video and documentation)

? Publication of an executive summary of the paper in TCU's regular internal publications and intranet

STEP 2 - Develop Implementation Project

A – Develop an Implementation Project Draft

Objective: identify the main players, activities, steps, goals, deadlines, and expected results. Deadline: August 2002.

B – Develop an Implementation Risks and Controls Management Plan

Objective: identify the project's risks and the strategy to eliminate or mitigate those risks. Major risk areas: change management, project management, training, support material, implementation timing and quality/results control. Risks that have not been eliminated or minimized should represent the project's residual risks. Deadline: September 2002.

There are always a number of other risks associated with a project such as the one proposed. The broad risks can be categorized as follows:

Efficiency – Once implemented, TCU fails to reap the benefits anticipated from the implementation of the project (e.g. the methodology and supporting software fail to deliver the benefits expected).

Effectiveness – The use of the audit practices, mainly audit methodology and software, results in audit failure (rendering of incorrect or inappropriate audit recommendations or determinations).

These risks are addressed further under the following headings:

a)   The audit practices are not appropriate for use in TCU.

b)   The audit practices are imperfect.

c)   Implementation is imperfect.

d)   Post-implementation support is ineffective or inadequate.

Controls: The methodology and implementation should be discussed thoroughly by the TCU methodology and implementation committee (Segecex) and assisted by experts. There is evidence that the audit practices are used or have been adapted for use by SAIs.

C – Develop an Implementation Project and Subproject

Objectives: Define who will do what, when (route of technical precedence), and how; deadline October 2002. Develop an implementation guide; deadline: October 2002. Obtain formal approval from the Board of Ministers; deadline November 2002.

After the approval, the project goals should be included in TCU Strategic Plan.

Main Rule: It is the same main rule applied in PPDA - developing, training, pilot tests, and quality control, with the inclusion of results control.

Leadership: ADFIS will be responsible for the overall leadership of the project.

Teams: The overall project should be split in six subprojects:

Subproject 1: Audit Methodology – Overall Project Leader: ADFIS

Subproject 2: Audit Training and Development – Project Leader: ISC

Subproject 3: Audit Software – Project Leader: SETEC

Subproject 4: Audit Quality/Result Control – Project Leader: ADFIS

Subproject 5: Audit Benchmarking – Project Leaders: ADFIS and ARINT

Subproject 6: Audit Strategic Planning – Project Leader ADFIS and SEPLON

Depending on the level of work necessary, Subproject 1 may be divided into several teams, each one related to the auditing standards that should be reinforced or implemented in TCU. The teams should be formed by auditors from ADFIS and any other unit, mainly from SECEX. At the end of each work project, the subproject leaders should become functional responsibility leaders and be responsible for training the other auditors in the specific area. For example, one of the resources of Subproject 2 – Audit Training and Development will be people who worked in Subproject 1 – Audit Methodology.

Consultation: Identify what internal and external consultation is needed for the subprojects.

During the implementation phase, TCU project leaders should maintain permanent contact with specialists from the Office of the Auditor General of Canada (OAG) to orient the application of the proposals. A TCU-CCAF-OAG formal agreement should be prepared in advance to allow consultation during the implementation. Deadline agreement: October 2002.

Dependence: The subprojects depend on the accomplishments of each other:

?   The implementation of Subproject 1 – Audit Methodology requires the inclusion of the reinforcement or implementation of auditing standards and related matters in the audit manuals and guidelines.

?   The implementation of Subproject 2 – Audit Training and Development requires regular classes in an audit curriculum based on the audit aspects developed in the Subproject 1.

?   The implementation of Subproject 3 – Audit Software requires the use of an audit software or part of it by auditors based on the audit aspects developed in Subproject 1 and the dissemination of them in Subproject 2.

?   The implementation of Subproject 4 – Audit Quality/Results Control requires the use of a quality and results control system based on the audit aspects developed in Subproject 1, the training material developed in Subproject 2, and the use of the software developed in Subproject 3.

?   The implementation of Subproject 5 – Audit Benchmarking requires the identification of audit practices that could be improved in TCU and is based on the comparison of the resultant TCU audit methodology, training, and software implemented by subprojects 1, 2, 3, and 4 to the best audit practices.

?   The implementation of Subproject 6 – Audit Strategic Plan requires the inclusion of the subprojects' results as goals in the strategic planning.

Because of this technical dependence net, the subprojects should be planned with tasks that are internally independent in order to facilitate the continuity of the subprojects and the project as a whole. This means that each subproject should deliver partial results before ending.

Timetable of Advancing Audit Practices

Project Advancing Audit Practices	2002		2003		2004	
	1st Semester	2nd Semester	1st Semester	2nd Semester	1st Semester	2nd Semester
Project Development and Approval						
Subproject 1 – Audit Methodology						
Development		PPDA				
Test (Subproject 2)		PPDA				
Implementation		PPDA				
Subproject 2 – Audit Training and Development						
Development		PPDA				
Test (pilot training and audits)		PPDA		**		
Implementation		PPDA				
Subproject 3 – Audit Software						
Development		*				
Test (pilot audits)				**		
Implementation						
Subproject 4 – Audit Quality/Results Control						
Development		PPDA				
Test		PPDA		**		
Implementation						
Subproject 5 – Audit Benchmarking						
Development						
Test						
Implementation						
Subproject 6 – Audit Strategic Plan						
Development						
Test						
Implementation						

* The development of the audit software does not depend on the approval of the project.

** It is possible that the Quality/Results Control System will assess audit pilots in both aspects of the application of the audit methodology and the software.

STEP 3 – Implementation

Quality and results controls should be monitored regularly through supervision meetings with the subproject leaders to assess the results accomplished, the risks and controls, and the deficiencies.

Continuous communication about project goals, expected results, and results accomplished is one of the core aspects of the implementation.

6.   Conclusion

The PPDA was the first step in the right direction to advance audit practices and auditor expertise in TCU. The project proposed in this paper will reinforce the best aspects of the PPDA and introduce innovations to sustain its goals and give TCU an audit system based on continuous improvement.

The proposed project will improve the audit practices in TCU through the following:

?   reinforcement of the TCU audit methodology;

?   implementation of the audit methodology aspects not yet considered;

?   promotion of the TCU audit practices to auditors;

?   use of audit software to support audit methodology;

?   assurance that the TCU audit practices are being used as they should be;

?   assurance that the TCU audit practices are generating the expected results;

?   assurance that the TCU audit practices are based on the best audit practices; and

?   assurance that the use of TCU audit practices is an institutional goal.

There are always a number of risks associated with a major project such as the advancement of audit practices through audit methodology, training and development, software, quality and results controls, benchmarking, and strategic planning.

The main risk to reaching the goals may be the resistance to change. Auditors who have been working based on their own auditing standards will have to work with due care to TCU's auditing standards. However, perhaps more important, is the internalization of the concepts in daily audit work, which creates and sustains the audit practices and culture. This can be achieved by ongoing communication. The final result will certainly be the improvement of the quality, consistency, efficiency, and effectiveness of the audit process in TCU.

Various words can be used to describe what this paper aims to do: advance, modernize, improve, update, and develop TCU audit practices. However, underlying these words, as

the foundation, is the key goal to generate better results to Brazil and its people through a better external control based on the best audit practices.

Appendix I

IFAC, CICA, AICPA and CFC Auditing Standards

Assignment 1 from the Work and Training Plan:

> To study in general the auditing standards from the International Federation of Accountants (IFAC), Canadian Institute of Chartered Accountants (CICA) and American Institute of Certified Public Accountants (AICPA) to identify the most important auditing standards related to audit methodology and compare them with the Brazilian auditing standards from the Conselho Federal de Contabilidade (CFC).

Result:

> Report/chart summarizing the similarities, differences, and the most important auditing standards to audit methodology.

1. Introduction

1.1 General Aspects

The auditing standards from the International Federation of Accountants (IFAC), Canadian Institute of Chartered Accountants (CICA), American Institute of Certified Public Accountants (AICPA) and Conselho Federal de Contabilidade (CFC) are applied in the audit of financial statements and adapted to the audit of other information.

The CICA Handbook has a specific section with general standards about financial, compliance, and value-for-money audits in the public service.

All the standards collected for this study were assessed considering the audit of other information and not only the audit of financial statements.

1.2 Generally Accepted Auditing Standards

Generally Accepted Auditing Standards are as follows:

General standard

> The examination should be performed and the report prepared by a person or persons having adequate technical training and proficiency in auditing, with due care and with an objective state of mind.

Examination standards

> (i) The work should be adequately planned and properly executed using sufficient knowledge of the entity's business as a basis. If assistants are employed, they should be properly supervised.

> (ii) A sufficient understanding of internal control should be obtained to plan the audit. When control risk is assessed below maximum, sufficient appropriate audit evidence should be obtained through tests of controls to support the assessment.

> (iii) Sufficient appropriate audit evidence should be obtained, by such means as inspection, observation, enquiry, confirmation, computation and analysis, to afford a reasonable basis to support the content of the report.

Reporting standards

> (i) The report should identify the financial statements and distinguish between the responsibilities of management and the responsibilities of the auditor.

> (ii) The report should describe the scope of the auditor's examination.

> (iii) The report should contain either an expression of opinion on the financial statements or an assertion that an opinion cannot be expressed. In the latter case, the reasons therefore should be stated.

(iv)   Where an opinion is expressed, it should indicate whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with an appropriate disclosed basis of accounting, which except in special circumstances should be generally accepted accounting principles. The report should provide adequate explanation with respect to any reservation contained in such opinion. (CICA Handbook).

1.3   Auditing Standards and Auditing Procedures

Auditing standards are different from auditing procedures. Auditing standards relate to the auditor's qualifications, the performance of his or her examination, and the preparation of his or her report. Auditing procedures, on the other hand, are the specific acts or steps performed by the auditor to attain his or her objectives in the particular audit engagement. (CICA Handbook).

2.   Most Important Auditing Standards to Audit Methodology

The most important auditing standards to audit methodology were considered the best aspects of the IFAC, CICA, AICPA and CFC auditing standards that are essential to an updated audit methodology.

The most important IFAC, CICA, AICPA and CFC Auditing Standards related to audit methodology are:

1.   Knowledge of the Entity
2.   Risk Assessment
3.   Internal Control Evaluation
4.   Materiality
5.   Sampling
6.   Consideration of Laws and Regulations
7.   Consideration of Fraud and Error
8.   Consideration of Computer Information System Environment
9.   Using the Work of a Predecessor Auditor
10.   Using the Work of Internal Audit
11.   Using the Work of an Expert
12.   Evidence
13.   Documentation
14.   Standard Report
15.   Quality Control
16.   Continuous Auditing (See Appendix I - F)

Except for the Terms of Engagement, all the other most important auditing standards related to audit methodology from the International Standards on Auditing have correspondent CFC Auditing Standard.

3.   **Criteria to Select the Most Important Auditing Standards to Audit Methodology**

The criteria to select the most important auditing standards to an updated audit methodology were based on the following:

a)   Repetition of the standard in all institutions (4 points)
b)   Repetition of the standard in three institutions (3 points)
c)   Repetition of the standard in two institutions, including IFAC (2 points)
d)   Importance to an updated audit methodology (3 points)
e)   Applicability to public sector (2 points)
f)   Applicability to an Automated Audit Program Software (AAPS) (1 point)

The assessment of the criteria (d), importance of the auditing standards to an updated audit methodology, considered the Brazilian audit context and is a matter of sole discretion and professional judgement of the Fellow.

4.   **Similarities Among IFAC, CICA, AICPA and CFC Auditing Standards**

Similarities among auditing standards were considered when all institutions with auditing standards were dealing with a matter in the same (general or specific) way.

The similarities among IFAC, CICA, AICPA and CFC Auditing Standards are related to the following:

-       responsibilities (quality control, documentation, fraud and error)
-       planning (including materiality)
-       internal control (including risk and materiality)
-       audit evidence (including sampling)
-       using the work of others (experts)
-       audit conclusions and reporting (standards)

5.   **Differences Among IFAC, CICA, AICPA Auditing Standards and CFC Auditing Standards**

Differences among auditing standards were considered when comparing the existence of standards for IFAC, CICA, and AICPA against CFC.

The differences among IFAC, CICA and AICPA auditing standards and CFC auditing standards are related to the following:

-       the terms of audit engagements
-       use of a service organization
-       using the work of another auditor
-       contingencies and uncertainty

Contingencies and uncertainty are treated as accounting standards in the CICA Handbook (Accounting Handbook, Accounting Recommendations, Specific Items, Section 3290 Contingencies, and General Accounting, Section 1508 Measurement Uncertainty).

The auditing standards related to consideration of law and regulations (ISA 250, Section 5136 and AU 317) and external confirmations (ISA 505, Section 5303 and AU 330) are treated generally and superficially in the CFC Auditing Standards, in the NBC T 11, paragraphs 2.1.2 and 2.6.7 (a), respectively, and were considered similarities.

6.   Conclusion

6.1   Most Important Auditing Standards to Audit Methodology

The most important IFAC, CICA, AICPA and CFC Auditing Standards related to audit methodology are:

1.   Knowledge of the Entity
2.   Risk Assessment
3.   Internal Control Evaluation
4.   Materiality
5.   Sampling
6.   Consideration of Laws and Regulations
7.   Consideration of Fraud and Error
8.   Consideration of Computer Information System Environment
9.   Using the Work of a Predecessor Auditor
10.   Using the Work of Internal Audit
11.   Using the Work of an Expert
12.   Evidence
13.   Documentation
14.   Standard Report
15.   Quality Control
16.   Continuous Auditing (See Appendix I - F)

These auditing standards are basic and fundamental to an updated audit methodology, and their consistent and continuous use maintains and improves the quality of the audit process.

6.2   Similarities and Differences

The International Standards on Auditing (ISA) from the International Federation of Accountants (IFAC) congregate the essential aspects of the CICA, AICPA and CFC auditing standards, except for the Public Sector Section from the Canada Institute for Chartered Accountants. That section will be considered in the next assignment of the Work and Training Plan about auditing standards in the public service.

The CFC auditing standards have comply with 26 of the 29 (90%) ISAs from the six vital subject matter areas: Responsibilities, Planning, Internal Control, Audit Evidence, Using the Work of Others, and Auditing Conclusions and Reporting.

The majority of details and explanations of the CFC auditing standards are issued in Technical Interpretations, as follows: Management Representations (NBC T 11 – IT – 01), Documentation (NBC T 11 – IT – 02), Fraud and Error (NBC T 11 – IT – 03), Subsequent Events (NBC T 11 – IT – 04), Report (NBC T 11 – IT – 05) and Supervision and Quality Control (NBC T 11 – IT – 06). In general, the other CFC auditing standards

contain fewer explanations and details than the IFAC, CICA and AICPA auditing standards.

6.3   No Auditing Standards

There are no standards dealing with audit criteria or follow-up in the auditing standards studied.

Appendix I - A

Auditing Standards in a Scored Overall Chart

The overall chart contains all IFAC, CICA, AICPA and CFC auditing standards selected for this assignment and indicates the following:

-      the importance to audit methodology (column AM)
-      the applicability to the public sector (column PS)
-      the applicability to an Automated Audit Program Software (column AAPS)

The standards are organized by ISA subject matter, with a score based on the following:

-      repetition of the standard in all institutions (4 points)
-      repetition of the standard in three institutions (3 points)
-      repetition of the standard in two institutions, including IFAC (2 points)
-      importance to audit methodology (3 points)
-      applicability to public sector (2 points)
-      applicability to an AAPS (1 point)

The second and third points (repetition of the standards in at least three or two institutions, including IFAC) are not cumulative with the first one (repetition of the standard in all institutions) or with themselves. The total of the points is 10. When there is specific IFAC, CICA and AICPA auditing standard and the comparable CFC auditing standard is not specific, only three institutions are considered to have the standard.

The auditing standards with 10 points are shown in grey.

IFAC, CICA, AICPA and CFC auditing standards with audit methodology importance (AM column), Public Sector and AAPS applicability (PS and AAPS columns) scored and organized by International Standard on Auditing subject matter.

Legends: N/I Not Important
          N/A Not Applicable

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
1 – Introductory Matters	ISA 100 Preface to International Standards on Auditing and Related Services	None	None	None	N/I	N/A	N/A	0
	None	5100 Generally accepted auditing standards, and 5101 International Standards on Auditing	AU 150 Generally Accepted Auditing Standards – GAAS AU 200 The General Standards	None	I	A	A	6
	ISA 120 Framework of International Standards on Auditing	5020 Association 5025 Standards for Assurance Engagements	None	None	I	A	A	8
	None	None	AU 410, 411 and 420 Adherence, Meaning and Consistency related to General Accepted Accounting Principles	None	N/I	A	N/A	2
2 – Responsibilities	ISA 200 Objective and general principles governing an audit of financial statements	Section 5090 Audit of financial statements – an introduction	AU 100 Statements on Audit Standards (AU 110 Responsibilities and Functions, and Functions of the Independent Auditor) AU 200 The General Standards (AU 210 Training and	NBC T 11.1.1 Concepts and Objectives of the Independent Audit, and NBC P 1 Professional Standards to Independent Auditors	I	A	A	10

IFAC, CICA, AICPA and CFC Auditing Standards Scored							
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
			Proficiency of the Independent Auditor AU 220 Independence AU 230 Due Professional Care in the Performance Work)				
	ISA 210 Terms of Audit Engagements	None (See paragraphs 5020.05, 5135.17,5136.10, 5145.04, 05, and 06, and AuG - 11)	AU 310 Appointment of the Independent Auditor	None	I	A N/A *	A	9
	ISA 220 Quality Control for Audit Work	Section 5150 Planning and supervision	AU 161 The Relationship of GAAS to Quality Control Standards	NBC T 11.2.4 Supervision and Quality Control NBC T 11– IT– 06 Supervision and Quality Control	I	A	A	10
	ISA 230 Documentation	Section 5145 Documentation	AU 339 Working Papers	NBC T 11.1.3 Working Papers, and 11.2.7 Audit Documentation NBC T 11– IT– 02 Working Papers and Documentation	I	A	A	10
	ISA 240 Fraud and Error	Section 5135 Auditor's responsibility to detect and communicate misstatements	AU 316 Consideration of Fraud in a Financial Statement Audit AU 317 Illegal acts by Clients	NBC T 11.1.4 Fraud and Error, NBC T 11– IT– 03 Fraud and Error	I	A	A**	10
	ISA 250 Consideration of Laws and Regulations in an Audit of Financial	Section 5136 Misstatements – illegal acts	AU 317 Illegal Acts by Clients AT 601 Compliance	None specific (See NBC T 11.2.1.2)	I	A	A ***	9

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
	Statements		Attestation					
	None	7100 The Auditor's involvement with prospectuses and other offering documents	None	None	N/I	A	N/A	2
	None	7200 Auditor Assistance to underwriters and Others	None	None	N/I	A	N/A	2
3 – Planning	ISA 300 Planning	Section 5145 Documentation (Supervision is at ISA 220) Section 5150 Planning and supervision	AU 311 Planning and Supervision 150 Generally Accepted Auditing Standards (150.02)	NBC T 11.2.1 Audit Planning	I	A	A	10
	ISA 310 Knowledge of the Business	5140 Knowledge of the entity's business PS 6420 Knowledge of the Audit Entity in Planning Value-for-Money Audits in the Public Sector	None	NBC T 11.2.1.2 (Planning)	I	A	A	9
	ISA 320 Audit Materiality	Section 5130 Materiality and audit risk in conducting an audit and AuG -7 Applying materiality and audit risk concepts in conducting an audit (risk assessment is at ISA 400)	AU 312 Audit Risk and Materiality in Conducting an Audit	NBC T 11.2.2 Relevance	I	A	A **	10
	None	PS 6410 Planning Value-for-Money Audits in the Public Sector	None	None	I	A	A	6
4 – Internal Control	ISA 400 Risk Assessments and Internal Control	Section 5130 Materiality and audit risk in conducting an audit, 5200/5220 Internal control in the context of an	AU 312 Audit Risk and Materiality in conducting an Audit AU 319 Consideration of	NBC T 11.2.3 Audit Risk (only audit risk, no inherent or control	I	A	A	10

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IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
		audit, and AuG-7 Applying materiality and audit risk concepts in conducting an audit	Internal control in a Financial Statement Audit	risks) NBC T 11.2.5 Study and Evaluation of the Account System and Internal Controls				
	None	None	AU 325 Communications of Internal Control Related Matters Noted in an Audit	None	I	A	A	6
	ISA 401 Auditing in a computer information systems environment	EDP – 1 Auditing in an EDP environment	None	NBC T 11.2.10 Electronic Data Processing – EDP	I	A	A **	9
	ISA 402 Audit considerations relating to entities using service organizations	Section 5310 Audit evidence considerations when an enterprise uses a service organization and Section 5900 Opinions on control procedures at a service organization	AU 324 Service Organizations	None	I	A	N/A	8
5 – Audit Evidence	ISA 500/501 Audit evidence	Section 5300 Audit evidence, 6030 – Inventories, 6560 Communications with law firms regarding claims and possible claims, and Aug-26 Applying audit procedures to segment disclosures in financial statements	AU 326 Evidential Matter	NBC T 11.1.2 Audit Procedures, 11.2.6 Application of the Audit Procedures	I	A	A	10
	ISA 505 External Confirmation	Section 5303 Confirmation	AU 330 The Confirmation Process	None specific (See NBC T 11.2.6.7 (a))	I	A	A	9
	ISA 510 Initial Engagements – opening balances	None	AU 315 Communications Between Predecessor and Successor Auditors	None	I	A	A	8

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
	ISA 520 Analytical Procedures	Section 5301 Analysis	AU 329 Analytical Procedures	NBC T 11.2.6.2 (e) Analytical Revision, and 11.2.6.5 Application of the Audit Procedures (Analytical Revision)	I	A	N/A	9
	ISA 530 Audit Sampling and other Selective Testing Procedures	Section 5300 Audit Evidence (5300.11-.14)	AU 350 Audit Sampling	NBC T 11.2.9 Statistical Sampling	I	A	A **	10
	ISA 540 Audit of Accounting Estimates	Section 5305 Audit of accounting estimates	AU 342 Auditing Accounting Estimates	NBC T 11.2.11 Accounting Estimates	N/I	A	N/A	6
	ISA 550 Related Parties	Section 6010 Audit of related party transactions	AU 334 Related Parties	NBC T 11.2.12 Related Parties Transactions	N/I	A	N/A	6
	ISA 560 Subsequent Events	Section 5405 Date of the auditor's report and 6550 – subsequent events	AU 390 Consideration of Omitted Procedures After the Report Date AU 530 Dating of the independent Auditor's Report	NBC T 11.2.13 Subsequent Transactions and Events, NBC T 11– IT– 04 Subsequent Transactions and Events	I	A	N/A	9
	ISA 570 Going Concern	Section 5510 Reservations in the auditor's report (5510.51-.53)	AU 341 The Auditor's consideration of an entity's ability to continue as a going concern	NBC T 11.1.1.4, and 11.2.8 Normal Continuity of the Business	N/I	A VF M	N/A	6
	None	None	AU 532 Restricting the use of an Auditor's Report	None	N/I	N/A	N/A	0
	ISA 580 Management	None	AU 333 Management	NBC T 11. 2.14	N/I	A	A	6

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
	Representations		Representations	Management Representation Letter NBC T 11. IT.01 Management Representation Letter NBC T 11– IT– 01 Management Representation Letter	****			
6 – Using work of others	ISA 600 Using the work of another Auditor	6930 Reliance on another auditor	AU 543 Part of Audit Performed by Other Independent Auditors	NBC T 11.2.1.3 (e)	I	A	A	10
	None	None	AU 315 Communications Between Predecessor and Successor Auditors	None	I	A	A	6
	ISA 610 Considering the Work of Internal Auditing	5050 Using the work of internal audit	AU 322 The Auditor's consideration of the Internal Audit Function in an Audit of Financial Statements	NBC T 11.2.1.3 (e), NBC P 1.1.7 Using the Work of an Internal Auditor	I	A	A	10
	ISA 620 Using the Work of an Expert	Section 5360 Using the work of a specialist PS 6430 Engaging and Using Specialists in Value-for-Money Audits in the Public Sector	AU 336 Using the Work of a Specialist	NBC T 11.2.1.3 (e), NBC P 1.1.8 Using the Work of a Specialist	I	A	A	10
	None	AuG-28 Using a legal opinion as audit evidence concerning a transfer of receivables	None	None	N/I	A	N/A *****	2
7 – Auditing Conclusions and Reporting	ISA 700 The auditor's report on financial statements	Section 5400 The auditor's standard report (some issues are in 5405), 5510 Reservations in the auditor's	AU 508 Reports on Audited Financial Statements	NBC T 11.3 Standards to Independent Auditors Report, NBC T 11-IT-	I	A	A	10

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
		report, and 5701 Other reporting matters		05 Independent Auditors Report on Financial Statements				
	ISA 710 Comparatives	5701 Other reporting matters, and Aug-8 Auditor's report on comparative financial statements	None	None	N/I	A	N/A	5
	ISA 720 Other Information in documents Containing Audited Financial Statements	Section 7500 The auditor's involvement with annual reports	AU 550 Other information in Documents Containing Audited Financial Statements	NBC T 11.3.8 Relevant Information in Financial Statements	N/I	A	N/A	6
	ISA 730 Communication of audit matters with those charged with governance	Section 5750 Communication of matters identified during the financial statement audit and Aug-11 Communications with audit committees (or equivalents)	AU 380 Communication with audit committees	NBC T 11.1.4.3 Fraud and Error	N/I	N/A	N/A	4
	None	5365 Communications with actuaries	None	None	N/I	N/A	N/A	0
	None	5520 Auditor's report on non-consolidated financial statements prepared in accordance with long-term investments	None	None	N/I	N/A	N/A	0
	None	5610 Foreign reporting	AU 534 Reporting on Financial Statements Prepared for Use in Other Countries	None	N/I	A	N/A	2
	None	7600 Reports on the application of accounting principles, auditing standards or review standards	None	None	N/I	A	N/A	2

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
		AuG-10 Legislative requirements to report on the consistent application of generally accepted accounting principles						
	None	AuG-12 Auditor's report on pension fund financial statements field with a regulator	None	None	N/I	A	N/A	2
	None	AuG-13 Special reports on regulated financial institutions	None	None	N/I	A	N/A	2
	None	AuG-14 Auditor's report on the financial statements of federally regulated financial institutions	None	None	N/I	A	N/A	2
	None	AuG-21 Canada-United States reporting differences	None	None	N/I	N/A	N/A	0
	None	None	None	NBC T 11.2.15 Contingencies	N/I	A	N/A	2
	None	None	None	NBC T 11.3.7 Uncertainty	N/I	A	N/A	2
8 – Specialized Areas	ISA 800 The auditor's report on special purpose audit engagements	5400, 5800, 5805, 5815 and AuG-25	None	None	N/I	N/A	N/A	2
	ISA 810 The examination of prospective financial information	AuG-6 Examination of a financial forecast or projection included in a prospectus or other offering document	None	None	N/I	N/A	N/A	2
9 – Related Services	ISA 910 Engagements to Review Financial Statements	None	None	None	N/I	N/A	N/A	0

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
	920 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information							
	930 Engagements to Compile Financial Information							
10 – International Auditing Practice Statements	1000 Inter-Bank confirmation Procedures		None	None	N/II	N/AA	N/AA	0 8
	1001, 1002 and 1003 CIS Environments – Stand-Alone Microcomputers, On-Line computer systems, and Database Systems	EDP – 2 and EDP – 6 EDP Auditing Guidelines	None	None				
	1004 The Relationship Between Bank Supervisors and External Auditors		None	None				
	1005 The Special Considerations in the Audit of Small Entities		None	None				
	1006 The Audit of International Commercial Banks		None	None				
			None	None				
	1007 Communications With Management		None	None	I	A	N/A	
	1008 Risk Assessments and Internal Control – CIS Characteristics and Considerations	Aug – 19 Audit of financial statements affected by environmental matters	None	None				7
	1009 Computer-Assisted Audit Techniques		None	None				

IFAC, CICA, AICPA and CFC Auditing Standards Scored								
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S	S C O R E
	1010 The Consideration of Environmental Matters in the Audit of Financial Statements 1011 Implications for Management and Auditors of the Year 200 Issue							
Ethics	ISA 5000 Code of Ethics for Professional Accountants	-	-	CFC Resolution n. 803 Code of Ethics for Professional Accountants	I	A	N/A	-
Public Sector	None	PS 5000 Introduction to assurance recommendations that apply only to the public sector, PS 5200 Audit of financial statements of federal , provincial and territorial governments, and PS 5400 Value-for Money Auditing in the Public Sector	None	None	I	A	N/A	5
Continuous Auditing	None	None	Auditing Standard Board ASB- Initiative A1	None	I	A	A	6

  *Not applicable to denouncements of fraud and collusion

  **Applicable to an AAPS using CAATS

  ***The main laws and regulations should be stored in the AAPS to use as criteria for audit compliance with law and regulations

  ****Can be treated as a Documentation Auditing Standard item

  *****Can be treated as an Audit Evidence Auditing Standard item

Appendix I - B

Main Auditing Standards Applicable to TCU's Audit Methodology and its AAPS

The main auditing standards applicable to TCU's Audit Methodology and its AAPS are a selection from IFCA, CICA, AICPA and CFC Auditing Standards that can, somehow, be considered in the TCU's audit methodology and/or in its built-in AAPS.

The criteria used to select these auditing standards were if the standard is important to an updated audit methodology (column AM), if it is applicable to the public sector (column PS), and if it should be applicable to or part of an AAPS (column AAPS). The number of institutions that deal with the auditing standard was not considered.

Only three auditing standards from IFAC and similar ones from CICA, AICPA and CFC and one from CICA were considered important to the audit methodology but not applicable to and part of an AAPS: ISA 402 Auditing Considerations Relating to Entities Using Service Organizations, ISA 560 Subsequent Events, and PS 5000 Introduction to Assurance Recommendation that applies only to public sector from CICA.

Only one standard was considered not important to audit methodology but applicable to and part of an AAPS: ISA 580 Management Representations.

The decision of importance of the auditing standards to an updated audit methodology, applicability to the public sector and to an AAPS, consider the Brazilian and TCU audit context, is a matter of the sole discretion and professional judgement of the Fellow.

Main IFAC, CICA, AICPA and CFC Auditing Standards to TCU's Audit Methodology and its AAPS							
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S
Introductory Matters	None	5100 Generally accepted auditing standards, and 5101 International Standards on Auditing	AU 150 Generally Accepted Auditing Standards – GAAS AU 200 The General Standards	None	I	A	A
	ISA 120 – Framework of International Standards on Auditing	5020 Association 5025 Standards for Assurance Engagements	None	None	I	A	A
Responsi-bilities	ISA 200 – Objective and general principles governing an audit of financial statements	Section 5090 Audit of financial statements – an introduction	AU 100 Statements on Audit Standards (110 – Responsibilities and Functions, and Functions of the Independent Auditor) AU 200 - The General Standards (AU 210 –Training and Proficiency of the Independent Auditor AU 220 – Independence AU 230 – Due Professional Care in the Performance Work)	NBC T 11.1.1 Concepts and Objectives of the Independent Audit, and NBC P 1 Professional Standards to Independent Auditors	I	A	A
	ISA 210 Terms of Audit Engagements	None specific (See Paragraphs 5020.05, 5135.17,5136.10, 5145.04, 05, and 06, and AuG - 11)	AU 310 Appointment of the Independent Auditor	None	I	A N/A *	A
	ISA 220 Quality Control for Audit Work	Section 5150 Planning and supervision	AU 161 The Relationship of GAAS to Quality Control Standards	NBC T 11.2.4 Supervision and Quality Control NBC T 11 – IT – 06 Supervision and Quality Control	I	A	A

Main IFAC, CICA, AICPA and CFC Auditing Standards to TCU's Audit Methodology and its AAPS							
ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S
	ISA 230 Documentation	Section 5145 Documentation	AU 339 Working Papers	NBC T 11.1.3 Working Papers, and 11.2.7 Audit Documentation NBC T 11– IT– 02 Working Papers and Documentation	I	A	A
	ISA 240 Fraud and Error	Section 5135 Auditor's responsibility to detect and communicate misstatements	AU 316 Consideration of Fraud in a Financial Statement Audit AU 317 Illegal Acts by Clients	NBC T 11.1.4 Fraud and Error, NBC T 11– IT– 03 Fraud and Error	I	A	A **
	ISA 250 Consideration of Laws and Regulations in an Audit of Financial Statements	Section 5136 Misstatements – illegal acts	AU 317 Illegal Acts by Clients AT 601 Compliance Attestation	None Specific (See NBC T 11.2.1.2)	I	A	A ***
Planning	ISA 300 Planning	Section 5145 Documentation (Supervision is at ISA 220) 5150 – Planning and supervision	AU 311 Planning and Supervision 150 Generally Accepted Auditing Standards (150.02)	NBC T 11.2.1 Audit Planning	I	A	A
	ISA 310 – Knowledge of the Business	5141 – Knowledge of the entity's business PS 6420 Knowledge of the Audit Entity in Planning Value-for-Money Audits in the Public Sector	None	NBC T 11.2.1.2 (Planning)	I	A	A
	ISA 320 Audit Materiality	Section 5130 Materiality and audit risk in conducting an audit and AuG- 7 Applying materiality and audit risk concepts in conducting an audit (risk assessment is at ISA 400)	AU 312 Audit Risk and Materiality in Conducting an Audit	NBC T 11.2.2 Relevance	I	A	A **

ISA Subject Matter	IFAC	CICA	AICPA	CFC	A M	P S	A A P S
	None	PS 6410 Planning Value-for-Money Audits in the Public Sector	None	None	I	A	A
Internal Control	ISA 400 Risk Assessments and Internal Control	Section 5130 Materiality and audit risk in conducting an audit, 5200/5220 Internal control in the context of an audit, and AuG-7 Applying materiality and audit risk concepts in conducting an audit	AU 312 Audit Risk and Materiality in conducting an Audit AU 319 Consideration of Internal control in a Financial Statement Audit	NBC T 11.2.3 Audit Risk (only audit risk, no inherent or control risks) NBC T 11.2.5 Study and Evaluation of the Account System and Internal Controls	I	A	A
	None	None	AU 325 Communications of Internal Control Related Matters Noted in an Audit	None	I	A	A
	ISA 401 Auditing in a computer information systems environment	EDP – 1 Auditing in an EDP environment	None	NBC T 11.2.10 Electronic Data Processing – EDP	I	A	A **
	ISA 402 Audit considerations relating to entities using service organizations	Section 5310 Audit evidence considerations when an enterprise uses a service organization and Section 5900 Opinions on control procedures at a service organization	AU 324 Service Organizations	None	I	A	N/A
Audit Evidence	ISA 500/501 Audit evidence	Section 5300 Audit evidence, 6030 – Inventories, 6560 Communications with law firms regarding claims and possible claims, and Aug-26 Applying audit procedures to segment disclosures in financial statements	AU 326 Evidential Matter	NBC T 11.1.2 Audit Procedures, 11.2.6 Application of the Audit Procedures	I	A	A

Main IFAC, CICA, AICPA and CFC Auditing Standards to TCU's Audit Methodology and its AAPS

Main IFAC, CICA, AICPA and CFC Auditing Standards to TCU's Audit Methodology and its AAPS							
ISA Subject Matter	**IFAC**	**CICA**	**AICPA**	**CFC**	**A M**	**P S**	**A A P S**
	ISA 505 External Confirmation	Section 5303 Confirmation	AU 330 The Confirmation Process	None specific (See NBC T 11.2.6.7 (a))	I	A	A
	ISA 510 Initial Engagements – opening balances	None	AU 315 Communications Between Predecessor and Successor Auditors	None	I	A	A
	ISA 530 Audit Sampling and other Selective Testing Procedures	Section 5300 Audit Evidence (5300.11-.14)	AU 350 Audit Sampling	NBC T 11.2.9 Statistical Sampling	I	A	A * *
	ISA 560 Subsequent Events	Section 5405 Date of the auditor's report and 6550 – subsequent events	AU 390 Consideration of Omitted Procedures After the Report Date AU 530 Dating of the independent Auditor's Report	NBC T 11.2.13 Subsequent Transactions and Events NBC T 11– IT– 04 Subsequent Transactions and Events	I	A	N/A
	ISA 580 - Management Representations	None	AU 333 Management Representations	NBC T 11. 2.14 – Management Representation Letter NBC T 11. IT.01 – Management Representation Letter	N/I *** *	A	A
Using work of others	ISA 600 – Using the work of Another Auditor	6930 Reliance on another auditor	AU 543 Part of Audit Performed by Other Independent Auditors	NBC T 11.2.1.3 (e)	I	A	A
	None	None	AU 315 Communications Between Predecessor and successor Auditors	None	I	A	A
	ISA 610 Considering the Work of Internal Auditing	5050 Using the work of internal audit	AU 322 The Auditor's consideration of the Internal Audit Function in an Audit of Financial Statements	NBC T 11.2.1.3 (e) NBC P 1.1.7 Using the Work of the Internal Auditor	I	A	A

					A M	P S	A A P S
ISA Subject Matter	**IFAC**	**CICA**	**AICPA**	**CFC**			
	ISA 620 Using the Work of an Expert	Section 5360 Using the work of a specialist PS 6430 Engaging and Using Specialists in Value-for-Money Audits in the Public Sector	AU 336 Using the Work of a Specialist	NBC T 11.2.1.3 (e) NBC P 1 Using the Work of a Specialist	I	A	A
Auditing Conclusions and Reporting	ISA 700 The auditor's report on financial statements	Section 5400 The auditor's standard report (some issues are in 5405), 5510 Reservations in the auditor's report, and 5701 Other reporting matters	AU 508 Reports on Audited Financial Statements	NBC T 11.3 Standards to Independent Auditors Report, NBC T 11-IT-5 Independent Auditors Report on Financial Statements	I	A	A
International Auditing Practice Statements – IAPS	IAPS 1001, 1002 and 1003 CIS Environments – Stand-Alone Microcomputers, On-Line computer systems, and Database Systems	EDP –2 and EDP-6 EDP Auditing Guidelines	None	None	I	A	A
Continuous Auditing	None	None	Auditing Standard Board ASB- Initiative A1	None	I	A	A
Public Sector	None	PS 5000 Introduction to assurance recommendations that apply only to the public sector, PS 5200 Audit of financial statements of federal, provincial and territorial governments, and PS 5400 Value-for Money Auditing in the Public Sector	None	None	I	A	A

*applicable to denouncements of fraud and collusion.

** Applicable to an AAPS using CAATS   ***The main laws and regulations should be stored in the AAPS to use as criteria to audit compliance with law and regulations

****Can be treated as a Documentation Auditing Standard item

Appendix I - C

Best Aspects from IFAC, CICA, AICPA and CFC Auditing Standards Applicable to Audit Methodology Organized by Audit Steps

Best Aspects from IFAC, CICA, AICPA and CFC Auditing Standards Applicable to Audit Methodology					
Audit Steps	**Best Aspects**	**IFAC**	**CICA**	**AICPA**	**CFC**
Survey	Knowledge of the Entity	ISA 310	Section 5140 PS 6420	None	NBC T 11.2.1.2
	Consideration of Laws and Regulations	ISA 250	Section 5136	AU 317 AT 601	None specific (See NBC T 11.2.1.2)
	Using the Work of a Predecessor Auditor	ISA 600	Section 6930	AU 543	NBC T 11.2.1.3 (e)
	Documentation	ISA 230	Section 5145	AU 339	NBC T 11.1.3 and 11.2.7 NBC T 11– IT– 02
	Quality Control	ISA 220	Section 5150	AU 161	NBC T 11.2.4 NBC T 11– IT– 06
Planning	Knowledge of the Entity	ISA 310	Section 5140 PS 6420	None	NBC T 11.2.1.2
	Consideration of Laws and Regulations	ISA 250	Section 5136	AU 317	None specific (See NBC T 11.2.1.2)
	Continuous Auditing *	None	None	ASB Initiative	None
	Using the Work of a Predecessor Auditor	ISA 600	Section 6930	AU 543	NBC T 11.2.1.3 (e)
	Using the Work of Internal Audit	ISA 610	Section 5050	AU 322	NBC T 11..2.1.3 (e), NBC P .1.1.7
	Using the Work of an Expert	ISA 620	Section 5360	AU 336	NBC T 11..2.1.3 (e), NBC P 1.1.8
	Consideration of the Computer Information System Environment	ISA 401	EDP –1	None	NBC T 11.2
	Risk Assessment	ISA 400	Section 5130	AU 312	NBC T 11.2.3 NBC T 11.2.5
	Internal Control Evaluation	ISA 400	Section 5130	AU 312	NBC T 11.2.3 NBC T 11.2.5
	Audit Materiality	ISA 320	Section 5130	AU 312	NBC T 11.2.2
	Audit Sampling	ISA 530	Section 5300	AU 350	NBC T 11.2.9
	Fraud and Error	ISA 240	Section 5135	AU 316 and 317	NBC T 11.1.4 NBC T 11– IT– 03

Best Aspects from IFAC, CICA, AICPA and CFC Auditing Standards Applicable to Audit Methodology					
Audit Steps	Best Aspects	IFAC	CICA	AICPA	CFC
	Terms of the Engagement	ISA 210	None specific (See	AU 310	None
	Documentation	ISA 230	Section 5145	AU 339	NBC T 11.1.3 and 11.2.7 NBC T 11– IT– 02
	Quality Control	ISA 220	Section 5150	AU 161	NBC T 11.2.4 NBC T 11– IT– 06
Execution	Continuous Auditing *	None	None	ASB Initiative	None
	Using the Work of an Expert	ISA 620	Section 5360	AU 336	NBC P – 1
	Using the Work of Internal Audit	ISA 610	Section 5050	AU 322	NBC P – 1
	Consideration of the Computer Information System Environment	ISA 401	EDP –1	None	NBC T 11.2
	Audit Sampling	ISA 530	Section 5300	AU 350	NBC T 11.2.9
	Fraud and Error	ISA 240	Section 5135	AU 316 and 317	NBC T 11.1.4 NBC T 11– IT– 03
	Evidence	ISA 500, 505	Section 5300	AU 326	NBC T 11.1.2
	Documentation	ISA 230	Section 5145	AU 339	NBC T 11.1.3 and 11.2.7 NBC T 11– IT– 02
	Quality Control	ISA 220	Section 5150	AU 161	NBC T 11.2.4 NBC T 11– IT– 06
Reporting	Standards	ISA 700	Section 5400	AU 508	NBC T 11.3 NBC T 11- IT – 05
	Documentation	ISA 230	Section 5145	AU 339	NBC T 11.1.3 and 11.2.7
	Quality Control	ISA 220	Section 5150	AU 161	NBC T 11.2.4 NBC T 11– IT– 06
Follow-up	Evidence	ISA 500,505	Section 5300	AU 326	NBC T 11.1.2
	Documentation	ISA 230	Section 5145	AU 339	NBC T 11.1.3 and 11.2.7 NBC T 11– IT– 02
	Quality Control	ISA 220	Section 5150	AU 161	NBC T 11.2.4 NBC T 11– IT– 06

* Continuous Auditing is an initiative from the Auditing Standard Board – ASB/AICPA. For more details, see Appendix I - F, Continuous Auditing.

Appendix I - D

Similarities Among IFAC, CICA, AICPA and CFC Auditing Standards

Similarities among auditing standards were considered when all institutions with auditing standards were dealing with a matter in the same (general or specific) way.

The similarities among IFAC, CICA, AICPA and CFC auditing standards are related to the following:

- responsibilities (quality control, documentation, fraud and error)
- planning (including materiality)
- internal control (including risk and materiality)
- audit evidence (including sampling)
- using the work of others (expert)
- audit conclusions and reporting (standards)

Similarities among IFAC, CICA, AICPA and CFC Auditing Standards organized by International Standard on Auditing subject matter.

Similarities Among IFAC, CICA, AICPA and CFC Auditing Standards				
ISA Subject Matter	**IFAC**	**CICA**	**AICPA**	**CFC**
Responsibilities	ISA 200 Objective and general principles governing an audit of financial statements	Section 5090 Audit of financial statements – an introduction	AU 100 Statements on Audit Standards (110 – Responsibilities and Functions, and Functions of the Independent Auditor) AU 200 The General Standards (AU 210–Training and Proficiency of the Independent Auditor AU 220 Independence AU 230 Due Professional Care in the Performance Work)	NBC T 11.1.1 Concepts and Objectives of the Independent Audit, and NBC P 1 Professional Standards to Independent Auditors
	ISA 220 Quality Control for Audit Work	Section 5150 Planning and supervision	AU 161 The Relationship of GAAS to Quality Control Standards	NBC T 11.2.4 Supervision and Quality Control NBC T 11 – IT – 06 Supervision and Quality Control
	ISA 230 Documentation	Section 5145 Documentation	AU 339 Working Papers	NBC T 11.1.3 Working Papers, and 11.2.7 Audit Documentation NBC T 11– IT– 02 Working Papers and Documentation
	ISA 240 Fraud and Error	Section 5135 Auditor's responsibility to detect and communicate misstatements	AU 316 Consideration of Fraud in a Financial Statement Audit AU 317 Illegal acts by	NBC T 11.1.4 Fraud and Error, NBC T 11– IT– 03 Fraud and Error

Similarities Among IFAC, CICA, AICPA and CFC Auditing Standards				
ISA Subject Matter	**IFAC**	**CICA**	**AICPA**	**CFC**
			Clients	
	ISA 250 Consideration of Laws and Regulations in an Audit of Financial Statements	Section 5136 Misstatements – illegal acts	AU 317 Illegal Acts by Clients AT 601 Compliance Attestation	None specific (See NBC T 11.2.1.2)
Planning	ISA 300 Planning	Section 5145 Documentation (Supervision is at ISA 220) 5150 – Planning and supervision	AU 311 Planning and Supervision 150 Generally Accepted Auditing Standards (150.02)	NBC T 11.2.1 Audit Planning
	ISA 310 Knowledge of the Business	Section 5140 PS 6420	None	NBC T 11.2.1.2 (Planning)
	ISA 320 Audit Materiality	Section 5130 Materiality and audit risk in conducting an audit and AuG - 7 Applying materiality and audit risk concepts in conducting an audit (risk assessment is at ISA 400)	AU 312 Audit Risk and Materiality in Conducting an Audit	NBC T 11.2.2 Relevance
Internal Control	ISA 400 Risk Assessments and Internal Control	Section 5130 Materiality and audit risk in conducting an audit, 5200/5220 Internal control in the context of an audit, and AuG -7 Applying materiality and audit risk concepts in conducting an audit	AU 312 Audit Risk and Materiality in conducting an Audit AU 319 Consideration of Internal control in a Financial Statement Audit	NBC T 11.2.3 Audit Risk (only audit risk, no inherent or control risks) NBC T 11.2.5 - Study and Evaluation of the Account System and Internal Controls
Audit Evidence	ISA 500/501 Audit evidence	Section 5300 Audit evidence, 6030 Inventories, 6560 Communications with law firms regarding claims and possible claims, and Aug-26 Applying audit procedures to segment disclosures in financial statements	AU 326 Evidential Matter	NBC T 11.1.2 Audit Procedures, 11.2.6 Application of the Audit Procedures
	ISA 505 External Confirmation	Section 5303 Confirmation	AU 330 The Confirmation Process	None specific (See NBC T 11.2.6.7 (a))
	ISA 520 Analytical Procedures	Section 5301 Analysis	AU 329 Analytical Procedures	NBC T 11.2.6.2 (e) Analytical Revision, and 11.2.6.5 Application of the Audit Procedures (Analytical Revision)

Similarities Among IFAC, CICA, AICPA and CFC Auditing Standards				
ISA Subject Matter	IFAC	CICA	AICPA	CFC
	ISA 530 Audit Sampling and other Selective Testing Procedures	Section 5300 Audit Evidence (5300.11-.14)	AU 350 Audit Sampling	NBC T 11.2.9 Statistical Sampling
	ISA 540 Audit of Accounting Estimates	Section 5305 Audit of accounting estimates	AU 342 Auditing Accounting Estimates	NBC T 11.2.11 Accounting Estimates
	ISA 550 Related Parties	Section 6010 Audit of related party transactions	AU 334 Related Parties	NBC T 11.2.12 Related Parties Transactions
	ISA 560 Subsequent Events	Section 5405 Date of the auditor's report and 6550 – subsequent events	AU 390 Consideration of Omitted Procedures After the Report Date AU 530 Dating of the independent Auditor's Report	NBC T 11.2.13 Subsequent Transactions and Events NBC T 11– IT– 04 Subsequent Transactions and Events
	ISA 570 Going Concern	Section 5510 Reservations in the auditor's report (5510.51-.53)	AU 341 The Auditor's consideration of an Entity's Ability to continue as a Going Concern	NBC T 11.1.1.4, and 11.2.8 Normal Continuity of the Business
Using the Work of Others	ISA 600 Using the Work of Another Auditor	Section 6930 Reliance on Another Auditor	AU 543 Part of Audit Performed by Other Independent Auditor	NBC T 11.2.1.3 (e)
	ISA 610 Considering the Work of Internal Auditing	Section 5050 Using the Work of Internal Audit	AU 322 The Auditor's Consideration of Internal Audit Function in an Audit of Financial Statements	NBC T 11..2.1.3 (e), NBC P 1.1.7 Using the Work of an Internal Auditor
	ISA 620 Using the Work of an Expert	Section 5360 Using the work of a specialist PS 6430 Engaging and Using Specialists in Value-for-Money Audits in the Public Sector	AU 336 Using the Work of a Specialist	NBC T 11.2.1.3 (e), NBC P 1.1.8 Using the Work of a Specialist
Audit Conclusions and Reporting	ISA 700 The auditor's report on financial statements	Section 5400 The auditor's standard report (some issues are in 5405), 5510 Reservations in the auditor's report, and 5701 Other reporting matters	AU 508 Reports on Audited Financial Statements	NBC T 11.3 Standards to Independent Auditors Report, NBC T 11-IT- 05 Independent Auditors Report on Financial Statements
	ISA 720 Other Information in documents Containing Audited Financial Statements	Section 7500 The auditor's involvement with annual reports	AU 550 Other information in Documents Containing Audited Financial Statements	NBC T 11.3.8 Relevant Information in Financial Statements

Similarities Among IFAC, CICA, AICPA and CFC Auditing Standards				
ISA Subject Matter	IFAC	CICA	AICPA	CFC
	ISA 730 Communication of audit matters with those charged with governance	Section 5750 Communication of matters identified during the financial statement audit and Aug-11 Communications with audit committees (or equivalents)	AU 380 Communication with audit committees	NBC T 11.1.4.3 Fraud and Error

Appendix I - E

Differences Among IFAC, CICA, AICPA Auditing Standards and CFC Auditing Standards

Differences among auditing standards were considered when comparing the existence of standards for IFAC, CICA, and AICPA against CFC.

The differences among IFAC, CICA and AICPA auditing standards and CFC auditing standards are related to the terms of audit engagements, use of a service organization, using the work of another auditor, contingencies and uncertainty.

Contingencies and uncertainty are treated as accounting standards in the CICA Handbook (Accounting Handbook, Accounting Recommendations, Specific Items, Section 3290 Contingencies, and General Accounting, Section 1508 Measurement Uncertainty).

The auditing standards related to consideration of law and regulations (ISA 250, Section 5136 and AU 317) and external confirmations (ISA 505, Section 5303 and AU 330) are treated generally and superficially in the CFC auditing standards, in the NBC T 11, paragraphs 2.1.2 and 2.6.7 (a), respectively, and were considered similarities.

Differences among IFAC, CICA, and AICPA Auditing Standards and CFC Auditing Standards organized by International Standard on Auditing subject matter

Differences Among IFAC, CICA, and AICPA Auditing Standards and CFC Auditing Standards				
ISA Subject Matter	**IFAC**	**CICA**	**AICPA**	**CFC**
Responsibilities	ISA 210 Terms of Audit Engagements	See Paragraphs 5020.05, 5135.17,5136.10, 5145.04, 05, and 06, and AuG 11	AU 310 Appointment of the Independent Auditor	None
Internal Control	ISA 402 Audit considerations relating to entities using service organizations	Section 5310 Audit evidence considerations when an enterprise uses a service organization and Section 5900 Opinions on control procedures at a service organization	AU 324 Service Organizations	None
None	None	None	None	NBC T 11.2.15 Contingencies
None	None	None	None	NBC T 11.3.7 Uncertainty

Appendix I - F

Definitions of the Standards

ISA 100 Preface to the International Standards on Auditing (ISAs) presents the:

a.   objectives and operating procedures of the International Auditing Practices Committee (IAPC) of the International Federation of Accountants (IFAC),and

b.   scope and authority of documents issued by IAPC.

ISA 120 Framework of the ISAs describes the framework within the ISAs are issued (Auditing and Related Services X Nature of Service, Comparative level of assurance provide by the auditor and Report provided).

ISA 200 Objective and General Principles Governing an Audit of Financial Statements establishes standards and provides guidance on general principles for an audit of financial statements.

ISA 210 Terms of Audit Engagements requires an agreement between the client and the auditor on the terms of the engagement. The agreement should contain the object and scope of the audit and be recorded in an engagement letter or other suitable forms of contract. AU 310 Appointment of the Independent Auditor does not require such a letter or contract.

ISA 220 Quality Control for Audit Work establishes (a) quality control policies and procedures at the audit firm level, and (b) policies for delegating work to assistants on individual audit engagements.

ISA 230 Documentation establishes that documentation is the material (working papers) prepared by and for, or obtained and retained by, the auditor in connection with the performance of the audit, and serves the following purposes:

-       assisting in the planning and performance of the audit (including the understanding of the entity`s internal control systems and the assessment of control risk) ;

-       assisting in the supervision and review of the audit work; and

-       recording the audit evidence resulting from the audit work performed to support the auditor's opinion.

ISA 240 Fraud and Error

Management is responsible for the prevention and detection of fraud and error through the implementation and continued operation of adequate accounting and internal control systems.

ISA 240 makes the auditor responsible for the following:

-       assessing the risk of fraud and error;

- designing audit procedures to obtain reasonable assurance of detecting material misstatements arising from fraud or error in light of that risk assessment; and

- exercising professional skepticism throughout the audit.

This is important to Brazil because of the high level of risk of frauds. See: Section 5000 14 –9 for situations where the duty of confidentiality may be overridden. In our case, TCU could send the information in advance to the media or to a Congressman or a Committee (e.g. TRT Sao Paulo).

ISA 250 Consideration of Laws and Regulations in an Audit of Financial Statements states that when planning and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that non-compliance by the entity with laws and regulations may materially affect the financial statements. AU 317 Illegal Acts by Clients distinguishes between laws and regulations that have a direct versus an indirect effect on the financial statements.

ISA 250 does not apply to a separate engagement to test and report on compliance with specific laws or regulations.

Because laws and regulations vary considerably in their relation to the financial statements and also vary from country to country, ISA 250 makes the auditor's consideration of laws and regulations in an audit dependent on the nature of the effect of non-compliance on the entity's operations and financial statements.

In the Brazilian public sector, the auditor is required to report instances of non-compliance to governing authorities

ISA 300 Planning requires the auditor to develop and document both an overall audit plan and an audit program describing the expected scope and conduct of the audit.

AU 311 Planning and Supervision states that the auditor may wish to prepare a memorandum setting forth the preliminary audit plan, particularly for large and complex entities; however, the auditor is not required to do so.

ISA 310 Knowledge of the business has four purposes, as follows:

- to establish standards and provide guidance on what is meant by a knowledge of the business;

- to explain why a knowledge of the business is important to the auditor and to members of the audit team;

- to explain why a knowledge of the business is relevant to all phases of an audit; and

- to explain how the auditor obtains and uses a knowledge of the business.

Some of the Knowledge of the Business should be in permanent audit files and other knowledge in the current audit files; both files should be considered in the AAPS

ISA 320 Audit Materiality

The auditor establishes an acceptable materiality level in designing the audit plan so as to detect quantitative material misstatements. The assessment of what is material is a matter of professional judgement.

The assessment of materiality may be different at the time of initially planning the engagement than at the time of evaluating the results of audit procedures because of changes in circumstances or knowledge obtained as a result of performing the audit.

Materiality. Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut.

ISA 400 Risk Assessments and Internal Control requires that the auditor obtain an understanding of the accounting and internal control systems, make an assessment of control risk, and document the understanding and the assessment.

Management objectives to be achieved by internal control systems of public sector entities may be influenced by concerns regarding public accountability and may include objectives that have their source in legislation, regulations, government ordinances, and ministerial directives. The source and nature of these objectives need to be considered by the auditor in assessing whether the internal control procedures are effective for purposes of the audit.

Public sector auditors often have additional responsibilities for review of internal control policies and procedures. Reviews of internal control policies and procedures by public sector auditors may be broader and more detailed than in an audit of financial statements in the private sector. Public sector auditors may also have additional reporting requirements for communication of weaknesses in internal control, for example, weaknesses may have to be reported to the legislature or other governing body.

5130 Materiality and Audit Risk CICA

Audit Risk

09 Audit risk is the risk that the auditor will fail to express a reservation in his or her opinion on financial statements that are materially misstated.

10 The three components of audit risk are:

(a)   Inherent risk – the risk of a material misstatement occurring in the first place;

(b)   Control risk – the risk that the entity's internal control will not prevent or detect a material misstatement ; and

(c)   Detection risk – the risk that any material misstatement that has not been corrected by the entity's internal control will not be detected by the auditor.

ISA 401 Auditing in a Computer Information Systems Environment provides guidance on procedures to be followed when an audit is conducted in a computer information systems (CIS) environment. A CIS environment does not change the objectives of an audit, but may affect the procedures followed by the auditor in obtaining a sufficient understanding of the accounting and internal control systems, consideration of inherent and control risk, and the design and performance of tests of control and substantive procedures.

ISA 402 Audit Considerations Relating to Entities Using Service Organizations applies when the entity (client) whose financial statements are being audited uses a service organization, such as a computer systems service entity, that (1) executes transactions and maintains related accountability, or (2) records transactions and processes data for another organization – the user or client organization.

ISA 500 Audit Evidence establishes standards and provides guidance on (a) the quantity (sufficiency) and quality (appropriateness) of evidence from tests of control and substantive tests, and (b) describes the procedures used to generate evidence.

ISA 510 Initial Engagements – Opening Balances establishes standards and provides guidance on opening balances when (a) the financial statements are audited for the first time, and (b) when the financial statements of the prior period are audited by another auditor. ISA 510 states that when the prior period's financial statements were audited by another auditor, the current auditor may be able to obtain sufficient appropriate audit evidence regarding opening balances by reviewing the predecessor auditor's working papers. AU 315 Communications Between Predecessor and Successor Auditors states that the successor auditor may wish to make inquiries about the professional reputation and standing of the predecessor auditor; however, this guidance is not specifically directed to the circumstances described in ISA 510.

ISA 520 Analytical procedures

Analytical Procedures are the analyses of significant ratios and trends, including the investigation of fluctuations and relationships that are inconsistent with other relevant information or that deviate from predicted amounts. Analytical procedures include the comparisons of an entity's financial information with, for example:

- comparable prior period information;

- anticipated results, such as an entity's budgets or forecasts or auditor-developed expectations; and

- similar industry information, such as a comparison of an entity's ratio of sales to accounts receivable with the industry average or with other comparable entities.

ISA 520 requires the performance of analytical procedures at the planning and at the overall final review stages of an audit. Analytical procedures are also used as substantive tests. In fact, most of the guidance in ISA 520 relates to the use of the analytical procedures for substantive testing. The underlying premise for using analytical procedures is the expectation that relationships among data exist and continue in the absence of known conditions to the contrary; therefore, the presence of such relationships provides audit evidence.

5300 Audit Evidence, paragraph 5300.30 states: Analyses consists of:

(a)   identifying the components of a financial statement item so that particular characteristics of these components can be considered in designing the nature, extent and timing of other audit procedures, and

(b)   performing analytical procedures, which are techniques by which the auditor:

      (i)   studies and uses meaningful relationships among elements of financial and non-financial information to form expectations about what the recorded amounts should be;

      (ii)   compares such expectations with the recorded amounts; and

      (iii)   uses the results of the comparisons to help determine what, if any, other audit procedures are needed to obtain reasonable assurance that the recorded amounts are not materially misstated.

ISA 520 states that the extent of reliance that the auditor places on the results of analytical procedures depends on the materiality. AU 329 Analytical Procedures, in contrast, states that the auditor's reliance on substantive tests to achieve an audit objective related to a particular assertion may be derived form tests of details, from analytical procedures, or from a combination of both. The decision about which procedure or procedures to use to achieve a particular audit objective is based on the auditor's judgement on the expected effectiveness and efficiency of the available procedures. The expected effectiveness and efficiency of an analytical procedures in identifying potential misstatements depend on, among other things, the precision of the expectation.

ISA 530 Audit Sampling and Other Selective Testing Procedures establishes standards and provides guidance on audit sampling and two other approaches to selecting items for testing – selecting all items (100% examination) and selecting specific items.

ISA 540 Audit of Accounting Estimates establishes standards and provides guidance on the audit of accounting estimates in financial statements.

Accounting Estimate – is an approximation of an amount in a financial statement made because of the absence of a precise measurement. Approximations are necessary in financial statements because the measurement of an amount may be uncertain until the outcome of further events becomes known (for example, obsolete inventory and warranty claims) cost-effective basis (for example, allocating passenger ticket revenues to various airlines other than the ticket issued).

ISA 550 Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. ISA 550 requires the auditor to assess the risk of significant related parties undetected and to design and perform audit procedures accordingly.

ISA 560 Subsequent Events provides guidance on subsequent events in the three following categories:

a.   events occurring up to the date of the auditor's report;

b.   facts discovered after the date of the auditor's report, but before the financial statements are issued; and

c.   facts discovered after the financial statements have been issued.

ISA 570 Going Concern

The preparation of financial statements involves an underlying assumption about an entity's ability to continue as a going concern for the foreseeable future. ISA 570 states that when planning and performing audit procedures and in evaluating the results thereof, the auditor should consider the appropriateness of the going concern assumption underlying the preparation of the financial statements. AU 341 The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern states that the auditor should evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, Thus, ISA 570 requires consideration of the going concern assumption throughout the engagement whereas AU 341 requires the auditor to consider information obtained during the course of the engagement that significantly contradicts the concern assumption.

ISA 570 contains a Public Sector Perspective note stating that even where the going concern of a public sector entity is not in question, auditors are generally expected to provide an assessment of the general financial standing of the entity under audit in terms of its ability to meet its commitments and likely future demands. There is no counterpart in the U.S. auditing standards.

The going concern assumption is an assumption that an entity will continue in operation for the foreseeable future, and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations. As a result, assets are valued on the basis of continued use such as historical cost or replacement cost rather than net realizable value or liquidation value.

The foreseeable future is generally a period not to exceed one year from the balance sheet (or period end) date.

ISA 580 Management Representations

Management representations are responses made by management in the financial statements to inquiries from the auditor and assertions, either explicit or implicit.

The purpose of ISA 580 is to:

a.   establish standards and procedures on the use of management representations as audit evidence;

b.   discuss the procedures to be applied to evaluate and to document management representations; and

c.   identify actions to be taken if management refuses to provide appropriate representations.

ISA 600 Using the Work of Another Auditor states that the principal auditor would obtain written representations regarding the other auditor's compliance with the independence requirements and the accounting, auditing, and reporting requirements. AU 543 Part of Audit Performed by Other Independent Auditors states that the principal auditor should obtain a representation from the other auditor that he or she is independent. The other information required in the ISA 600 should be obtained by communication. ISA 600 states that the principal auditor would document in the audit working papers the components whose financial information was audited by other auditors, their significance to the financial statements of the entity as a whole, the names of the other auditors, and any conclusion reached that individual components are immaterial. The principal auditor would also document the procedures performed and the conclusion reached. AU 543 does not set forth specific documentation requirements for using the work of another auditor.

Information is used mainly from one SECEX in the State, the Internal Control (ISA 610), a TCE, or from our previous audit (AU 315), mainly, but there are cases were we can analyze private audit.

ISA 610 Considering the Work of Internal Auditing requires the external auditor to understand the entity's internal audit function and consider its relevance to the audit. If internal audit's work is relevant to the financial statements audit, the external auditor may decide to use certain work performed by the internal auditor to improve the efficiency of the audit. Before using that work, the external auditor must assess the internal audit function and test the work performed by the internal auditor. ISA 510 stresses that, even when using the work of an internal auditor to modify the nature, timing or extent of external audit procedures, the external auditor retains the sole responsibility for the audit opinion on the financial statements. ISA 610 does not apply to instances when the internal auditor assists the external auditor in carrying out external audit procedures. In that situation, the guidance pertaining to supervision in ISA 220 Quality Control for Audit Work applies.

ISA 610 states that when the external auditor intends to use specific work of internal auditing, the external auditor should evaluate and test that work. In contrast, AU 322 The Auditor's consideration of the Internal Audit Function in an Audit of Financial Statements states that the auditor should test some of the internal auditors' work related to the significant financial statement assertions. These tests may be accomplished by either (a) examining some of the controls, transactions, or balances that the internal auditors examined, or (b) examining similar controls, transactions, or balances not actually examined by the internal auditors.

ISA 620 Using the Work of an Expert

The auditor is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation, such as actuary, engineer, or lawyer. ISA 620 provides guidance on the procedures to be performed when the work of an expert is used but does not mandate use of the work of an expert in any particular circumstances. That determination is a professional judgement to be made by the auditor.

ISA 620 prohibits reference to the work of an expert in an unmodified auditor's report because such reference might be misunderstood to be a qualification of the auditor's opinion or a division of responsibility.

ISA 620 states that when the auditor uses the work of an expert employed by the auditor, that work is used in the employee's capacity as an expert rather than as an assistant on the audit as contemplated in ISA 220 Quality Control for Audit Work. Accordingly, in such circumstances the auditor will need to apply relevant procedures (ISA 620.11-15) to the employee's work and findings but will not ordinarily need to assess the employee's skills and competence for each engagement. In contrast, AU 336 Using the Work of a Specialist does not apply to situations in which a specialist employed by the auditor's firm participates in the audit. In that situation, AU 311 Planning and Supervision applies.

And expert is considered a person or firm possessing special skill, knowledge, and experience in a particular field other than accounting and auditing.

ISA 700 The Auditor's Report on Financial Statements establishes standards and provides guidance on the basic elements of the auditor's report.

Continuous Auditing

Horizons for the Auditing Standards Board

Strategic Initiatives Toward the Twenty-First Century

Auditing Standards Board of the American Institute of Certified Public Accountants – AICPA

December 1997

Initiative A: Improve the core audit service to serve the public, the preparers, and the profession.

A1: Define and develop guidance on Continuous Auditing or Continuous Assurance.

The Elliot Committee report discusses the evolution of a new audit paradigm characterized by "a set of real time financial information accompanied by continuous assurance (to clients an possibility to the public)" that will supplant the old audit paradigm characterized by "a set of yearly financial statements accompanied by an annual audit report." Report of the Special Committee on Assurance Services, section titled "Future of the Financial Statement Audit", Special Committee on Assurance Services, AICPA, 1997. Information technology is making the continuous performance of audit procedures more practical and cost effective than in the past. Performance of continuous audit procedures will permit auditors to obtain evidence to support more timely and eventually continuous assurance on information. The performance of more continuous audit procedures also is related to the trend toward testing effectiveness of processes rather than testing the results. The issues need to be identified an explored and guidance developed. Areas of the existing literature that might be affected include the audit risk model, timing of procedures, internal control, and evidential matter.

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Horizons for the Auditing Standards Board – Strategic Initiatives Toward the

Twenty-First Century

Auditing Standards Board of the American Institute of Certified Public Accountants – AICPA

Conselho Federal de Contabilidade - CFC Resolutions
Resolution CFC N. 700/91 (NBC T 11 – Auditing Standards to Financial Statements)

(NBC T 11 – IT – 01 - Management Representations),
(NBC T 11 – IT – 02 - Documentation),
(NBC T 11 – IT – 03 - Fraud and Error),
(NBC T 11 – IT – 04 - Subsequent Events),
(NBC T 11 – IT – 05 - Report) and
(NBC T 11 – IT – 06 - Supervision and Quality Control)

   Resolution CFC N. 780/95 (NBC T 12 – Internal Audit)
Resolution CFC N. 701/91 (NBC P I - Professional Standards to Auditor)

The Development of International Auditing Standards
   Robert Roussey, Randall K. Hanson, and James K. Smith. The CPA Journal Vol. LXIX/No. 10, October 1999

Are International Auditing Standards Ready to Replace U.S. GAAS?

   James L. Craig, Jr, The CPA Journal Vol. LXX/ No. 6, June 200

Appendix II

INTOSAI, OAG, GAO and TCU Auditing Standards and Methodology

Assignment 2 from the Work and Training Plan:

> To study in general the auditing standards from the International Organization of Supreme Audit Institutions (INTOSAI), VFM Audit Manual, Annual Attest Audit Manual, Special Examination Audit Manual, Audit Templates and Guidelines from the Office of the Auditor General of Canada (OAG), and the General Accepted Government Auditing Standards (GAGAS) (Yellow Book) from the United States General Accounting Office (GAO) to identify the most important aspects of audit methodology and compare them with the Audit Manual, Performance Audit Manual, Information Technology Audit Manual, and Audit Templates and Guidelines from TCU.
>
> Result: report/chart summarizing the similarities, differences, and best aspects of audit methodology to be implemented or reinforced in TCU audit methodology.

1.   Introduction

1.1   Audit methodology

Audit methodology defines how an audit should be performed and is based on auditing standards established in written guidance as audit manuals and audit guidelines.

The Office of the Auditor General of Canada (OAG) defines methodology as how the Office codifies the standards and practices that are to be followed by auditors in carrying out their work. It is an inherent aspect of what we do, why we do it, and how we do it. It gives rigour and discipline to our work as well as provides the structure within which audit teams exercise professional judgement. The role of methodology is to serve the needs of our auditors.

In 1997, the OAG Methodology Development Committee approved a new methodology plan that aims to move the OAG away from a comprehensive manual that tries to serve all purposes, and relies more on a cascading approach that will involve

-          a manual for each of our product lines (annual audits, special examinations, VFM audits and studies, and environment & sustainable development) supported by more detailed and fluid methodology made available on electronic databases; and

-          functional guidance for the many areas that we get involved in, for example: capital projects, people management, and auditing techniques such as sampling.

1.2   Audit manuals studied

To select the best aspects of audit methodology, the main audit manuals from INTOSAI, OAG, GAO and TCU were assessed in this study, as follows:

INTOSAI
         Auditing Standards
         Code of Ethics

OAG
         Annual Audit Manual (AAM)
         Value for Money Manual Audit Manual (VFMM)
         Special Examinations Audit Manual (SEM)

GAO
         General Auditing Standards (GAS) (Yellow Book)

TCU
         Audit Manual (AM)
         Performance Audit Manual (PAM)
         Information Technology Audit Manual (ITAM)

The audit guidelines and templates from OAG and TCU were identified and are listed in Appendix II - F, but they were not studied or compared in relation to similarities, differences, and best aspects in audit methodology.

The TCU internal regulations as Decisoes and Portarias that deal with audit matters were not considered in this study either.

2. Best Aspects of Audit Methodology applicable to TCU Audit Methodology

The best aspects of audit methodology selected in this assignment to be implemented (i) or reinforced (r) in TCU's audit methodology are related to the following:

1. Materiality and Significance (r)
2. Sampling (r)
3. Risk Assessment (r)
4. Study and Evaluation of Internal Control (r)
5. Audit Focus on Results (i)
6. Familiarization of the Entity with the Audit (Compliance Audit) (i)
7. Use of an External or Internal Expert (r)
8. Use of the Work of Another Auditor (r)
9. Audit Evidence (r)
10. Quantification (Performance Audit) (r)
11. Documentation (r)
12. Follow-up (r)
13. Due Care (comply with auditing standards) (i)
14. Training and Development in Auditing (r)
15. Quality Assurance Review (i)

3. Criteria to Select the Best and Complementary Aspects of Audit Methodology Applicable to TCU Audit Methodology

3.1 Criteria to select the best aspects of audit methodology applicable to TCU audit methodology

In selecting the best aspects of audit methodology to be implemented (i) or reinforced (r) in TCU audit methodology was considered whether the aspect

a) was selected as one of the best aspects in audit methodology in Assignment 1;

b) is established as an INTOSAI auditing standard or related matter;

c) is established as an OAG or GAO auditing standard or related matter;

d) is not established in TCU's audit manuals;

e) is established in TCU's audit manuals with not enough detail, is seldom used, or is used but the quality can be improved;

f) is essential to an updated audit methodology;

g) causes immediate positive results in audit quality;

The result of the analyses of the criteria stated in item (e) is a matter of sole discretion and professional judgement of the Fellow.

Regarding the assessment criteria noted above, the best aspects of audit methodology selected in this assignment to be implemented (i) or reinforced (r) in TCU audit methodology are related to the following:

Most Important Aspects to Audit Methodology	Criteria
1. Materiality and Significance (RM) (r)	a, b, c, e, f, g
2. Sampling (RM) (r)	a, b, c, e, f, g
3. Risk Assessment (RM) (r)	a, b, c, e, f, g
4. Audit Focus on Results (OAG RM) (i)	c, d, f, g
5. Study and Evaluation of Internal Control (AS) (r)	a, b, c, e, f, g
6. Familiarization the Entity with the Audit (Compliance Audit) (RM) (i)	a, b, c, d, f, g
7. Use of an External and Internal Expert (RM) (r)	a, b, c, e, f, g
8. Use of the Work of Another Auditor (RM) (r)	a, b, c, e, f
9. Audit Evidence (r)	a, b, c, e, f, g
10. Quantification (Performance Audit) (OAG RM) (r)	c, e, f, g
11. Documentation (RM) (r)	a, b, c, e, f, g
12. Follow-up (RM) (r)	b, c, e, f
13. Due Care (comply with auditing standards) (RM) (i)	b, c, d, f, g
14. Training and Development in Auditing (AS) (r)	b, c, e, f
15. Quality Assurance Review (AS) (i)	a, b, c, d, f, g

All the auditing standards and related matters with their correspondent level of importance to audit methodology and quality are listed in Appendix II – B, Auditing Standards in a Scored Overall Chart.

3.2 Criteria to select complementary aspects of audit methodology applicable to TCU audit methodology

Complementary aspects of audit methodology were also identified to be implemented or reinforced in TCU audit methodology. The same assessment criteria used to select the best aspects were used to select the complementary aspects.

The differences between the most important audit aspects and the complementary audit aspects are that the complementary aspects are not essential to an updated audit methodology and do not cause immediate positive results in the audit quality. The complementary aspects require a medium- or long-term use to create the positive results expected in the quality of the audit.

The complementary aspects in audit methodology selected to be implemented (i) or reinforced (r) in TCU audit methodology were the following:

1.   Code of Ethics (i)
2.   Conflict of Interest (AS) (i)
3.   Signing the Auditor's Report (delegation) (OAG RM) (i)
4.   Co-ordination of work with regional offices (OAG RM) (r)
5.   External Communications (OAG RM) (i)
6.   Study (OAG RM) (i)
7.   Client and Stakeholders Survey (OAG RM) (i)

8.   Benchmarking (OAG RM) (i)
9.   Recruitment (AS) (r)
10.   SAI Internal Audit (AS) (i)
11.   Independent Appraisal (RM) (i)

4.   Similarities between INTOSAI and TCU Auditing Standards

Similarity was considered when the manuals studied from INTOSAI, TCU, and at least one of the other SAIs had auditing standards or related matters dealing with the same subject in a similar level of detail.

The similarities between INTOSAI and TCU Auditing Standards and related matters are connected to the following INTOSAI Auditing Standards (AS) and related matters (RM):

1.   Written Guidance (AS)
2.   Use of Skills (AS)
3.   SAI Audit Plan Process (RM)
4.   Independence (Ethical Significance) (AS)
5.   Competence (Ethical Significance) (SAI) (AS)
6.   Confidentiality (RM)
7.   Planning (AS)
8.   Knowledge of the Entity (RM)
9.   Internal Audit Assessment (RM)
10.   Familiarization of the Entity with the Audit (Performance Audit) (RM)
11.   Criteria (RM)
12.   Supervision and Review (AS)
13.   Study and Evaluation of Internal Control (AS)
14.   Compliance with Applicable Laws and Regulations and Fraud and Errors (AS)
15.   Audit Evidence (AS)
16.   Audit Tests and Procedures (audit program) (RM)
17.   Sampling (RM)
18.   Consideration of Computer Information System Environment (RM)
19.   Documentation (RM)
20.   Analysis of Financial Statements (AS)
21.   Reporting (AS)

5.   Differences between INTOSAI and TCU Auditing Standards

Differences were separated in two categories: Complete Differences and Partial Differences.

Complete differences were considered when there was a specific INTOSAI auditing standard or related matter and no correspondent TCU auditing standard or related matter.

Partial differences were considered when there is a specific INTOSAI auditing standard or related matter and a correspondent TCU auditing standard or related matter dealing with the same subject, but not with the same or required level of detail.

The required level of detail is a matter of sole discretion and professional judgement of the Fellow.

The complete and partial differences between INTOSAI and TCU auditing standards (AS) and related matters (RM) are connected:

Complete Differences	Partial Differences
1. Recruitment (AS)	1. Code of Ethics
2. Quality Assurance Review (AS)	2. Training and Development (AS)
3. SAI Internal Audit (RM)	3. Use of an External and Internal Expert (RM)
4. Independent Appraisal (RM)	4. Conflict of Interest (AS)
5. Competence (Auditor) (AS)	5. Use of the Work of Another Auditor (RM)
6. Due Care (AS)	6. Materiality and Significance (RM)
7. Audit Focus on Results (OAG RM)*	7. Risk Assessment (RM)
	8. Familiarization of the Entity with the Audit (Compliance Audit) (RM)
	9. Follow-up (RM)
	10. Quantification (Performance Audit) (OAG RM)*

*Audit Focus on Control and Quantification are not INTOSAI Auditing Standards or related matters but were included in this part of the study because of their relevance to audit methodology.

6. Conclusion

The TCU audit manuals contain the majority of the best aspects in audit methodology. Nevertheless, TCU does not have a permanent and formal means to promote the best aspects to all auditors; nor does it have a system to ensure that they are being used as they should be.

One sample indicating that the TCU audit manuals contain the majority of the best aspects in audit methodology is that 11 of the 15 (70%) best aspects of audit methodology selected in this assignment aim to reinforce an existing aspect in TCU audit methodology rather implement a new aspect.

The main reason that supports the necessity of reinforcement is that, in spite of most of the best aspects of audit methodology being written in the manuals in a good or reasonable level of detail, they are not broadly or frequently used in TCU audit practice.

The conditions that directly contribute to the low use of the best audit aspects or standards in TCU are that the SAI does not have the following:

- audit software that could give consistency to audits;

- a training and development program in auditing, based on the best audit aspects or standards and in practice for a long time, that could promote spread the best aspects to the auditors (the Program of Professional Development in Auditing (PDPA) explained in the first assignment is aiming to solve this problem);

- a quality assurance review system, based on the due care to or compliance with the best auditing standards or best aspects of audit methodology, that could

guide and motivate the auditors to use the best aspects and give TCU the assurance that they are being used and that the quality of the audits are being maintained or continuously improved;

- benchmarking policy that would help to ensure that the audit methodology is continuously updated and improved.

The best aspects in audit methodology selected to be applied in TCU will improve the quality of TCU's audit methodology, through the following means:

- reinforcing the aspects with low level of detail;

- implementing the aspects not yet considered;

- promoting the aspects to the auditors;

- providing assurance that the aspects are being used as they should be; and

- providing assurance that the aspects are based on the best audit practices.

The reinforcement and implementation of the best aspects of audit methodology in TCU's audit methodology is the first goal, and it may require the use of external specialists.

The second goal is to promote the best aspects of audit methodology to the auditors. This goal will be reached by continuous training and development and should be implemented with project pilots to obtain the feedback and the best results.

The third goal is to create an audit software that could improve the consistency and quality of audit and support the audit methodology.

The fourth goal is to implement a quality assurance review system based on compliance with TCU's audit standards.

The fifth and last goal is to establish a benchmarking policy to continuously update and improve TCU's methodology.

The main risk to achieving the goals may be the resistance to change. Auditors who have been working based on their own auditing standards will have to work with due care to TCU's auditing standards. Activities will have to be planned to eliminate and minimize this risk. The final result will certainly be the improvement of audit quality as a whole in TCU.

Appendix II - A

Connection with the First Assignment

The objective of the first Assignment (item 4.1.1 from the Work Plan) was to identify the best aspects to audit methodology from the International Federation of Accountants (IFAC), Canadian Institute of Chartered Accountants (CICA), American Institute of Certified Public Accountants (AICPA) and Conselho Federal de Contabilidade (CFC) Auditing Standards.

1- Comparison between the best aspects of audit methodology (Assignment 1) and INTOSAI auditing standards (AS) and related matters (RM)

Except for continuous auditing, all the other best aspects of audit methodology identified in the first assignment have a correspondent INTOSAI auditing standard or related matter as follows:

Comparison between the best aspects of audit methodology (Assignment 1) and INTOSAI auditing standards (AS) and related matters (RM)

Best Aspects of Audit Methodology (Assignment 1)	INTOSAI Auditing Standards (AS) and Related Matters (RM)
1. Knowledge of the Entity	Audit Plan (RM) 2.1.21, 2.1.22, 2.1.23 Knowledge of the Entity (RM) 3.1.3 (a), 3.1.4 (a)
2. Risk Assessment	Risk Assessment (RM) 3.1.4
3. Internal Control Evaluation	Internal Control Assessment (RM) 3.1.3 (e)
4. Materiality	Materiality (RM) 3.1.3 (f), 3.1.4 (a)
5. Sampling	Sampling (RM) 3.5.2
6. Consideration of Laws and Regulations	Compliance with Applicable Laws and Regulations (AS) 3.4
7. Consideration of Fraud and Error	Irregularities and Fraud (RM) 4.0.17
8. Consideration of Computer Information System Environment	Consideration of Computer Information System Environment (RM) 3.5.2
9. Using the Work of a Predecessor Auditor	Use of the Work of Another Auditor (RM) 2.2.45
10. Using the Work of Internal Audit	Internal Audit Assessment (RM) 3.1.3 (g), (h); Study and Evaluation of Internal Control (AS) 3.1.3 (g), (h), 3.3.1
11. Using the work of an Expert	Use of the work of an Expert (RM) 2.1.18, 2.2.43, 2.2.44
12. Evidence	Auditing Evidence (AS) 3.5
13. Documentation	Documentation (RM) 3.5.5, 3.5.6
14. Quality Control	Quality Assurance Review (AS) 2.1.25, Supervision and Review (AS) 2.1.19, 3.2.1
15. Standard Report	Reporting Standards Chapter IV
16.Continuous Auditing	-

2- Comparison between the best aspects of audit methodology (Assignment 1) and the best aspects of audit methodology to be reinforced or implemented in TCU audit methodology (Assignment 2)

In the first assignment, the best aspects of audit methodology in general were selected, that is, not considering its application in any entity. In the second assignment, the selection of the best aspects of audit methodology applicable to TCU were considered - its peculiarities, strengths, and opportunities for improvements.

Comparison between the best aspects of audit methodology (Assignment 1) and the best aspects of audit methodology to be reinforced (r) or implemented (i) in TCU audit methodology (Assignment 2)

Best Aspects of Audit Methodology (Assignment 1)	Best Aspects of Audit Methodology to be reinforced (r) or implemented (i) in TCU audit methodology (Assignment 2)
1. Knowledge of the Entity	-
2. Risk Assessment	3. Risk Assessment (RM) (r)
3. Internal Control Evaluation	5. Study and Evaluation of Internal Control (AS) (r)
4. Materiality	1. Materiality and Significance (RM) (r)
5. Sampling	2. Sampling (RM) (r)
6. Consideration of Laws and Regulations	-
7. Consideration of Fraud and Error	-
8. Consideration of Computer Information System Environment	-
9. Use of the Work of a Predecessor Auditor	8. Use the Work of Another Auditor (RM) (r)
10. Use of the Work of Internal Audit	-
11. Use of the work of an Expert	7. Use of an External and Internal Expert (RM) (r)
12. Evidence	9.Audit Evidence
13. Documentation	11. Documentation (RM) (r)
14. Quality Control	15. Quality Assurance Review (AS) (i)
15. Standard Report	-
16.Continuous Auditing	-
	4. Audit Focus on Results (OAG RM) (i)
	6. Familiarization of the Entity with the Audit (Compliance Audit) (.RM) (i)
	10. Quantification (Performance Audit) (OAG RM) (r)
	13. Due Care (comply with auditing standards) (RM) (i)
	12. Follow-up (RM) (r)
	14. Training and Development in Auditing (AS) (r)

Appendix II - B

INTOSAI, OAG, GAO and TCU Auditing Standards and Related Matters in a Scored Overall Chart

The overall chart contains all INTOSAI, OAG, GAO and TCU auditing standards and related matters selected for this assignment, with a scored indication based on whether the standard or related matter

a)   was selected as one of the best aspects in audit methodology in the Assignment 1 (column A 1, 1 point);

b)   is established as an INTOSAI auditing standard or related matter (column INTOSAI, 2 points);

c)   is established as an OAG or GAO auditing standard or related matter (column OAG GAO, 1 point);

d)   is not established in TCU audit manuals (N E / Q I, 3 points);

e)   is established in TCU audit manuals with not enough detail, or is seldom used, or is used but the quality can be improved (column NE / Q I, 2 points);

f)   is essential to an updated audit methodology (A M, 2 points); and

g)   causes immediate positive result in the audit quality (A Q, 1 point).

The points of criteria (d) and (e) are not cumulative. The total of the points is 10. The auditing standard with 10 points is shown in grey.

The last column in the left shows if the auditing standard is applicable (A) or not (N/A) in an Automated Audit Program Software (AAPS).

INTOSAI, OAG, GAO and TCU auditing standards and related matters scored and organized by INTOSAI auditing standards or related matter

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Code of Ethics	Code of Professional Conduct		AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules *	-	2	-	2	2	-	6	N/A *
General Standards											
Recruitment (AS) 2.1.3				-	2	-	3	2	-	7	N/A
Training and Development (AS) 2.1.5	AAM 7.55 VFMM 8.55 People Management at the Team Level, Human Resources Information Site (HRIS); SEM policies (6,7& 9) and guidance	3.6 Continuing Education Requirements	AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules (g); PDPA	-	2	1	2	2	1	8	N/A *
Written Guidance (AS) 2.1.13	Professional Practice Methodology (AAM, VFMM, SEM, Functional Guidance)	General Auditing Standards – GAS (Yellow Book)	Audit Manual – AM, Performance Audit Manual - PAM, IT Audit Manual – ITAM	-	2	1	2 AM	2	-	7	A
Use of Skills (AS) 2.1.15	AAM 7.55 People Management at the Team Level (HRIS)	1.14 Auditors' Responsibilities, 3.3 Qualifications, 6.17 Staff and Other Resources	AM Chapter General Procedures, Title Audit Team 1.	-	2	1	-	2	-	3	N/A *

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Use of an Expert (external and internal) (RM) 2.1.18, 2.2.43, 2.2.44	AAM 1.33 Consultation, 3.35 Consultation with Specialists, 3.75 Use of Information Technology (IT) Audit Specialists, 3.83 Consultation with Specialists (inherent risk), Chapter 6 (external and **internal** specialists), 6.19 Involvement of Specialists, 6.20 Information Technology (IT) Audit Specialists, 6.25 Financial Instruments (FI) Accounting and Audit Specialists, 6.27 Legal Services, 6.32 The Auditor General's Independent Advisory Committee, 7.24; VFMM 3.1.5 Competence, 3.16 Consultation and advice, 8.24 Consultation with Legal Services (**internal**); SEM 74. Advisory Committees, 78. Special Examination Policies, Polices Related to Consultation, 90. Advisory Committee, 337 Work of consultants, Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Access to specialists and experts,	3.5 Qualifications	AM Chapter Audit Plan 2. III (External Public Servant specialist); PAM 2.1.2 Preliminary Audit	1	2	1	2	2	1	9	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
	Advisory Committees										
SAI Audit Plan Process (RM) 2.1.21, 2.1.22, 2.1.23	AAM Frequency: annual/all; VFMM 2.1 Selecting the right area for audit, 2.7 The Office planning process; SEM Frequency: at leas once every five years/all		AM Chapter Audit Plan	1	2	1	-	2	-	6	A
Quality Assurance Review (AS) 2.1.25	AAM 1.1 Management of Risk – Roles and Responsibilities (QMS), AAM 7.60 VFMM 8.60 Continuous Improvement, AAM 7.63 VFMM 8.64 Team Self-Assessment, AAM 7.64 VFMM 8.65 Practice Reviews, Policy on Practice Review, Chapter 8 Quality Management System (QMS) (Audit Management, People Management, Continuous Improvement); VFMM 8.62 Review Policy, Chapter 9 The Office's Quality Management System); SEM 76. Quality Management Requirements for the Conduct of Special Examinations, Appendix 1: Quality Management System and Practices	3.31 Quality Control		1	2	1	3	2	1	10	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
SAI Internal Audit (RM) 2.1.29	AAM 7.66 VFMM 8.66 Internal Audit, AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System, item 11. Practice Review			-	2	1	3	-	-	6	N/A
Independent Appraisal (RM) 2.1.30	AAM 7.67 VFMM 8.67 External Reviews; SEM Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Independent Review	3.31, 3.33 , 3.34, 3.35 Quality Control		-	2	1	3	2	-	8	N/A
Independence (Ethical Significance) (AS) 2.2.2	AAM 7.5 ,VFMM 8.5 Authority: request for services or audits; VFMM 3.2 Objectivity and Independence; AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System , item 2. Independence, objectivity and integrity	3.11 Independence, 3.17 External Impairments, 3.18 Organizational Independence	AM Chapter Auditing Qualification Standards, Title Execution, Subtitle Auditor Conduct Rules (a)	-	2	1	-	2	-	5	N/A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
Conflict of Interest (Ethical Significance) (AS) 2.2.31	AAM 7.31, VFMM 8.31 Conflict of interest, fraud, or other illegal acts (under revision), AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System , item 2. Independence, objectivity and integrity	3.16 Personal Impairments	AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules, item (b) *	-	2	1	2	2	-	7	N/A *
Competence (Ethical Significance) (auditor and SAI) (AS) 2.2.33	Auditor Competence: AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System , item 6. Resourcing; VFMM 3.5 Competence of the audit team Mandate SAI Competence/Mandate: AAM 10. Context of our Annual Audit Practice; VFMM 1.4 Mandate; SEM 37. Mandate for Special Examinations		SAI – AM Chapter External Control, Titles Jurisdiction of The Court of Accounts and Object of Auditing (Competence/Mandate)	- -	2 2	1 1	3 2	2 2	- -	8 7	N/A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Due Care (Ethical Significance) (AS) 2.2.39	VFMM 3.1 Due Care, AAM 6. And 7. Comply with GAAS and Office Methodology, VFMM 4. Comply with VFM Standards and Standards for Assurance Engagements recommended by CICA; SEM 78. Special Examinations Policies (Comply with OAG Strategic Framework, The OAG Code of Professional Conduct, and CICA Auditing Standards (Standards for Assurance Engagements)	3.26 Due Professional Care, 5.11 Reporting Compliance with Generally Accepted Government Standards (Financial Audits), 7.24 Statement on Auditing Standards (Performance Audits)		-	2	1	3	2	1	9	N/A *
Use of the Work of Another Auditor (RM) 2.2.45	VFMM 4.81 Reliance on other audits and evaluations; SEM 78. Special Examination Policies 4.	6.12 Considering Other's Work, 6.44 Management Controls, 6.65 Working Papers, 7.45 Issues Needing Further Study	AM Chapter Work Field, Title Planning, Subtitle Overview 1.1.2. (d); Title Planning, Subtitle Evaluation of Internal Control 7. (e), (f); PAM 2.1.2 Preliminary Audit	1	2	1	2	2	1	9	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Confidentiality (RM) 2.2.46	AAM 7.20, VFMM 8.20 Security of Information, Code of Professional Conduct, Office Security Policy, AAM 7.39, VFMM 8.39 Restrictions in Public Reporting, 7.49 Other Public Communications, External Policy Communications; VFMM 5.26 Confidentiality and security, 8.17 Disclosure of audit information; SEM 78. Special Examination Policies, Policies Related to the Reporting Phase 16.	5.29 Privileged and Confidential Information, 5.32 Report Distribution (Financial Audits); 7.47 Privileged and Confidential Information	AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules (e); Chapter Work Field, Title Working Papers, Subtitle Control and Archives 1., 1.1.;, Title Report, Subtitle Auditor Responsibilities 2.	-	2	1	-	2	-	5	A
Field Standards											

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Planning (AS) 3.1.1	AAM 3.86 The Strategic Plan, 3.97 The Strategic Plan Document, 3.100 Communicating the Strategic Plan, 4.1 Detailed Planning and Testing – General, 6.14 Planning; VFMM 4.7 Planning the VFM audit; 4.9 The overview stage: understanding the subject of the audit, 4.15 The survey stage, 4.21 The survey report, 4.25 Audit Objectives, 4.31 Audit scope, 4.32 Relevance to the mandate, 4.34 Matters of significance, 4.38 Auditability; SEM 78. Special Examination Policies, Policies Related to the Planning Phase, Chapter 4 The Planning Phase and Results Orientation, 88. Draft special examination plan	4.6 Planning (Financial Audits), 6.2 Planning (Performance Audits), 6.19 Written Audit Plan	AM Chapter Field Work, Title Planning, Title Performance Audit 2. Planning ; PAM 2..1 Preliminary Audit, 5. Matrix Planning,	1	2	1	-	2	-	6	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
Knowledge of the Entity (RM) 3.1.3 (a), 3.1.4 (a)	AAM 3.24 Knowledge of the Entity's Business and Risks, 6.15 Access to specialized Knowledge/Expertise; VFMM 3.13 Entity management's input to the audit, 4.9 The overview stage: understanding the subject of the audit; SEM 70. Understanding the business, 78. Special Examination Policies, General Policies 4. 6., 83. Planning Phase, 96. Results Orientation, Chapter 5 Understanding the Business and Corporate Governance, Chapter 6 Using the Identification of Expected Corporate Results and Risk Analysis to Select Key Areas for In-Depth Examination, 142. Expected corporate results (ECR)s	3.10 Staff Qualifications b., (Financial Audits), 6.9 Understanding the Program, 6.36 Obtaining Information About Laws, Regulations, and Other Compliance Requirements (Performance Audits)	AM Chapter Auditing Procedures, Title Definitions and Objectives 2.2 II; 3. I ; Chapter Work Field, Title Planning, Subtitle Overview, Title Performance Audit 2.1. Overview; PAM 2.1.2 Preliminary Audit, 3.1 Marco Logico, 3.2 Insumo Produto, 3.3 Modelo de Condicoes Ambientes; ITAM Part 1. Assessment of Reliance on Computer Processed Data Reliance Assessment of the Computer Processed Data, 3.3. Previous Knowledge of the Systems and/or Data	1	2	1	-	2	1	7	A
Internal Audit Assessment (RM) 3.1.3 (g), (h)	AAM 3.91 Reliance on Internal Audit; VFMM 4.81 Reliance on other audits and evaluations; SEM 54 Internal Audit, 84. Reliance on internal audit, 225. Evaluating Internal Audit Projects, 316 Reporting reliance on internal audit		AM Chapter Work Field, Title Planning, Subtitle Evaluation of Internal Control; Title Reporting, Subtitle Other Issues 2.	1	2	1	-	2	1	7	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Materiality (RM) 3.1.3 (f), 3.1.4 (a), 4.0.27	AAM 3.55 Materiality; VFMM 2.4 Selecting the right area for audit; SEM 61 Significance	6.7 Significance and User Needs	AM Chapter Audit Plan 3.	1	2	1	2	2	1	9	N/A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
Risk Assessment (RM) 3.1.4 (a)	AAM 2.2 Risk and Audit Assurance, 3.24 Knowledge of the Entity's Business and Risks, 3.59 Ultimate Risk, 3.77 Assessment of Inherent Risk, 3.83 Consultation with Specialists (inherent risk), 3.84 Compliance with Authorities, 3.89 Determining the Planned Reliance on Controls, 4.21 Reliance on Processing Controls, 4.28 Reliance on Management and Monitoring Controls; VFMM 4.20 The survey stage, SEM 70. Identifying and evaluating risks, 71. Risk Analysis, 78. Special Examination Policies, Policies Related to the Planning Phase 11, 83. Planning Phase, 96. Results Orientation, 152. Risk Analysis and Key Area Selection, Chapter 6 Using the Identification of Expected Corporate Results and Risk Analysis to Select Key Areas for In-Depth Examination	4.21.3 Internal Control	ITAM Part 1. Assessment of Reliance on Computer Processed Data, 3.5 Determining the Risk on Data Reliance, Part 2. Information System Auditing, 1.2.2. Risk Assessment	1	2	1	2	2	1	9	A
Familiarization of the Entity with the Audit	AAM 1.29 Communication, 3.1 Audit Objectives – Terms of Engagement, 3.19 Terms of Engagement – All Entities,	4.6.3 – 4.6.9 Auditor Communication, 5.32 Report	PAM 2.1.4 Audit Criteria Specification, 4.6 Management Comments, 6.5 Management	1	2	1	2	2	1	9	N/A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
(RM) 3.1.4 (g), 2.2.26	3.101 Reporting to the Audit Committee, 5.43 Management Letters, 6.11 Terms of Engagement, AAM 7.41 VFMM 8.41 Reports to entity management; VFMM 3.13 Entity management's input to the audit, 4.50 (objectives and criteria), 4.86 Developing recommendations; SEM 78. Special Examination Policies 5. 7. 9., 270 Clearing Facts, Findings and Conclusions with Management, 332 Management Letters and Transfer of information	Distribution (Financial Audits); 7.66 Report Distribution (Performance Audits)	Comments								
Criteria (RM) 3.1.4 (g)	VFMM 4.40 Audit Criteria; SEM 53 Direct reporting against criteria, 70 Selecting suitable criteria, 78. Special Examination Policies, Policies Related to the Planning Phase 12., 83. Planning Phase, 96 Results Orientation, Chapter 7 Criteria Selection	6.11 Criteria	AM Chapter Work Field, Title Planning, Subtitle Overview 1. Chapter Work Field, Title Planning, Subtitle Audit Program 2.1(d) ; Title Performance Audit 2.3. Audit Program (d), 3.2; PAM 2.1.4 Audit Criteria Specification	1	2	1	-	2	1	7	A
Supervision and Review (AS) 2.1.19, 3.2.1	AAM 1.47 Supervision and File Review, 5.18 Reference Assistant Auditor General Review, 5.22 Annual Audit Practice Review, 6.5	6.22 Supervision (Performance Audits)	AM Chapter General Procedures, Title Audit Team 2., 3., 4., 5.; Chapter Work Field, Title Planning, Subtitle	1	2	1	-	2	1	7	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/QI	AM	AQ	SCORE	AAPS
	Reference Assistant Auditor Generals, 6.16 Review of Financial Statements and Auditor's Report, 6.18 Advice on the Application of Methodology, Guidance and Controls; VFMM 3.12 Supervision; SEM Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Senior OAG management supervision and review, Second reviewer, Monitoring of special examinations		Objectives and Basic Aspects 2. (h); Chapter Field Work, Title Working Paper, Subtitle Cross-references 4. 4.1, 5., Title Reporting, Subtitle Review								
Study and Evaluation of Internal Control (AS) 3.0.3 (c), 3.1.3 (e), (g), (h), 3.3.1	AAM 3.51 Client Accounting and Information Systems, 3.64 Understanding the Entity's Control Environment and Control Assessment; VFMM 4.64 Auditing the Control Systems	4.21 Internal Control, 4.25 Safeguarding of Assets, 4.29 Control Over Compliance With Laws and Regulations (Financial Audits); 5.15 Reporting on Compliance with Laws and Regulations and on Internal Control Over Financial Reporting, 5.26 Deficiencies in	AM Chapter Work Field, Title Planning, Subtitle Objectives and Basic Aspects 2. (c); Chapter Work Field, Title Planning, Subtitle Overview 5.; Chapter Work Field, Title Planning, Evaluation of Internal Control; ITAM Part 1. Assessment of Reliance on Computer Processed Data Reliance Assessment of the Computer Processed Data, 3.4. CIS Control Evaluation, 4. Guidelines	1	2	1	2	2	1	9	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
		Internal Control, 6.39 and 7.34 Management Controls (Performance Audits)	for Assessment of Control; Part 2. Information System Auditing, 1. General Controls, 2. Specific Controls								

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
Compliance with Applicable Laws and Regulations (AS) 3.4, and Fraud and Error 4.0.17 (RM)	AAM 1.19, 1.20 Compliance with Authority – General, 3.5 and 3.12 Compliance with Authorities, 3.61 Compliance with Authorities (significance), 4.5 Compliance with Authorities, 4.27 Auditing Compliance with Authorities, 5.5 Evaluating Compliance with Authorities and "Other Matters"	4.12 Fraud, Illegal Acts, and Other Noncompliance, 4.14 Auditors' Understanding of Possible Fraud and of Laws and Regulations, 4.16 Due Care concerning Possible Fraud and Illegal Acts, 4.18 Non-compliance Other Than Illegal Acts, 4.29 Control Over Compliance With Laws and Regulations, 5.15 Reporting on Compliance with Laws and Regulations and on Internal Control Over Financial Reporting, 5.18 Fraud, Illegal Acts and Other Non-compliance. 5.21 Direct Reporting of Fraud and Illegal Acts (Financial Audits);	AM Chapter Auditing Procedures, Title Definitions and Objectives 2.2. I (Audit), 4. Inspections, 5. Accompaniment; Chapter Work Field, Title Planning, Subtitle Overview 1.1. (c), 1.1.2. (b) , Title Findings 5.1.6.; PAM 2.1.2 Preliminary Audit, 2.1.4 Audit Criteria Specification	1	2	1	-	2	1	7	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
		6.26 Compliance with Laws and Regulations, 6.28 Illegal Acts and Other Non-compliance, 6.35 Abuse, 6.36 Obtaining Information About Laws, Regulations, and Other Compliance Requirements, 7.26 Compliance with Laws and Regulations (Performance Audits)									
Audit Evidence (AS) 3.5	AAM 1.44 Sufficient and Appropriate Audit Evidence; VFMM 4.69 The examination stage, 4.74 Audit evidence; SEM 66 Audit Level of Assurance, 78. Special Examination Policies, Policies Related to the Conducting Phase 13., 14., 226. Sufficient and Appropriate Audit Evidence, 241 Gathering Evidence		AM Chapter General Procedures, Title Audit Team, Subtitle Documents Requisition; Chapter Work Field, Title Findings; PAM 5.2 Required Information; ITAM 1. Requirements to use Computer Data Evidence	1	2	1	-	2	1	7	A
Audit Tests and	AAM 4.33 Analytical Procedures, 4.39 Substantive	6.46 Evidence, 6.53 Tests of	AM Chapter Work Field, Title Planning, Subtitle	-	2	1	2	2	1	8	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/QI	AM	AQ	SCORE	AAPS
Procedures (RM) (audit program) 3.5.3, 3.1.3 (d)	Tests of Detail, 4.49 Management Letter of Representation; VFMM 4.70, 4.72 The examinations stage; SEM 251 Detailed Audit Procedures	Evidence (Performance Audits)	Audit Program 2.1(c); Title Performance Audit 2.3. Audit Program (e); PAM 5.2 Information Required, 5.5 Data Collection Techniques, Annex I: General Orientation to Preliminary Analyses of the Audit Object; ITAM Part 1.Assessment of Reliance on Computer Processed Data, 3.6 Data Tests								
Sampling (RM) 3.5.2	AAM 4.42 Audit Sampling; VFMM 4.68 Auditing the control systems		AM Chapter Work Field, Title Audit Techniques, Subtitle Sampling, Fraco Sampling Techniques Guideline (Finalizing)	1	2	1	2	2	1	9	A
Consideration of Computer Information System Environment (RM) 3.5.2	AAM 3.70 Assessment of the Entity's Computerized Information Systems (CIS) Environment	4.21.1 Internal Control a., b., c., d.,	AM Chapter General Procedures, Title Audit Team, Subtitle Auditor Prerogative; Chapter Auditing Procedures, Title Definitions and Objectives 5. Accompaniment; ITAM	1	2	1	-	2	1	7	A
Documentation (RM) 3.5.5,	AAM 6.35 Documenting Consultation; VFMM 3.28 Documentation; SEM 273	4.34 Working Papers (Financial Audits), 6.63	AM Chapter General Procedures, Title Audit Team, Subtitle	1	2	1	2	2	1	9	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	INTOSAI	OAG GAO	NE/ QI	AM	AQ	SCORE	AAPS
3.5.6	Examination Files	Working Papers (Performance Audits)	Documents Requisition; Chapter Work Field, Title Working Papers, Subtitles Concept and Characteristics, Elaboration, Cross-references, Quality, Control and Archive; Part 1. Assessment of Reliance on Computer Processed Data, 3.7.1 Working Papers								
Analysis of Financial Statements (AS) 3.6.1	AAM Chapter 4 Detailed Planning an Testing, 5.1 Audit Differences Identified in the Financial Statements		AM Chapter Work Field, Title Report, Subtitle Standards	1	2	1	-	-	-	4	A
Reporting Standards											
Reporting (AS) 4.0.1 Chapter IV	AAM Chapter 5 Reporting, AAM 7.34, VFMM 8.34 Audit Notes; VFMM 4.86 Developing recommendations, 4.90 Departmental responses to recommendations, 4.98 Audit conclusions, 4.101 The audit report; SEM 53. Direct reporting against criteria , 78. Special Examination Policies, Policies Related to the	Chapter 5: Reporting Standards for Financial Audits, Chapter 7: Reporting Standards for Performance Audits	AM Chapter Work Field, Title Reporting, Subtitles Basic Principles, Structure; Title Performance Audit, 4. Audit Report; PAM 2.1.5 Preparing the Preliminary Audit Report, 2.2.3 Reporting, 4. Components of the Preliminary Audit Report, 6 Components of the Audit Report; ITAM	1	2	1	-	2	1	7	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
	Reporting Phase, 279. Draft Special Examination Report, Chapter 9 Reporting the Special Examination, SEM Appendix 3: Template of Special Examination Report		Part 1. Assessment of Reliance on Computer Processed Data, 3.7.2 Information that should be in the report, 3.7.3. Standards to be used in the report								
Follow-up (RM) 4.0.26	VFMM Chapter Audit Follow-up Standards; SEM 78. Special Examination Policies 7.	4.7 Audit Follow-up (Financial Audits), 6.12 Audit Follow-up (Performance Audits)	AM Chapter Auditing Procedures, Title Definitions and Objectives 3. IV b	-	2	1	2	2	1	8	A
	AAM 1.39 Differences of Professional Opinion			-	-	1	3	-	-	4	N/A
	AAM 5.28 Sensitive Issues, 6.3 Auditor General on Sensitive Issues										
	AAM 5.29 Report Clearance Memorandum										
	AAM 5.35 Signing the Auditor's Report (delegation)			-	-	1	3	-	-	4	A
	AAM 5.40 Reporting to the Audit Committee										

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
	AAM 7.8 , VFMM 8.8 Access to Information		AM Chapter General Procedures, Title Audit Team, Subtitle Auditor's Prerogative								N/A
			AM Chapter General Procedures, Title Audit Team, Subtitle Documents Requisition								
	AAM 7.13 VFMM 8.13 Restrictions to access		AM Chapter General Procedures, Title Audit Team, Subtitle Auditor's Prerogative								
	AAM 1.57 Access to Audit Files										
	AAM 7.17 Audit information left with the audit entity, VFMM 8.17 Disclosure of audit information										
	AAM 7.28 Co-ordination of work with regional offices			-	-	1	3	2	1	7	A
	AAM 7.32, VFMM 8.32 Carrying out surveys		PAM 5.4.2 Survey	-	-	1	-	2	-	3	A
	AAM 7.43 VFMM 8.43 External Communications, External Policy			-	-	1	3	-	-	4	N/A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
	Communications, Guidelines for Hearings an Auditor General Briefings (External./Internal Communications Policy, Parliament Shell)										
	VFMM Chapter 7 Study Standards		AM Chapter Auditing Procedures, Title Definitions and Objectives 3.; Chapter Work Field, Title Performance Audit 2.1. Overview; PAM 2.1 Preliminary Audit	-	-	1	-	-	-	1	A
			PAM 2.2.2 Pilot Test								A
	VFMM 8.42 Third party references, Third party guidelines										
	VFMM 8.68 Client and stakeholder surveys; SEM Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Survey of Crown corporations										
	VFMM 4.53 Audit Approach: a focus on results, 4.59 Auditing results directly, Auditing the control systems			-	-	1	3	2	1	7	A

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
	(215. Special Examination Criteria Database, ISES) SEM 55. 96. Results Orientation, 200. Criteria should focus on results and not on process, 238. Maintaining the Results-Based Focus										
	SEM 63. Reasonable Assurance										
	VFMM 8.69 Benchmarking and collaboration; SEM Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Continuous monitoring of external initiatives and developments		Benchmarking Technique								
		6.38 Limitations of an Audit (Performance Audits)	PAM 5.7 Limitations								
	VFMM 4.83 Developing audit observations (findings)	6.49 Audit Findings (Performance Audits)	AM Chapter Work Field, Title Findings								
		7.6 Timeliness	AM Chapter Work Field, Title Reporting, Subtitle								

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU	A1	I N T O S A I	OAG GAO	NE/ QI	AM	AQ	S C O R E	A A P S
			Basic Principles								
	VFMM 7.12 Quantification; SEM 261. Quantification of Facts and Findings (Guidelines to Quantification)		PAM 2.2.1 par. 6 and 9	-	-	1	3	2	1	7	A
		7.38 Views of Responsible Officials									
		7.43 Noteworthy Accomplishments									
			AM Chapter Auditing Procedures, Title Definitions and Objectives 5. Accompaniment								
			AM Chapter Work Field, Title Audit Techniques, Subtitle Interview; Interview Technique Guideline								
			PAM 1.2 Public Program Evaluation								
			PAM 2.1.3 Performance Data Collection								

* Not applicable directly to an AAPS but the information about the subject has to be stored and linked electronically to the AAPS.

Appendix II - C

Similarities Between INTOSAI and TCU Auditing Standards

Similarities were considered when the manuals studied from INTOSAI, TCU and at least from one of the other SAIs had auditing standards or related matters dealing with the same subject in a similar level of detail.

The similarities between INTOSAI and TCU auditing standards and related matters are connected to the following INTOSAI auditing standards (AS) and related matters (RM):

1.   Written Guidance (AS)
2.   Use of Skills (AS)
3.   SAI Audit Plan Process (RM)
4.   Independence (Ethical Significance) (AS)
5.   Competence (Ethical Significance) (SAI) (AS)
6.   Confidentiality (RM)
7.   Planning (AS)
8.   Knowledge of the Entity (RM)
9.   Internal Audit Assessment (RM)
10. Familiarization of the Entity with the Audit (Performance Audit) (RM)
11. Criteria (RM)
12. Supervision and Review (AS)
13. Study and Evaluation of Internal Control (AS)
14. Compliance with Applicable Laws and Regulations and Fraud and Errors (AS)
15. Audit Evidence (AS)
16. Audit Tests and Procedures (audit program) (RM)
17. Sampling (RM)
18. Consideration of Computer Information System Environment (RM)
19. Documentation (RM)
20. Analysis of Financial Statements (AS)
21. Reporting (AS)

Similarities between INTOSAI and TCU auditing standards and related matters

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
General Standards			
Written Guidance (AS) 2.1.13	Professional Practice Methodology (AAM, VFMM, SEM, Functional Guidance)		Audit Manual - AM, Performance Audit Manual - PAM, IT Audit Manual – ITAM
Use of Skills (AS) 2.1.15	AAM 7.55 People Management at the Team Level (HRIS)	1.14 Auditors' Responsibilities, 3.3 Qualifications, 6.17 Staff and Other Resources	AM Chapter General Procedures, Title Audit Team 1.
SAI Audit Plan Process (RM) 2.1.21, 2.1.22, 2.1.23	AAM Frequency: annual/all; VFMM 2.1 Selecting the right area for audit, 2.7 The Office planning process; SEM Frequency: at least once every five years/all		AM Chapter Audit Plan
Independence (Ethical Significance) (AS) 2.2.2	AAM 7.5 ,VFMM 8.5 Authority: request for services or audits; VFMM 3.2 Objectivity and Independence; AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1. Quality Management System, item 2. Independence, objectivity and integrity	3.11 Independence, 3.17 External Impairments, 3.18 Organizational Independence	AM Chapter Auditing Qualification Standards, Title Execution, Subtitle Auditor Conduct Rules (a)
Competence (Ethical Significance) (AS) (auditor and SAI) 2.2.33	Auditor Competence: AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System, item 6. Resourcing; VFMM 3.5 Competence of the audit team Mandate SAI Competence/Mandate: AAM 10. Context of our Annual Audit Practice; VFMM 1.4 Mandate; SEM 37. Mandate for Special Examinations		SAI – AM Chapter External Control, Titles Jurisdiction of The Court of Accounts and Object of Auditing (Competence/Mandate)
Confidentiality (RM) 2.2.46	AAM 7.20, VFMM 8.20 Security of Information, Code of Professional Conduct, Office Security Policy, AAM 7.39, VFMM 8.39 Restrictions in Public Reporting, 7.49 Other Public Communications, External Policy Communications; VFMM 5.26 Confidentiality	5.29 Privileged and Confidential Information, 5.32 Report Distribution (Financial Audits); 7.47 Privileged and Confidential Information	AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules (e); Chapter Work Field, Title Working Papers, Subtitle Control and Archives 1., 1.1.; Title Report, Subtitle Auditor Responsibilities 2.

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
	and security, 8.17 Disclosure of audit information; SEM 78. Special Examination Policies, Policies Related to the Reporting Phase 16.		
Field Standards			
Planning (AS) 3.1.1	AAM 3.86 The Strategic Plan, 3.97 The Strategic Plan Document, 3.100 Communicating the Strategic Plan, 4.1 Detailed Planning and Testing – General, 6.14 Planning; VFMM 4.7 Planning the VFM audit; 4.9 The overview stage: understanding the subject of the audit, 4.15 The survey stage, 4.21 The survey report, 4.25 Audit Objectives, 4.31 Audit scope, 4.32 Relevance to the mandate, 4.34 Matters of significance, 4.38 Auditability; SEM 78. Special Examination Policies, Policies Related to the Planning Phase, Chapter 4 The Planning Phase and Results Orientation, 88. Draft special examination plan	4.6 Planning (Financial Audits), 6.2 Planning (Performance Audits), 6.19 Written Audit Plan	AM Chapter Field Work, Title Planning, Title Performance Audit 2. Planning ; PAM 2..1 Preliminary Audit, 5. Matrix Planning,
Knowledge of the Entity (RM) 3.1.3 (a), 3.1.4 (a)	AAM 3.24 Knowledge of the Entity's Business and Risks, 6.15 Access to specialized Knowledge/Expertise; VFMM 3.13 Entity management's input to the audit, 4.9 The overview stage: understanding the subject of the audit; SEM 70. Understanding the business, 78. Special Examination Policies, General Policies 4. 6., 83. Planning Phase, 96. Results Orientation, Chapter 5 Understanding the Business and Corporate Governance, Chapter 6 Using the Identification of Expected Corporate Results and Risk Analysis to Select Key Areas for In-Depth Examination, 142. Expected corporate results (ECR)s	3.10 Staff Qualifications b., (Financial Audits), 6.9 Understanding the Program, 6.36 Obtaining Information About Laws, Regulations, and Other Compliance Requirements (Performance Audits)	AM Chapter Auditing Procedures, Title Definitions and Objectives 2.2 II; 3. I ; Chapter Work Field, Title Planning, Subtitle Overview, Title Performance Audit 2.1. Overview; PAM 2.1.2 Preliminary Audit, 3.1 Marco Logico, 3.2 Insumo Produto, 3.3 Modelo de Condicoes Ambientes; ITAM Part 1. Assessment of Reliance on Computer Processed Data Reliance Assessment of the Computer Processed Data, 3.3. Previous Knowledge of the Systems and/or Data

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
Internal Audit Assessment (RM) 3.1.3 (g), (h)	AAM 3.91 Reliance on Internal Audit; VFMM 4.81 Reliance on other audits and evaluations; SEM 54 Internal Audit, 84. Reliance on internal audit, 225. Evaluating Internal Audit Projects, 316 Reporting reliance on internal audit		AM Chapter Work Field, Title Planning, Subtitle Evaluation of Internal Control; Title Reporting, Subtitle Other Issues 2.
Familiarization of the Entity with the Audit (Performance Audit) (RM) 3.1.4 (g), 2.2.26	AAM 1.29 Communication, 3.1 Audit Objectives – Terms of Engagement, 3.19 Terms of Engagement – All Entities, 3.101 Reporting to the Audit Committee, 5.43 Management Letters, 6.11 Terms of Engagement, AAM 7.41 VFMM 8.41 Reports to entity management; VFMM 3.13 Entity management's input to the audit, 4.50 (objectives and criteria), 4.86 Developing recommendations; SEM 78. Special Examination Policies 5. 7. 9., 270 Clearing Facts, Findings and Conclusions with Management, 332 Management Letters and Transfer of information	4.63 – 4.69 Auditor Communication, 5.32 Report Distribution (Financial Audits); 7.66 Report Distribution (Performance Audits)	PAM 2.1.4 Audit Criteria Specification, 4.6 Management Comments, 6.5 Management Comments
Criteria (RM) 3.1.4 (g)	VFMM 4.40 Audit Criteria; SEM 53 Direct reporting against criteria, 70 Selecting suitable criteria, 78. Special Examination Policies, Policies Related to the Planning Phase 12., 83. Planning Phase, 96 Results Orientation, Chapter 7 Criteria Selection	6.11 Criteria	AM Chapter Work Field, Title Planning, Subtitle Overview 1. Chapter Work Field, Title Planning, Subtitle Audit Program 2.1(d) ; Title Performance Audit 2.3. Audit Program (d), 3.2; PAM 2.1.4 Audit Criteria Specification
Supervision and Review (AS) 2.1.19, 3.2.1	AAM 1.47 Supervision and File Review, 5.18 Reference Assistant Auditor General Review, 5.22 Annual Audit Practice Review, 6.5 Reference Assistant Auditor Generals, 6.16 Review of Financial Statements and Auditor's Report, 6.18 Advice on the Application of Methodology, Guidance and Controls; VFMM 3.12 Supervision; SEM Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Senior OAG management supervision and	6.22 Supervision (Performance Audits)	AM Chapter General Procedures, Title Audit Team 2., 3., 4., 5. ; Chapter Work Field, Title Planning, Subtitle Objectives and Basic Aspects 2. (h); Chapter Field Work, Title Working Paper, Subtitle Cross-references 4. 4.1, 5., Title Reporting, Subtitle Review

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
	review, Second reviewer, Monitoring of special examinations		
Study and Evaluation of Internal Control (AS) 3.0.3 (c), 3.1.3 (e), (g), (h), 3.3.1	AAM 3.51 Client Accounting and Information Systems, 3.64 Understanding the Entity's Control Environment and Control Assessment	4.21 Internal Control, 4.25 Safeguarding of Assets, 4.29 Control Over Compliance With Laws and Regulations (Financial Audits); 5.15 Reporting on Compliance with Laws and Regulations and on Internal Control Over Financial Reporting, 5.26 Deficiencies in Internal Control, 6.39 and 7.34 Management Controls (Performance Audits)	AM Chapter Work Field, Title Planning, Subtitle Objectives and Basic Aspects 2. (c); Chapter Work Field, Title Planning, Subtitle Overview 5.; Chapter Work Field, Title Planning, Evaluation of Internal Control; ITAM Part 1. Assessment of Reliance on Computer Processed Data Reliance Assessment of the Computer Processed Data, 3.4. CIS Control Evaluation, 4. Guidelines for Assessment of Control; Part 2. Information System Auditing, 1. General Controls, 2. Specific Controls
Compliance with Applicable Laws and Regulations (AS) 3.4, Fraud and Errors (RM) 4.0.17	AAM 1.19, 1.20 Compliance with Authority – General, 3.5 and 3.12 Compliance with Authorities, 3.61 Compliance with Authorities (significance), 4.5 Compliance with Authorities, 4.27 Auditing Compliance with Authorities, 5.5 Evaluating Compliance with Authorities and "Other Matters"	4.12 Fraud, Illegal Acts, and Other Noncompliance, 4.14 Auditors' Understanding of Possible Fraud and of Laws and Regulations, 4.16 Due Care concerning Possible Fraud and Illegal Acts, 4.18 Non-compliance Other Than Illegal Acts, 4.29 Control Over Compliance With Laws and Regulations, 5.15 Reporting on Compliance with Laws and Regulations and on Internal Control Over Financial Reporting, 5.18 Fraud, Illegal Acts and Other Non-compliance. 5.21 Direct Reporting of Fraud and Illegal Acts (Financial Audits); 6.26 Compliance with Laws and Regulations, 6.28 Illegal Acts and Other Non-compliance, 6.35 Abuse, 6.36 Obtaining Information About Laws, Regulations, and Other Compliance Requirements, 7.26	AM Chapter Auditing Procedures, Title Definitions and Objectives 2.2. I (Audit), 4. Inspections, 5. Accompaniment; Chapter Work Field, Title Planning, Subtitle Overview 1.1. (c), 1.1.2. (b) , Title Findings 5.1.6.; PAM 2.1.2 Preliminary Audit, 2.1.4 Audit Criteria Specification

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
		Compliance with Laws and Regulations (Performance Audits)	
Audit Evidence (AS) 3.5	AAM 1.44 Sufficient and Appropriate Audit Evidence; VFMM 4.69 The examination stage, 4.74 Audit evidence; SEM 66 Audit Level of Assurance, 78. Special Examination Policies, Policies Related to the Conducting Phase 13., 14., 226. Sufficient and Appropriate Audit Evidence, 241 Gathering Evidence	6.46 Evidence, 6.53 Tests of Evidence (Performance Audits)	AM Chapter General Procedures, Title Audit Team, Subtitle Documents Requisition; Chapter Work Field, Title Findings
Audit Tests and Procedures (Audit Program) (RM) 3.5.3, 3.1.3 (d)	AAM 4.33 Analytical Procedures, 4.39 Substantive Tests of Detail, 4.49 Management Letter of Representation; 4.70, 4.72 The examinations stage; SEM 251 Detailed Audit Procedures		AM Chapter Work Field, Title Planning, Subtitle Audit Program 2.1(c); Title Performance Audit 2.3. Audit Program (e); PAM

ITAM Part 1. Assessment of Reliance on Computer Processed Data, 3.6 Data Tests |
| Sampling (RM) 3.5.2 | AAM 4.42 Audit Sampling; VFMM 4.68 Auditing the control systems | | AM Chapter Work Field, Title Audit Techniques, Subtitle Sampling, Sampling Techniques Guideline (Finalizing) |
| Consideration of Computer Information System Environment (RM) 3.5.2 | AAM 3.70 Assessment of the Entity's Computerized Information Systems (CIS) Environment | 4.21.1 Internal Control a., b.,

c., d., | AM Chapter General Procedures, Title Audit Team, Subtitle Auditor Prerogative; Chapter Auditing Procedures, Title Definitions and Objectives 5. Accompaniment ; ITAM |
| Documentation (RM) 3.5.5, 3.5.6 | AAM 6.35 Documenting Consultation; VFMM 3.28 Documentation; SEM 273 Examination Files | 4.34 Working Papers (Financial Audits), 6.63 Working Papers (Performance Audits) | AM Chapter General Procedures, Title Audit Team, Subtitle Documents Requisition; Chapter Work Field, Title Working Papers, Subtitles Concept and Characteristics, Elaboration, Cross-references, Quality, Control and Archive; Part 1. Assessment of Reliance on Computer Processed Data, 3.7.1 Working Papers |

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
Analysis of Financial Statements (AS) 3.6.1	AAM Chapter 4 Detailed Planning an Testing, 5.1 Audit Differences Identified in the Financial Statements		AM Chapter Work Field, Title Report, Subtitle Standards
Reporting Standards			
Reporting (AS) 4.0.1 Chapter IV	AAM Chapter 5 Reporting, AAM 7.34, VFMM 8.34 Audit Notes; VFMM 4.86 Developing recommendations, 4.90 Departmental responses to recommendations, 4.98 Audit conclusions, 4.101 The audit report; SEM 53. Direct reporting against criteria, 78. Special Examination Policies, Policies Related to the Reporting Phase, 279. Draft Special Examination Report, Chapter 9 Reporting the Special Examination, SEM Appendix 3: Template of Special Examination Report	Chapter 5: Reporting Standards for Financial Audits, Chapter 7: Reporting Standards for Performance Audits	AM Chapter Work Field, Title Reporting, Subtitles Basic Principles, Structure; Title Performance Audit, 4. Audit Report; PAM 2.1.5 Preparing the Preliminary Audit Report, 2.2.3 Reporting, 4. Components of the Preliminary Audit Report, 6 Components of the Audit Report; ITAM Part 1. Assessment of Reliance on Computer Processed Data, 3.7.2 Information that should be in the report, 3.7.3. Standards to be used in the report

Appendix II - D

Differences between INTOSAI and TCU Auditing Standards

Differences were separated in two categories: Complete Differences and Partial Differences.

Complete differences were considered when there is a specific INTOSAI auditing standard or related matter and no correspondent TCU auditing standard or related matter.

Partial differences were considered when there is a specific INTOSAI auditing standard or related matter and a correspondent TCU auditing standard or related matter dealing with the same subject, but not with the same or required level of detail.

The required level of detail is a matter of sole discretion and professional judgement of the Fellow.

The complete and partial differences between INTOSAI and TCU auditing standards (AS) and related matters (RM) are connected:

Complete Differences	Partial Differences
1. Recruitment (AS)	1. Code of Ethics
2. Quality Assurance Review (AS)	2. Training and Development (AS)
3. SAI Internal Audit (RM)	3. Use of an External and Internal Expert (RM)
4. Independent Appraisal (RM)	4. Conflict of Interest (AS)
5. Competence (Auditor) (AS)	5. Use the Work of Another Auditor (RM)
6. Due Care (AS)	6. Materiality and Significance (RM)
7. Audit Focus on Results (OAG RM)*	7. Risk Assessment (RM)
	8. Familiarization of the Entity with the Audit (Compliance Audit) (RM)
	9. Follow-up (RM)
	10. Quantification (Performance Audit) (OAG RM)*

*Audit Focus on Control and Quantification are not INTOSAI auditing standards or related matters but were included in this part of the study because of their relevance to audit methodology.

Appendix II – D - 1

Complete Differences

The complete differences between INTOSAI and TCU Auditing Standards and related matters are connected to the following:

1.   Recruitment (AS)
2.   Quality Assurance Review (AS)
3.   SAI Internal Audit (RM)
4.   Independent Appraisal (RM)
5.   Competence (Auditor) (AS)
6.   Due Care (AS)
7.   Audit Focus on Results (OAG RM)

3.1.1   Recruitment

The INTOSAI Auditing Standard Recruitment establishes that the SAI should adopt policies and procedures to recruit personnel with suitable qualifications (INTOSAI Auditing Standards paragraph 2.1.2a).

The OAG and GAO audit manuals studied do not establish Recruitment as an Auditing Standard either.

TCU does not establish Recruitment as an auditing standard in its audit manuals, but adopts policies and procedures to recruit personnel with suitable qualifications.

3.1.2   Quality Assurance Review

The INTOSAI Auditing Standard Quality Assurance Review establishes that the SAI should adopt policies and procedures to review the efficiency and effectiveness of the SAI's internal standards and procedures (INTOSAI Auditing Standards paragraph

2.1.2 e).

This standard is considered by OAG an GAO in their manuals.

The OAG (Canada) has a Quality Management System for Annual Audits that was examined by Price Water House Coopers. It was considered suitably designed and operating effectively to provide reasonable assurance that the OAG conducts annual audits in accordance with applicable legislative requirements, professional standards, and OAG policies.

The GAO (USA) establishes quality control as the fourth general standard as follows:

Each audit organization conducting audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review. (GAS 3.31)

TCU does not establish Quality Assurance Review as an auditing standard in its audit manuals or guidelines. This standard should be implemented in TCU to avoid the back-

end review, and repeated accessing of the same material and extensive rework, as illustrated below:

Execute ？	Document ？	Review ？	Rework ？	Complete

A focus on a real-time supervision (coaching) and review process conducted mainly by interview and elimination of written to-do's is intended to substantially reduce rework, as follows:

Supervision and Review		
Execute ？ Document	？	Complete

This methodology aims to improve job satisfaction and development of audit team members.

3.1.3 SAI Internal Audit (RM)

The INTOSAI related matter Internal Control is connected to the Quality Assurance Review Auditing Standard. It establishes that it is appropriate for SAIs to institute their own internal audit function, with a wide charter to assist the SAI in achieving effective management of its own operations and sustaining the quality of its work.

The OAG (Canada) establishes in its manuals that internal audits of administrative functions are carried out using the same auditing standards that the Office uses when conducting audits in the government. Internal Audit advises management of significant risk areas within the Office and the extent to which they are being well managed. It provides information, analysis, assessments, and recommendations to assist management in the discharge of its responsibilities. (AAM 7.66, VFMM 8.66)

TCU does not establish Internal Control as an auditing standard or a related matter to an auditing standard in its audit manuals or guidelines, but has an internal control unit that assists the SAI in achieving effective management of its own operations and sustaining, indirectly, the quality of its work.

3.1.4 Independent Appraisal (RM)

The INTOSAI related matter Independent Appraisal is connected to the Quality Assurance Review Auditing Standard. It establishes that the quality of the work of the SAI can be enhanced by strengthening internal review and probably by conducting independent appraisal of its work. (INTOSAI Auditing Standards 2.1.30)

The OAG (Canada) establishes in its manuals that the Office periodically appoints an external organization to carry out a review of its practices in order to confirm internal assessments and to obtain a truly independent assessment. (AAM 7.67, VFMM 8.67)

The GAO (USA) establishes quality control as the fourth general standard, as follows:

Each audit organization conducting audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review. (GAS 3.31)

TCU does not establish Independent Appraisal as an Auditing Standard or a related matter to an auditing standard in its audit manuals or guidelines.

3.1.5   Competence (Auditor) (AS)

The INTOSAI Auditing Standard Competence establishes that the auditor and the SAI must possess the required competence. (INTOSAI Auditing Standards 2.2.1 c)

The competence or mandate of TCU is established in its Audit Manual - External Control, Jurisdiction of the Court of Accounts and Object of Auditing. TCU does not establish the competence of its auditors in its manuals.

3.1.6   Due Care (AS)

The INTOSAI   Auditing Standard Due Care establishes that the auditor and the SAI must exercise due care and concern in complying with the INTOSAI auditing standards. This embraces due care in specifying, gathering, and evaluating evidence, and in reporting findings, conclusions, and recommendations. (INTOSAI Auditing Standards 2.2.1 d)

The OAG (Canada) establishes in its VFM Manual that due care requires auditors to carry out their audit work diligently, conscientiously, and with rigour. It requires that the audit be performed in accordance with professional standards. (VFM Manual 3.1)

The GAO (USA) establishes due care as the third general standard, as follows: Due care imposes a responsibility upon each auditor within the audit organization to observe generally accepted government auditing standards. (GAS 3.26)

TCU does not establish Due Care as an auditing standard in its audit manuals.

3.1.7   Audit Focus on Results (OAG RM)

The OAG deals with Audit Focus on Results in its VFM and Special Examinations Audit Manuals, and establishes that, in carrying out a special examination, the examiner should use a results orientation. Thus, in order to select areas for examination that will lead to an opinion respecting the achievement of the statutory control objectives, the examiner must clearly understand what the corporation must achieve or do very well to be considered a success. A focus on results should be kept regardless of whether the scope of the audit is a program, an operation, a system, or a control. When carrying out an audit of a component of a program, the auditor needs to understand its relationship to the intended results of the program.

TCU does not establish Audit Focus on Results as a specific auditing standard or related matter in its audit manuals.

Complete Differences between INTOSAI and TCU Auditing Standards and related matters

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
General Standards			
Recruitment (AS) 2.1.3			
Quality Assurance Review (AS) 2.1.25	AAM 1.1 Management of Risk – Roles and Responsibilities (QMS), AAM 7.60 VFMM 8.60 Continuous Improvement, AAM 7.63 VFMM 8.64 Team Self-Assessment, AAM 7.64 VFMM 8.65 Practice Reviews, Policy on Practice Review, Chapter 8 Quality Management System (QMS) (Audit Management, People Management, Continuous Improvement); VFMM 8.62 Review Policy, Chapter 9 The Office's Quality Management System (VFM AudCtrlFile.rtf); SEM 76. Quality Management Requirements for the Conduct of Special Examinations, Appendix 1: Quality Management System and Practices	3.31 Quality Control	
SAI Internal Audit (RM) 2.1.29	AAM 7.66 VFMM 8.66 Internal Audit, AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System, item 11. Practice Review		
Independent Appraisal (RM) 2.1.30	AAM 7.67 VFMM 8.67 External Reviews; SEM Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Independent Review	3.31, 3.33 , 3.34, 3.35 Quality Control	
Competence (Ethical Significance) (auditor and SAI) (AS) 2.2.33	Auditor Competence: AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System, item 6. Resourcing; VFMM 3.5 Competence of the audit team Mandate SAI Competence/Mandate: AAM 10. Context of our Annual Audit Practice; VFMM 1.4 Mandate; SEM 37. Mandate for Special Examinations		SAI – AM Chapter External Control, Titles Jurisdiction of The Court of Accounts and Object of Auditing (Competence/Mandate)

INTOSAI Auditing Standards (AS) and Related Matters (RM)	OAG	GAO	TCU
Due Care (Ethical Significance) (AS) 2.2.39	VFMM 3.1 Due Care	3.26 Due Professional Care	
	VFMM 4.53 Audit Approach: a focus on results, 4.59 Auditing results directly, Auditing the control systems (215. Special Examination Criteria Database, ISES) SEM 55. 96. Results Orientation, 200. Criteria should focus on results and not on process, 238. Maintaining the Results-Based Focus *		

*Audit Focus on Control is not an INTOSAI auditing standard or related matter but was included in this part of the study because of its relevance to audit methodology.

Appendix II – D - 2

Partial Differences

The partial differences between INTOSAI and TCU Auditing Standards and related matters are connected to the following:

1.   Code of Ethics
2.   Training and Development (AS)
3.   Use of an Expert (external and internal) (RM)
4.   Conflict of Interest (AS)
5.   Use of the Work of Another Auditor (RM)
6.   Materiality and Significance (RM)
7.   Risk Assessment (RM)
8.   Follow-up (RM)
9.   Quantification (Performance Audit) (OAG RM)

3.2.1   Code of Ethics

INTOSAI developed a Code of Ethics that states the values and principles that should guide the work of the individual auditor, the head of the SAI, the executive officers, and all individuals working for or on behalf of the SAI. The INTOSAI Code of Ethics is a complement of the INTOSAI auditing standards.

The TCU Audit Manual, in its chapter Qualification Standards to Audit, Execution, Auditor Conduct Rules, establishes the main rules that should be followed by its auditors when performing an audit. These main rules conform with the INTOSAI Code of Ethics, as shown in the chart bellow, but they can not be considered a Code of Ethics.

Chart 2: Comparison between the INTOSAI Code of Ethics and TCU Audit Manual

INTOSAI Code of Ethics	TCU Audit Manual
Trust, confidence and Credibility – Chapter 1	(d) and (h)
Integrity – Chapter 2	-
Independence, Objectivity and Impartiality – Chapter 3	Independence (a), Impartiality (b), Objectivity (c)
Political Neutrality – Chapter 3	-
Conflict of Interest – Chapter 3	-
Professional Secrecy – Chapter 4	Secrecy (e) and (f)
Competence – Chapter 5	-
Professional Development – Chapter 5	Professional Development (g)

3.2.2   Training and Development (AS)

The INTOSAI auditing standard Training and Development establishes that the SAI should adopt policies and procedures to develop and train SAI employees to enable

them to perform their task effectively and to define the basis for the advancement of auditors and other staff (INTOSAI auditing standards 2.1.2b)

Items 2.1.7 and 2.1.9 from INTOSAI auditing standards complement the standard noted above and establish the following:

2.1.7 The SAI should maintain an inventory of skills of personnel to assist in the planning of audits as well as to identify professional needs.

2.1.9 The SAI should also establish and maintain policies and procedures for the professional development of audit staff regarding the audit techniques and methodologies applicable to the range of audits it undertakes.

TCU does not establish Training and Development as an auditing standard in its audit manuals, but is implementing a program in professional development in auditing (PDPA) that is dealing with the main requirements of this standard.

3.2.3   Use of an External and Internal Expert (RM)

The INTOSAI related matter Use of an Expert is connected to the Use of Skills Auditing Standard. It establishes that the SAI should be able to acquire specialized skill from external sources if the successful conduct of an audit so requires such skill in order that the audit findings, conclusions and recommendations are perceptive and soundly based and reflect an adequate understanding of the subject area of the audit. It is for the SAI to judge, in its particular circumstances, to what extent its requirements are best met by in-house expertise or outside experts.

In its manuals, TCU addresses the consultation of external experts from the public service, but does not address in-house experts or the acquisition of external experts in general.

Sampling is one aspect that should be reinforced in TCU audit methodology. The reinforcement should aim at the basic level of statistical sampling and be oriented to (a) identification of internal expert, (b) consultation of external expert from the public service, and (c) contracting out when the audit requires advanced skills in statistical sampling. One entity in the Brazilian public sector that could have a permanent agreement with TCU to carry on this job is the Instituto Brasileiro de Geografia e Estatistica (IBGE), the agency responsible for statistics in Brazil.

3.2.4   Conflict of Interest (AS)

The INTOSAI auditing standard Conflict of Interest establishes that SAIs should avoid conflict of interest between the auditor and the entity under audit. (INTOSAI auditing standards 2.2. 1b)

The OAG uses a checklist to verify the existence of conflict of interest and is revising the wording of this issue in its manuals and guidelines.

The GAO establishes in its manual that there are circumstances under which auditors may not be impartial, or may not be perceived as impartial. The audit organization is responsible for having policies and procedures in place to help determine if auditors

have any personal impairments. Managers and supervisors need to be alert for personal impairments of their staff members. Auditors are responsible for notifying the appropriate official within their audit organization if they have any personal impairments. (GAS 3.16)

TCU manuals deal with conflict of interest only in the Audit Manual, Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules, item (b), but there are no procedures to help determine if auditors have any personal impairments.

3.2.5   Use of the Work of Another Auditor (RM)

The INTOSAI related matter Use of the Work of Another Auditor is connected to the Due Care Auditing Standard. It establishes that when the SAI uses the work of another auditor(s), it must apply adequate procedures to provide assurance that the other auditor(s) has exercised due care and complied with relevant auditing standards, and it may review the work of the other auditor(s) to satisfy itself as to the quality of that work.

TCU manuals deal with use of the work of another auditor when considering the evaluation of the internal control and when conducting preliminary auditing, but do not deal with specific procedures to provide assurance that the other auditor(s) has exercised due care and complied with relevant auditing standards. This matter has special relevance when TCU needs to consider in its reports findings and conclusions from reports done by internal auditors or provincial auditors.

3.2.6   Materiality and Significance (RM)

The INTOSAI related matter Materiality is connected to the Planning Auditing Standard, and establishes that, in planning an audit, the auditor should determine the materiality of matters to be considered.

GAO and OAG manuals consider materiality as an item of significance and an issue that is always relative and always requires judgement; therefore, it is usually not possible to lay down specific rules or absolute numerical measurements that will be valid in every case. Consequently, the materiality decision ultimately becomes a matter for the auditor's professional judgement.

TCU manuals deal with materiality when considering the Audit Plan of the Court.

3.2.7   Risk Assessment and Audit Focus on Results (RM)

The INTOSAI related matter Risk Assessment is connected to the Planning Auditing Standard and establishes that, in planning an audit. It is necessary to collect information about the audited entity and its organization in order to assess risk.

OAG manuals give special attention to risk assessment and the audit focus on results and consider it an essential audit step or procedure.

The GAO manual deals with risk assessment superficially when evaluating internal controls.

TCU deals superficially with risk assessment in its IT manual, but is developing a risk assessment technique based on the knowledge acquired by the previous Fellow, Horacio Vieira.

3.2.8   Familiarization of the Entity with the Audit (Compliance Audit) (RM)

The INTOSAI related matter Familiarization of the Entity with the Audit is connected to the Planning Auditing Standard. It establishes that, in planning an audit, a step is normally included to familiarize the audited entity with the scope, objectives, and the assessment criteria of the audit and discuss with them as necessary. But, in contrast to private sector audit, where the auditor's agreed task is specified in an engagement letter, the audited entity is not in a client relationship with the SAI. The SAI has to discharge its mandate freely and impartially, taking management views into consideration in forming audit opinions, conclusions, and recommendations, but owing no responsibility to the management of the audited entity for the scope or nature of the audits undertaken.

The OAG establishes in its manuals guidance for auditors to familiarize and discuss with the auditee the audit scope, objectives, and criteria. It recommends that the auditors seek entity management's views about critical elements of the audit and that the audito/auditee relationship not compromise the auditors' independence or the quality of the audit.

The GAO establishes in its manual that auditors should communicate information to the auditee, the individuals contracting for or requesting the audit services, and the audit committee regarding the nature and extent of planned testing and reporting on compliance with laws and regulations and internal control over financial reporting.

TCU deals with familiarization of the entity with the audit only in its Performance Audit Manual.

3.2.9   Follow-up (RM)

The INTOSAI related matter Follow-up is connected to Reporting Auditing Standards. It establishes that, in following up recommendations, the auditor should maintain objectivity and independence and thus focus on whether identified weaknesses are corrected rather than on whether specific recommendations are adopted.

The OAG and GAO have specific chapters or sections dealing with follow-up in their manuals.

TCU deals superficially with follow-up in its Audit Manual but is studying the development of a specific follow-up technique for performance audits.

3.2.10 Quantification (Performance Audit) (OAG RM)

The OAG deals with quantification mainly in its Special Examination Manual and establishes that quantification frequently adds clarity and understanding. Without it, there is an increased likelihood that an issue will be received indifferently by the management of the corporation, and where quantification of findings adds value to the special examination report, examiners are strongly encouraged to use it.

The OAG recognizes that extensive quantification has not been a characteristic of VFM audits; this has been equally true for special examination report, resulting in significant deficiencies. The OAG has developed a specific guideline on quantification to diminishes this deficiency.

TCU deals with quantification only in its Performance Audit Manual, but the findings in compliance audits are usually quantified.

Partial Differences between INTOSAI, OAG, GAO and TCU Auditing Standards

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU
Code of Ethics	Code of Professional Conduct		AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules *
General Standards			
Training and Development (AS) 2.1.5	AAM 7.55 VFMM 8.55 People Management at the Team Level, Human Resources Information Site (HRIS); SEM policies (6,7& 9) and guidance	3.6 Continuing Education Requirements	AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules (g); PDPA
Use of an Expert (external and internal) (RM) 2.1.18, 2.2.43, 2.2.44	AAM 1.33 Consultation, 3.35 Consultation with Specialists, 3.75 Use of Information Technology (IT) Audit Specialists, 3.83 Consultation with Specialists (inherent risk), Chapter 6 (external and **internal** specialists), 6.19 Involvement of Specialists, 6.20 Information Technology (IT) Audit Specialists, 6.25 Financial Instruments (FI) Accounting and Audit Specialists, 6.27 Legal Services, 6.32 The Auditor General's Independent Advisory Committee, 7.24; VFMM 3.1.5 Competence, 3.16 Consultation and advice, 8.24 Consultation with Legal Services (**internal**); SEM 74. Advisory Committees, 78. Special Examination Policies, Polices Related to Consultation, 90. Advisory Committee, 337 Work of consultants, Appendix 1: Quality Management System and Practices, Discussion of Key Instruments and Practices, Access to specialists and experts, Advisory Committees	3.5 Qualifications	AM Chapter Audit Plan 2. III (External Public Servant specialist); PAM 2.1.2 Preliminary Audit

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU
Conflict of Interest (Ethical Significance) (AS) 2.2.31	AAM 7.31, VFMM 8.31 Conflict of interest, fraud, or other illegal acts (under revision), AAM Chapter 8, VFMM Chapter 9, SEM Appendix 1: Quality Management System , item 2. Independence, objectivity and integrity	3.16 Personal Impairments	AM Chapter Qualification Standards to Audit, Title Execution, Subtitle Auditor Conduct Rules, item (b) *
Use of the Work of Another Auditor (RM) 2.2.45	VFMM 4.81 Reliance on other audits and evaluations; SEM 78. Special Examination Policies 4.	6.12 Considering Other's Work, 6.44 Management Controls, 6.65 Working Papers, 7.45 Issues Needing Further Study	AM Chapter Work Field, Title Planning, Subtitle Overview 1.1.2. (d); Title Planning, Subtitle Evaluation of Internal Control 7. (e), (f); PAM 2.1.2 Preliminary Audit
Field Standards			
Materiality (RM) 3.1.3 (f), 3.1.4 (a), 4.0.27	AAM 3.55 Materiality; VFMM 2.4 Selecting the right area for audit; SEM 61 Significance	6.7 Significance and User Needs	AM Chapter Audit Plan 3.
Risk Assessment (RM) 3.1.4 (a)	AAM 2.2 Risk and Audit Assurance, 3.24 Knowledge of the Entity's Business and Risks, 3.59 Ultimate Risk, 3.77 Assessment of Inherent Risk, 3.83 Consultation with Specialists (inherent risk), 3.84 Compliance with Authorities, 3.89 Determining the Planned Reliance on Controls, 4.21 Reliance on Processing Controls, 4.28 Reliance on Management and Monitoring Controls; VFMM 4.20 The survey stage, SEM 70. Identifying and evaluating risks, 71. Risk Analysis, 78. Special Examination Policies, Policies Related to the Planning Phase 11, 83. Planning Phase, 96. Results Orientation, 152. Risk Analysis and Key Area Selection, Chapter 6 Using the Identification of Expected Corporate Results and Risk Analysis to Select Key Areas for In-Depth Examination	4.21.3 Internal Control	ITAM Part 1. Assessment of Reliance on Computer Processed Data, 3.5 Determining the Risk on Data Reliance, Part 2. Information System Auditing, 1.2.2. Risk Assessment

INTOSAI Auditing Standards (AS) and Related Matter (RM)	OAG	GAO	TCU
Familiarization of the Entity with the Audit (Compliance Audit) (RM) 3.1.4 (g), 2.2.26	AAM 1.29 Communication, 3.1 Audit Objectives – Terms of Engagement, 3.19 Terms of Engagement – All Entities, 3.101 Reporting to the Audit Committee, 5.43 Management Letters, 6.11 Terms of Engagement, AAM 7.41 VFMM 8.41 Reports to entity management; VFMM 3.13 Entity management's input to the audit, 4.50 (objectives and criteria), 4.86 Developing recommendations; SEM 78. Special Examination Policies 5. 7. 9., 270 Clearing Facts, Findings and Conclusions with Management, 332 Management Letters and Transfer of information	4.6.3 – 4.6.9 Auditor Communication, 5.32 Report Distribution (Financial Audits); 7.66 Report Distribution (Performance Audits)	PAM 2.1.4 Audit Criteria Specification, 4.6 Management Comments, 6.5 Management Comments
Reporting Standards			
Follow-up (RM) 4.0.26	VFMM Chapter Audit Follow-up Standards; SEM 78. Special Examination Policies 7.	4.7 Audit Follow-up (Financial Audits), 6.12 Audit Follow-up (Performance Audits)	AM Chapter Auditing Procedures, Title Definitions and Objectives 3. IV b
	VFMM 7.12 Quantification; SEM 261. Quantification of Facts and Findings (Guidelines to Quantification) *		PAM 2.2.1 par. 6 and 9

*Quantification is not an INTOSAI auditing standards or related matter but was included in this part of the study because of its relevance to audit methodology.

Appendix II - E

Audit Manuals' Strengths and Opportunities for Improvements

The objective of the assignment was to select the best aspects of audit methodology to be reinforced or implemented in TCU audit methodology. During the selection, the manuals studied were also evaluated and compared in terms of the strengths and opportunities for improvement regarding visual presentation, structure, wording, completion, co-relation, compatibility, and uniformity.

TCU Manuals

The **strengths** of TCU audit manuals include the following:

-       The Audit Manual covers the most important audit standards, and some of them are presented in a good level of detail, for example, sampling and documentation (working papers).

-       The Performance Audit Manual presents updated audit techniques and procedures, and is well presented and organized.

-       The Information Technology (IT) Audit Manual presents the main points of IT audit, aspects of risk assessment, and contains a good level of detail.

The **opportunities for improvement** in TCU audit manuals include the following:

-       All the aspects covered in the items 1.1 Best Aspects of Audit Methodology to TCU Audit Methodology, 3.1 Complete Differences, and 3.2 Partial Differences.

-       All the paragraphs of the manuals should be numbered, including the number of each chapter.

-       The words in the manuals defined in the glossary should have a mark indicating that the glossary contains an explanation of the word.

-       The manuals should not use words in a figurative way or with quotation marks.

-       The electronic manuals should contain electronic links to the guidelines.

-       The structure of the Audit Manual should be numbered.

-       The Glossary of the Audit Manual should contain only explanations of the terms that are in the manual.

-       The Audit Manual should have a specific item dealing with evidence.

-       The Audit Manual should contain an item about audit summary communication to the media and stakeholders (e.g. Congressmen).

-       The Audit Manual should be firstly updated and reviewed based on the Performance Audit Manual and IT Audit Manuals.

- The Audit Manual should describe the guidelines as do in the Performance Audit Manual and IT Audit Manual.

OAG Manuals

The **strengths** of OAG audit manuals include the following:

The OAG audit manuals have good visual presentation and wording are very complete, indicates the guidelines and include relevant audit practices beyond the main auditing standards.

The **opportunities for improvement** in OAG audit manuals are related to the following:

- Consistency: The OAG manuals, when compared among themselves, have some inconsistencies as follows:

- The Annual Audit Manual (7.19 - Access to Information) does not show the sites as shown in VFM Manual (8.19).

- The Annual Audit (7.17) establishes that OAG will not **normally** release audit information, while the VFM Manual (8.17) states that OAG will not release audit information. The Annual Audit Manual does not show the sites as shown in the VFM Manual.

- Legislative amendments (7.28) from the Annual Audit Manual state that Legal Services is considering proposed wording for this section. The VFM Manual (8.28) establishes guidelines for seeking legislative amendments.

- The Annual Audit Manual (7.29) and the VFM Manual (8.28) deal with the same subject, co-ordination of work with regional offices, but there is no title to the subject in the VFM Manual as there is the Annual Audit Manual.

- Third party clearance (7.42) in the Annual Audit Manual states that Legal Services is considering proposed wording for this section. The VFM Manual (8.42) establishes guidelines for third party references.

Some inconsistencies may be justified because of the peculiarities of each product line.

- Uniformity 1: The INTOSAI Auditing Standards and related matters are universal and are connected to the International Standards of Auditing (ISA) from IFAC; therefore, in general, they can be considered in any audit manual for any kind of audit or product line. Nevertheless, some of the most important auditing standards and related matters are mentioned in some OAG manuals but are not mentioned or are mentioned very superficially in other manuals, as follows:

- Due Care: The VFM and Annual Audit Manuals have specific items dealing with this auditing standard (3.1VFM, 6. And 7. AA), but it is rarely mentioned in the Special Examination Manual;

- Use of the Work of Another Auditor: The VFM Audit Manual dedicates a specific item to this audit matter (4.81), and The Special Examinations Audit Manual deals with it in its Policies (78. 4.), but it is not stated in the Annual Audit Manual;

- Materiality: The Annual Audit Manual has a specific item on this audit matter (3.55), and the Special Examinations Audit Manual deals with it in item 61. Significance, but it is only briefly mentioned in the VFM Audit Manual;

- Criteria: The VFM and Special Examination Audit Manuals dedicate specific items to deal with this audit matter, 4.40 and Chapter 7., respectively, but it is not mentioned in the Annual Audit Manual;

- Internal Control Evaluation is considered in the VFM and Annual Audit Manuals, but it is rarely mentioned in the Special Examination Manual;

- Compliance with Laws and Regulations: The Annual Audit Manual dedicates various items to this audit matter, but it is not mentioned in the VFM Audit Manual and is only briefly mentioned in the Special Examination Manual;

- Sampling: The Annual Audit Manual dedicates a specific item to this audit matter (4.42), and the VFM Audit Manual deals with it in item 4.68, but it is not mentioned in the Special Examination Manual;

- Consideration of Computer Information System Environment is dealt with in a specific item in the Annual Audit Manual (3.70), but is not mentioned in the VFM and Special Examination Manuals.

- Uniformity 2: The TCU audit methodology is based in one main manual (Audit Manual), complementary manuals (Performance Audit Manual and IT Audit Manual), and several guidelines. The OAG audit methodology is based in three different manuals and several guidelines. There is no only one manual that congregates the common and general OAG audit standards, applicable in all its kind of audits or products lines, the dorsal spine of OAG audit methodology, as a Comprehensive Audit Manual. The OAG could maintain the three separate manuals but create one comprehensive audit manual that includes the core and common aspects of its audit methodology.

- Structure: The numeration of the paragraphs of the Special Examination Manual is different from the other manuals. It maintains a sequential numeration that does not consider the number of the chapters as in the VFM Audit Manual and Annual Attest Audit Manual.

Bibliography

INTOSAI
Auditing Standards (Approved by the XVIIth Congress of INTOSAI in Seoul 2001)
Code of Ethics (Approved by the XVIth INCOSAI Congress in Motevideo in 1998)

OAG
Annual Audit Manual (March 1999)
Value for Money Manual Audit Manual (January 1999)
Special Examinations Audit Manual (September 2000)

GAO
General Auditing Standards (Yellow Book) (July 1999)

TCU
Audit Manual (December 1995)
Performance Audit Manual (July 2000)
        Information Technology Audit Manual (September 1998)

Appendix III

Audit Software

1.   Why Use Audit Software in TCU

Following are some reasons for TCU using audit software:

- aging technology
- aging methodology
- too much paper
- too much audit work on low- risk items
- too little reliance on controls
- low level of audit consistency

2.   Audit Software Scope

The software should encompass the entire process, including compliance, financial, and operational audits and its players:

1.   TCU Mandate (link)
2.   TCU Strategic Plan (link)
3.   TCU Audit Plan (link)
4.   Survey
5.   Planning
6.   Execution
7.   Information Gathering
8.   Reporting
9.   Minister Report (link)
10.   Preliminary-Final Decision (link)
11.   Appeal (link)
12.   Final Decision (link)
13.   Library (support audit information)
14.   Administration
15.   Supervision, Review and Quality Control
16.   Divulging (Congress and Media Release and Performance Report)
17.   Recognition and Rewards
18.   Follow-up

3. Audit Players and Process

DECISION AND PLANNING UNITS			AUDIT UNITS				DECISION AND APPEAL UNITS				AUDIT UNITS
?	?	?	?	?	?	?	?	?	?	?	?
MANDATE	STRATEGIC PLAN	AUDIT PLAN	SURVEY Op-tio-nal	PLANNING	EXECUTION	REPORTING	MINISTER REPORT	P.-F. DECISION	APPEAL	FINAL DECISION	FOLLOW-UP
?	?	?	?	?	?	?	?	?	?	?	?

4. Audit Software Structure and Main Pane View

The user can enter in the software to perform a new audit, continue an audit in progress, or review or obtain information about a previous audit.

		Planning	Execution	Reporting		
	Survey	Understanding the Entity, Activity or Act	Criteria	Significant Conclusions	Follow-up	
TCU Mandate	Understanding the Entity, Activity or Act	Expected Results	Preliminary Conclusions	Audit Report Determinations and Recommendations Proposed	Final Decision Determinations Recommendations	Minister Report
TCU Strategic Plan	Expected Results	Risks and Controls	Conclusions		Accomplishments and Results	P. – F. Decision
	Risks and Controls	Areas			Follow-up Report	Appeal
TCU Audit Plan	Expected Audits	Key Areas				Final Decision
	Survey Report	Criteria				
		Audit Plan and Program				

Information Gathering		
Interviews	Management's Clearance Letter	Working Papers

Library						
Previous Audits	Risks and Controls Audit Programs	Audit Manuals, Guidelines and Tools	External Systems	Internal and External Specialists	Entities	Accounts

Administration			
Audit Information	Team Assignments and Security	Memorandums and Letters	Entity Managers and Internal Audit Contacts

Supervision and Quality and Results Control			
Supervision and Review		Quality and Results Control	
Divulging		Recognition and Rewards	
Congress and Media	Performance Report	Recognition	Rewards

5. Audit Methodology Applied in the Software

The audit methodology is based on risk and control assessment.

A paper prepared in May 2000 by a joint working group for submission to the International Auditing Practices Committee, the Assurance Standards Board of the CICA, the Auditing Practices Board of the United Kingdom and Ireland, and the Auditing Standards Board of AICPA stated that the risk and control audit methodology is likely to provide an improved basis for the auditor to understand issues associated with going concern (operational audit) and management fraud (compliance audit).

This audit methodology integrates the approach of compliance and financial audits to the operational audit approach.

Audit Methodology

Compliance/Financial	Operational
Reporters of past	Participate in entity future
Product audit	Process audit
Perceived as auditors	Seen as advisors

The audit program that the software creates is based on risk and control assessment and focuses on the expected result of an entity, activity, or act. Even the audit program created by the auditor and not borrowed from Library's software is based on expected results and on risk and control assessment. The control assessment focuses on both the design of controls and the implementation of those controls to ensure that they have been operating. The software does not open an audit program if the auditor has not defined an expected result, its risks, controls, and the respective criteria.

With this methodology, TCU audits will be executed focussing initially on what should be the expected result of an entity, activity, or act and not only on the unexpected result that occurs. For example, if an audit team was assigned to assess an unexpected result of an entity, activity, or act, such as buy without competition, the software, based on the methodology, will ask the auditor to identify initially what the expected result should be (buy through competition), and the risks and controls related to the expected result. That is, the auditor will identify why the unexpected result occurred assessing the risks that could have prevented the expected result from being achieved (inherent risk) and the likelihood of its control preventing or minimizing the risk from happening (control risk).

The recommendations or the determinations will correct the unexpected result and prevent it from happening again. TCU audits will not deal only with a specific unexpected result and it consequences, but also with its causes. Better methods of control and prevention will always be recommended or determined, with the regular penalties, if necessary, to ensure only expected results in the future.

This methodology and its software are applicable to operational, compliance, and financial audits. The methodology and software are not intended to be used to perform public program audits.

Expected Results – Risks – Controls – Criteria – Audit Program – Conclusion

6. Specific Criteria

6.1 TCU Mandate

The software should link each audit to its specific TCU mandate.

6.2 TCU Strategic Plan

The software should link each audit to its specific strategic plan audit goal.

6.3 TCU Audit Plan

The software should link each audit to its information in the TCU Audit Plan. This phase of the TCU audit process is already in specific software developed in-house and will be completely integrated seamless to the audit software proposed, to be only one software. Some of the information about the audit (Administration - Audit Information) will be imported from this part of the whole audit software. The TCU Audit Plan is based on a risk assessment that considers only TCU risks and is changing to incorporate entity business risk. The software should consider this improvement.

6.4 Survey

The survey phase should contain four blocks: understanding the entity, activity, or act; expected results; expected audits; and report

5.4.1. Understanding the Entity, Activity, or Act should contain the following:

6.4.1.1 Entity

Profile (description and/or link to the entity site containing the information; link is provided by TCU Library staff)

Mandate
Objectives
Nature
Vision-Mission
Performance Indicators
Applicable Laws and Regulations
Superior Entity
Internal Audit
Entity Managers, Internal Audit contacts (update Administration)
Links to TCU audit manuals and guidelines dealing with understanding the entity, activity or act
Questions
Are stated objectives consistent with the mandate? If not, explain.

Is the vision-mission consistent with the mandate and objectives? If not, explain.

Are objectives stated in clear and measurable terms? If not, explain.

Do the stated objectives cover all aspects of the legislated mandate? If not, explain.

Are there performance indicators for each stated objective?

Is there a stated objective for each performance indicator?

Are the performance indicators appropriate and reasonable for measuring the entity performance?

How does the corporation compare with the industry in terms of performance indicators?

Is the entity meeting its objectives?

What is included in the internal auditing plan?

What internal audits have been carried out over the past year? What audits are planned for future years?

Has internal audit noted problems or irregularities? What are they? (link to internal audit system or embed)

To what extent will TCU be able to rely on internal audit?

Is this something for which you want to create an Expected Result? If yes or no, explain (yes explanation opens an Expected Result)

Key Resources

Human Resources
Financial Resources
Physical Resources
Link to TCU audit manuals and guidelines dealing with key resources
Questions
What are the key resources?

Why are they key to meeting the objectives?

Is this something for which you want to create an Expected Result? If yes or no, explain (yes explanation opens an Expected Result)

Operations

Organizational Chart (link, embed, or create; in this case, link to chart software and import feature)
Link to audit manuals and guidelines dealing with assessing operations

Questions

What are the key operations?

Who are the external stakeholders?

Who are the key customers?

Who are the key suppliers?

Who are the key internal stakeholders, unit players, and roles? Explain why they are key.

What are the significant changes since the last audit?

What major changes, if any, does the entity anticipate in the next five years?

Describe the external environment, considering social, economic, political, and technological factors

Is this something for which you want to create an Expected Result? If yes or no, explain (yes explanation opens an Expected Result)

Last TCU Audits and Accounts (links to Previous Audits and Accounts in the Library)

6.4.1.2 Activity

Profile

Process Map
Links to TCU audit manuals and guidelines dealing with process map
Questions

From Process Map and

Is this something for which you want to create an Expected Result? If yes or no explain (yes explanation opens an Expected Result).

Key Resources
Similar to Entity Key Resources

Last TCU Audits and Accounts

Similar to Entity Last TCU Audits and Accounts

6.4.1.3 Act

Profile

Product Map
Links to TCU audit manuals and guidelines dealing with process map
Questions
From Product Map and

Is this something for which you want to create an Expected Result? If yes or no explain (yes explanation opens an Expected Result)

Key Resources

Similar to Entity Key Resources

Last TCU Audits and Accounts

Similar to Entity Last TCU Audits and Accounts

6.4.2 Expected Results

Refers to the key results the entity, activity, or act must achieve to be successful. If the auditor previously knows the Expected Result, he or she may skip the questions above and complete directly the Expected Results.

6.4.2.1 Entity

Formed by the answers (create an Expected Result) from the previous block

The Expected Results should contain and provide:

Feeding to the Risk Matrix (Business Risk) in the TCU Audit Plan

EXPECTED RESULTS

Expected Result (?) (Summary):	
Expected Result (Detailed):	
Type of Expected Result:	Entity Defined Auditor Defined

(?) Refers to the key results the entity must achieve to be successful; this include objectives stated or implied, critical success factors, and senior management's view of the entity priorities.

Question: If the auditor has defined the expected results, how has this been discussed and agreed with management?

6.4.2.2 Activity

Similar to Expected Results from Entity but about process

6.4.2.3 Act

Similar to Expected Results from Entity but about product

6.4.2.A Risks and Controls

Expected Results have a internal block called Risks and Controls.

After the auditor has identified the expected results from an entity, activity, or act, he or she will identify the risks (events) that could prevent the expected result from being accomplished, identify the controls implemented by the manager and internal audit to eliminate or mitigate those risks, and specify the likelihood (low, medium, high) of the risk (event) happening.

The questions to identify the risks and related controls connected to the expected results can be borrowed from the Risk and Control Programs from the Library, or the auditor can create your own program and store it in his/her Risk and Controls Programs in the Library.

After the specification of the risk likelihood, the auditor can borrow an audit program specific to the risk detected or create one and store it in his/her Audit Programs in the Library.

6.4.2A1 Entity Risks and Controls

RISKS AND CONTROLS

Expected Result (summary):			
What could prevent the expected result from being achieved? (inherent risk)			
Describe the event.			
Event summary. (link to risks stored in Risks and Controls in the Library. If similar, use the summary risk (event) from the Library. If not, create your own risk/event summary)			
What is the likelihood of it happening? (inherent risk)	Low	Medium	High
What are the impact and magnitude of the consequences if it did happen?(inherent risk)	Low	Medium	High
What control could prevent or minimize it happens? (if the risk (event) was chosen from Risks and Controls from Library, the software lists the possible controls appropriate to specifically identified risks and testing procedures to ensure that they are effectively working. The auditor can use, cut or add a new control and procedure to the list of controls and test procedures, in this case he should store the new controls and procedures in Library – Risk and Controls under his/her name. If the risk was not chosen from Library, the auditor has to create its own controls and testing procedures and store them in Audit Controls and Procedures - Risks and Controls in the Library, under his or her name)			
Control summary (link to controls related to the risk chosen stored in Risks and Controls in the Library. If similar, use the summary control. If not, create your own control summary)			
Describe the control actually performed, if any, to prevent or minimize the event?			
What is the likelihood of the control, if any, to preventing or minimizing the risk from happening? (control risk/ reliance on control)	Low	Medium	High
Is Internal Audit controlling management actions to prevent and minimize the risk happening or have related problems and solutions been noted in the accounts. (If not, create an Expected Audit -opens an Expected Audit) (detection risk)	Yes		No
The risk is: (created automatically by the software based on the answers above. The auditor can change it but, in this case, he or she has to explain why)	Low	Medium	High

Orientations:

If you are performing a survey, for those Expected Results with High Risk specify an Expected Audit

Compare the high risks with the risks stored in the Risks and Controls in the Library. If they fit, you should use the risks from the Library, if not, create your own risk and store it under your name in Risks and Controls in the Library.

If you use a risk stored in the Library, the software automatically creates an Audit Program related to the risk and controls chosen. You will be provided with lists of possible controls and suggested audit procedures appropriate to specifically identified risks. If you do not use a risk from the Library, you will have to create your own controls and procedures and store the program in Audit Controls and Procedures – Risks and Controls in the Library, under your name.

The software should generate a top-down approach to testing controls and stop when control, or number of potential risks addressed, is effective: senior management – middle management, supervisory level, and clerical level control activities.

> 6.4.2.A 2 Activity
>
> Similar to Expected Risk and Controls from Entity but related to process
>
> 6.4.2.A.3 Act
>
> Similar to Expected Risk and Controls from Entity but related to product

General Criteria for Risks and Controls:

> Provide a structured, automated process for planning and risk and control assessment
>
> Direct the risk assessment to audit objectives, the audit program, and completion of audit steps
>
> Provide a record of how much (high, medium, or low) substantive data testing auditors should perform, which auditors can save as a support working paper

6.4.3. Expected Audits

> 6.4.3.1 Entity
>
> Formed by the Expected Audits with High Risk created in the previous block if the auditor is performing a survey. The Expected Audit should feed to the TCU Audit Plan (PRIORI) and contain the following:

EXPECTED AUDIT

Proposed audit with some Audit Plan requirements as semester-year, subject, object (Unit principal must to sign)	
When was the last TCU audit. If more than five years ago, reinforce Expected Audit.	
What were the recommendations and/or determinations in the last audit and last accounts (link Library Previous Audits, Accounts)	
Are the recommendations and-or determinations accomplished, still in time to be accomplished or overdue. If they are overdue, answer the next question.	
Did the recommendations and/or determinations deal with Expected Results with high risk? If yes, reinforce the Expected Audit and mark it as a follow-up.	

6.4.3.2 Activity

Similar to Expected Audit from Entity

6.4.3.3 Act

Similar to Expected Audit from Entity

6.4.4 Survey Report

A three pages maximum template summarizing the Expect Results, its high and maybe medium Risks and, if necessary, the Expected Audits proposed

Front Pane View Expected Results

Survey	ER (summary)
Understanding the Entity	High Risk (summary)
Expected Results	ER
Risks and Controls	High Risk
Report	ER
Planning	High Risk
Execution	High Risk
Reporting	
Follow-up	
Information Gathering	
Library	
Administration	

6.5   Planning

The planning phase should contain four main blocks: understanding the entity, activity, or act; expected results; key areas; criteria and audit plan and program. The blocks Understanding the Entity, Activity or Act and Expected

Results with its subblock risks and controls are the same as in the Survey phase, but in this phase Risks and Controls includes the statement:

> For those expected results with high risk, identify what area or areas (systems and practices / processes / functions, etc.) of the corporation would be expected to be employed to manage, or minimize, the risk. (software opens an AREA)

6.5.1   Key Areas

AREA

Expected Result (summary):	
Risk (summary)::	
Area (summary):	
Area (description):	

Questions and Orientation:

In your judgement, may this constitute a key area? If yes, explain and create Key Area.

Are there any other key areas that you feel should be included for in-depth examination? If yes, explain and create Key Area.

Attach Documents (embed or link):

KEY AREA
for in-depth examination:

Key Area (summary): (compare to the Key Areas in Risk and Controls in Library; if they are similar, use the key area from Library)	
Key Area (description):	
Reason for making this a Key Area?	
Entity (Activity or Act) Stated Control Objectives:	
Supporting Areas:	

The comparison with the Key Area in the Risk and Controls – Library is only possible if the auditor opted to use the risk from Risk and Controls – Library. The areas will be shown under the risk selected. This procedure will give the auditor a focused and pre-established Audit Program in the specific area or areas.

The auditor does not have to perform this step. He or she can carry out the audit without the identification of the area, using the Audit Program based on risk from Library or created by him/herself.

Front Pane View

Survey	ER	
Planning		Risk
Understanding the Entity, Activity or		Area
Expected Results	ER	
Key Areas		Risk
Audit Plan and Program		Area
Execution		Area
Reporting		
Follow-up		Summary
Information Gathering		
Library		
Administration		

6.5.2 Criteria

CRITERIA

Expected Result: (summary)	
Risk:(summary)	
Key Area: (summary)	
What must work well?	To produce what results?
Criteria: (?) (summary) (Compare to the criteria stored in Library; if similar, use the criteria from Library)	
Criteria: (?) (description)	

?Orientation/Help

The criteria selected for in-depth examination should be relatively few in number but broad in their application

They can be laws, regulations, internal stated control objectives, performance indicators, objectives, or expect results. In some operational audits, the criteria will be the same as the expected result.

Attach Documents (embed or link):

The general criteria have an optional Subcriteria block that should contain the following:

SUB CRITERIA

Key Area: (summary)	
Criteria: (summary)	
Sub-Criteria: (summary)	
Sub-Criteria: (description)	

The criteria and subcriteria, if selected from Library will help the software to select and provide the predefined audit programs and procedures.

Front Pane View

Survey	Key Area (in progress)
Planning	Risk
Understanding the Entity, Activity or	Criteria (under review)
Expected Results	
Key Areas	
Criteria	Summary
Audit Plan and Program	
Execution	
Reporting	
Follow-up	
Information Gathering	
Library	
Administration	

6.5.3   Audit Plan and Program

6.5.3.1 Audit Plan

The audit plan should contain the identification of who will perform what, where, when and level of access to the software. It updates the Administration – Team Assignment and Security. The plan should also specify the specialists necessary to carry out the audit.

6.5.3.2 Audit Program

The audit program in the planning phase should contain the expected results, audit criteria (and subcriteria, if necessary), detailed audit procedures, information gathering technique (IGT), the auditor responsible, working paper reference (link), the reviewer, and the status of each procedure (not initialized, in progress, under review). All the audit procedures that will use interview have to show it and open an Interview in Information Gathering with the Criteria and Sub

criteria, the Audit Procedure and the Auditor Responsible; the other open a Working Paper in Information Gathering with the same information of the Interview

The audit program can be given automatically by the software based on risks and controls if the auditor selected risks and controls in the Expected Results from the Library. If not, the auditor will have to create a new audit program and store it in Library under his or her name.

To create a new audit program, the software opens a planning matrix (Design Matrix Model stored in Audit Manuals, Guidelines and Tool in Library) that will help the auditor to create his or her audit procedures. The audit program and procedures stored in the Library were created following the same methodology.

DESIGN MATRIX MODEL

Expected Result	
Risk	
Criteria	
Audit Procedure (question) (Specify the key terms and the scope of the procedure: tasks; period covered; stakeholders; target players; documents; controls focused, stated or not, reliance on controls)	
Information Required (Identify the information needed to perform the procedures, and answer the questions)	
Information Sources (Identify the sources of each item of information)	
Methodological Strategy (Specify the comparisons to be made and the sampling techniques to be used: case study; survey; field experiment; quasi-experimental design; non-experimental design; and use of existing data)	
Information Gathering Techniques (Specify the collection methods to be employed: Interviews; Questionnaire; Inspection; Enquiry; Confirmation; Observation; Computation; Analyses.)	
Data Analysis Methods (Specify the techniques to be used in the analysis of the data: Descriptive statistics; Qualitative analysis; Content analysis; Others.)	
Constraints (Specify the limitations related to the methodological strategy adopted, the quality of the information, and the operational conditions of the work.	

What the Audit Procedure will Allow Us to Say
Clarify precisely which conclusions or results can be reached through the methodological strategy adopted.

Link to audit manuals and guidelines that deal with design matrix model

AUDIT PROGRAM

(By area or not – if the auditor identified Key Area the audit program will be by area)

Expected Result	Criteria and Sub criteria	Audit Procedure	I G T *	Auditor Responsible	Interview	W-P	Reviewer	Status

Other information: dates to begin and finish the procedure.

Any column may generate specific view, for example: procedures by auditor, dates for accomplishment…. As the procedures are linked to risks and control, the software should prepare views from audit procedures or other information in the audit program by risks and controls.

? IGT – Information Gathering Technique

The auditor is provided with lists of suggested audit programs with audit procedures appropriate to specifically identified risks and possible controls.

The audit program is based on risk and control assessment and focuses on the expected result of an entity, activity, and act. Even the audit program created by the auditor and not borrowed from Library aims at expected results and is based on risk and control assessment. The software does not open an audit program if the auditor has not fully filed the Expected Result and the Criteria, both conduct the audit program to assess risks, controls and results.

With this methodology, the audits will be executed focusing initially on what should be the expected result of an entity, activity, or act and not on the unexpected result. For example, if an entity, activity, or act paid more than it should for something, the expected result should be buy for the right price. The audit, with this methodology, will assess the risks and controls related to this expected result and identify the reasons why it is not happening. The audit will understand the entity, activity, or act, and recommend actions to prevent an unexpected result from happening again. The audit will not concentrate only on the unexpected result and its consequences, but also on the risks and controls to any similar unexpected result. It will recommend better methods to control and prevent it in the future, and make only expected results happen.

6.6 Execution

The execution phase should contain three main blocks: criteria, preliminary conclusion and conclusion

6.6.1 Criteria

This block is the same as the Criteria in the planning phase. If there is subcriteria, it is shown

6.6.2 Preliminary Conclusion

The preliminary conclusion should contain the following:

PRELIMINARY CONCLUSION

Criteria	
Subcriteria	
Findings (comes from Information Gathering)	
Preliminary Conclusion (comes from Information Gathering)	

Link to audit manual or guidelines dealing with assessing evidence and forming conclusion

6.6.3 Conclusion

The conclusion should contain the following:

CONCLUSION

Expected Result: (summary)	
Criteria: (summary)	
Conclusion:	
What is the nature of the problem? (from Preliminary Conclusion if not changed by Management Clearance Letter)	
What is the impact? (from Preliminary Conclusion if not changed by Management Clearance Letter)	
What is the cause? (from Preliminary Conclusion if not changed by Management Clearance Letter)	
Does this constitute a significant conclusion? If yes, explain. If no, explain.	
Does this will constitute a significant recommendation and or determination? If yes, explain. If no, explain.	

Front Pane View

Survey	Expected Result
Planning	Key Area
Execution	Criteria
Criteria	Sub-Criteria
Preliminary Conclusion	Finding
Conclusion	Preliminary conclusion
Reporting	Conclusion
Follow-up	
Information Gathering	**Summary**
Library	
Administration	

6.7   Information Gathering

Information gathering has three blocks: interviews, working papers and management's clearance letter; and serves to the survey, planning, execution and follow-up audit phases.

6.7.1.   Interview

The block interview should contain

INTERVIEW

Expected Results	
Key Area	
Criteria and Subcriteria (from Audit Program)	
Date of meeting	
Interviewer(s)	
Interviewee(s) (Auditor Responsible from Audit Program)	
Purpose of Interview (Audit Procedure from Audit Program)	
Agenda	
Minutes from meeting	
Evidence Gathering Technique	Inspection Enquiry Confirmation Observation Computation Analyses
Findings	
Preliminary Conclusion	
Impact of Preliminary Conclusion	Positive Neutral Negative

Observation:

(Observations, positive and negative, that arise from the interview or document review)

Impact:

(What is the significance of the strength or the potential impact of a weakness)

View purpose of the interview: name interviewee, date, purpose (to get…), interviewer, status (in progress, under review, reviewed) side by side, under the findings.

Front Pane View

Survey	Name Date Purpose (auditor) (status)
Planning	Finding
Execution	Finding
Reporting	Preliminary Conclusion
Follow-up	
Information Gathering	Summary
Interview	
Evidentiary	
Findings	
Library	
Administration	

6.7.2   Working Paper

The block working paper should contain

WORKING PAPER

Expected Result	
Risk	
Area	
Criteria	
Subcriteria	
Procedure (Audit Procedure from Audit Program)	
Evidence (result of the application of the Audit Procedure)	
Evidence Gathering Technique	Inspection Enquiry Confirmation Observation Computation Analyses
Findings	
Preliminary Conclusion	
Impact of Preliminary Conclusion	Positive Neutral Negative

Attach documents:

Rule: EDCID - develop Expectation Result, define a significant Difference (Expecting Result/Criteria – Findings), Calculate (gather the evidence), Investigate (reasons, Preliminary Conclusions), Document the procedures (embed, scanner, link documents)

In financial or attest audit, the Preliminary Conclusion should provide assurance and also be based on risk. In statistical terms, the software should allow the auditor to seek 95% of overall assurance (OA). OA= 100% - (100% - I) (100% - C) (100% - D), where OA, I, C, and D are expressed as percentages and: I is inherent risk, C is control risk and D is detection risk.

The working paper should contain links to the following:

a)   TCU audit tools as sample software and spreadsheets, from Audit Manuals, Guidelines, and Tools from Library.

b)   External Systems that support audit such as SIDOR, SIAFI, SIAPE, Prodasen. Auditors who are working on an individual audit file may access external database at anytime while still having the working paper file open. All the information from the systems can be embedded or linked in the working papers (External Systems from Library).

Questions:

What is the nature of the finding? (Link to audit manual or guidelines dealing with audit findings)	
What is the impact?	
What is the cause?	
What was management's reaction to this finding? (Link to audit manual or guidelines dealing with clearing findings and conclusions with management)	
Does this constitute a Management Clearance Letter item? If yes or no, explain (Link to audit manuals dealing with reporting to management)? If yes, the software creates the Management Clearance Letter (template stored in Administration Memorandums and Letters) Which may be sent and received by encrypted e-mail. When received, it is stored in Information Gathering)	

Front Pane View

Survey	Expected Result
Planning	Area
Execution	Criteria
Reporting	Finding
Follow-up	Preliminary Conclusion
Information Gathering	
Interview	Summary
Working Paper	
Management's Clearance Letter	
Library	
Administration	

General Criteria of Working Papers

Preparation of Audit Working Paper

Follows audit flow (understandable)

Supports auditor conclusions

Properly documented

Electronic links to evidence

Reliable

Controlled to prevent unauthorized changes

The features enable auditors to ensure that working papers support audit conclusions, the audit is properly documented, and users can follow the audit flow (understandable). Each procedure contains sections for the auditor to document purpose, scope, details, record of work completed, and conclusion. If the auditor needs to create an additional support working paper, the system automatically creates an electronic reference that connects the electronic file to the support working paper.

Evidence

Describes client records so an experienced auditor can understand the basis for conclusions

Allows for scanning documented evidence

Scans documents (directly into the file)

Scanning is certified, reliable, and secure (Imaging controls prohibit any user from altering or changing a scanned document. Scanned documents

should be accepted in TCU and courts of law for evidence reliability and security).

Audio applications/information

Links to Microsoft Word, Excel, Access

Import auditee files/records directly into a working paper using several different file formats, embeds entity records, or attaches entity records.

Incorporates a sophisticated scanning system that allows for scanning external documents directly into and audit work paper.

All work accomplished in other applications is either imported into a working paper, attached, or embedded within an document. Consequently, there is no need to reference another application. Auditors can either use an integrated spreadsheet application or an external spreadsheet application. Auditors can establish cross-references between documents using DocLink. This is a Hyper-Text method (electronic link) between documents. A small link icon is placed on the document to indicate the link is established. Double click on the mouse pointer on the icon automatically brings up the linked document.

Attach any file to a working paper document. It can embed a document from any other Object Link & Embedding (OLE) capable software

Embeds images and annotations in documents

Connects applications through hypertext links

The system allows the user to describe auditee records in any fashion deemed appropriate to allow an experienced auditor to understand and examine the same records.

Storage

The working paper can

- be examined in human readable form
- be recalled from storage
- provide data integrity that equals a paper document

Notes

The software should facilitate the collection of insights by capturing valuable information and ideas while they are still fresh.

6.7.3 Management Clearance Letter

The Management Clearance Letter should contain the following:

MANAGEMENT CLEARANCE LETTER

Criteria:	
Subcriteria:	
Preliminary Findings: (same as findings from interview and working paper)	
Preliminary Conclusions (optional, can be disclosed to management or not):	
Management's Comments:	

MANAGEMENT CLEARANCE LETTER

CONCLUSION

Criteria:	
Subcriteria:	
Preliminary Findings:	
Preliminary Conclusions (optional):	
Management's Comments:	
Conclusion:	

Front Pane View

Survey	Expected Result
Planning	Criteria
Execution	Finding
Reporting	Preliminary Conclusion
Follow-up	
Information Gathering	Summary
Interview	
Working Paper	
Management's Clearance Letter	
Library	
Administration	

6.8   Reporting

The reporting phase should contain two blocks of significant conclusions and the audit report

6.8.1 Significant Conclusions should contain link to the working papers.

SIGNIFICANT CONCLUSION

Expected Result:	
Criteria:	
Significant Conclusion:	
Recommendations and or Determinations	

View with Significant Conclusions and the criteria side by side

Front Pane View

Survey	Expected Result
Planning	Criteria
Execution	Significant Conclusion
Reporting	
Significant Conclusion	
Report	Summary
Follow-up	
Information Gathering	
Library	
Administration	

6.8.2   Audit Report

A report template or structure should be automatically generated with 20 pages maximum of content; each statement written should be linked to its respective significant conclusion and information gathering (interview, working paper, or management clearance letter).

6.9   Minister Report

The software should link each audit to its minister report, or the minister report can be done directly in the software, continuing the auditor report. If you open an audit, you could access the minister report and vice-versa.

6.10   Preliminary or Final Decision

The software should link each audit to its preliminaries and final decisions. If you open a decision, you could access the respective audit and vice-versa.

6.11 Appeal

The software should link each audit to its appeal. If you open an audit, you could access the respective appeal, if any, and vice-versa.

6.12 Final Decision

The software should link each audit to its final decision and vice-versa.

6.13 Library

The library should contain five blocks: previous audits; risks and controls audit programs; internal audit manuals, guidelines, and tools; external systems and database; internal and external specialists; entities; and accounts

6.13.1 Previous Audits

The previous audit should store the past audits by all the information necessary to include an audit in the TCU Audit Plan, plus: entity, superior entity, subject, object, year, decision, group (SECEX), auditor

6.13.2 Risks and Controls Audit Programs

Risks and controls should contain the audit programs related to predefined risks and controls and can be specified by areas.

6.13.3 Audit Manuals, Guidelines, and Tools

Internal audit tools should provide links to all TCU audit manuals, guidelines, and tools as sample software and spreadsheets.

6.13.4 External Systems and Databases

External Systems should provide links (hot links) to external systems that support audit such as SIDOR, SIAFI, SIAPE, Prodasen, etc. All the information from the systems can be embedded or linked in the audit software documents, for example working papers, or extracted.

6.13.5 Internal and External Specialists

Internal and external specialists should contain the information about the TCU specialists and external specialists that have participated in TCU audits. The software should list all the audits that auditors have participated in and indicates their specialization. Some of the internal specialists should be indicated as functional responsible leaders and have their roles defined as an auditor responsible for a specific area of knowledge and expertise in TCU.

6.13.6 Entities

Entities should have information about the entities linked or not, such as the following:

Mandate
Objectives
Nature
Vision-Mission
Performance Indicators
Internal Audit
Applicable Laws and Regulations
Superior Entity
Entity Managers, Internal Audit contacts (link to Administration)
Media information (Clipping organized by entity)

The information should be provided by TCU Library - ISC.

6.13.7 Accounts

Accounts should have links to the accounts stored in the specific TCU Account Software, and MSWord accounts assessments.

6.14 Administration

The software should congregate all information and documents related to the audit administration, team assignments and security, internal memorandums and external letters (storage and templates), and entity managers and internal audit contacts.

6.14.1 Audit Information should contain the following:

Entity to be audited
Audit objective
Number of the internal approval document
Group responsible
Groups participants (other SECEX)
Principal responsible
Minister responsible
Start date
Date of completion
Planning, execution, and reporting deadlines
Team names and responsibilities
Specialists' names and kind of specialization
Reviewers' names

6.14.2 Team Assignments and Security should contain the following:

Team Assignment: name of the auditors (number if necessary), name of the specialists (obligatory number and address information if external), function responsibilities, assignments, tasks (descriptions), status, due date, completion date, name of the reviewers.

Security: level of access of all audit team
When a new audit is created, audit team members are assigned and roles are established. The software then should match the names with the assigned audit roles and permit the auditors, specialists or reviewers to access and perform only predefined functions.

6.14.3 Memorandums and Letters should contain internal memorandums dealing with the audit subject between TCU internal units (Audit Group-Groups; Audit Group-Minister; Audit Group-Administration Group – tickets, hotel reservations, facilities-notebooks, specialists acquisition)

> External letters include:
> - Presentation Letter
> - Public Specialists Requisition Letter
> - Documents Requisition Letter
> - Entity Management Clearance Letter (based on and in conformity to Preliminary Report)

6.14.4 Entity Managers and Internal Audit Contacts should contain links to or the name, organizational unit, title, responsibility, address, phone and fax number, e-mail from entity managers and internal audit.

6.15   Supervision and Quality and Results Control

Supervision and Quality and Results Control has two blocks: Supervision and Review and Quality and Results Control

6.15.1 Supervision and review should contain the documents that are set to be reviewed and the revisions and comments made by each reviewer. The revision maintains the original document intact and can be made by more than one reviewer or level of reviewer at the same time. An optional checklist is to be followed by the reviewer.

General Criteria of Supervision and Review

> Reviewer initials and dates each working paper reviewed

> Completes an audit working paper review checklist (optional) or prepares a memorandum specifying the nature, extent, and result of the review (optional)

> Blocks unfinished working papers for review

> Auditors can identify which work papers are ready for review by clicking a button in each working paper

> After accessing the audit, a summary reviewer identifies all working papers ready for review and edited after review. After review, the reviewer signs off the working paper by clicking on a "reviewed by" box located at each working paper screen or a "sign off" button on the toolbar. The reviewer does not have to enter individual keystrokes, as the system

automatically enters the appropriate electronic signature and date. At the same time, the system updates the summary viewer. If the auditor is away from the office, the auditor can periodically send working paper files to the reviewer (e-mail is the preferred method as all system audit files should be encrypted). After completing the review, the reviewer returns working paper files to the auditor, who merges the reviewed working papers and associated comments, if any, back into the original audit file.

If desired, the system will incorporate working paper review checklists and allow a reviewer to prepare a support working paper specifying the nature, extent, and results of a review.

Although unfinished working papers cannot be blocked from review, the system prepares/reviews the status file and identifies which working papers are ready for review.

The revisions should be stored in comments linked to each document reviewed.

6.15.2 Quality and Results Control should contain the items that the TCU quality and result control unit (ADFIS) uses to assess the audit selected or sent by the internal audit units (SECEX) to be evaluated. These includes the audits that are being evaluated, in what aspects, and the status (in progress…). The assessment is done by the quality and results control unit and comments are made by the audit unit responsible for the audit.

6.16   Divulging and Recognition and Rewards

6.16.1 Divulging has two blocks: Congress and Media Disclosing, and Performance Report

> 4.16.1.1   Congress and Media Disclosing should contain links to the information about the relevant audits prepared and sent by the TCU congress unit (Assessoria Parlamentar) and TCU internal media unit (Assessoria de Imprensa) to the congress and media, respectively.

> 4.16.1.2   Performance Report should contain the information about relevant audits performed and their results. This information is prepared by the respective TCU audit unit and evaluated by the TCU quality and result central audit unit (ADFIS) to be included in the performance report by TCU planning unit (SEPLON).

6.16.2 Recognition and Rewards has two blocks:

6.16.2.1   Recognition should contain links to the audits that received good and excellent assessment in quality and results control

6.16.2.2   Rewards should contain links to the audits that received the prize audit of the year and publication in the TCU Audits Magazine

6.17   Follow-up

The Follow-up has three blocks: Final Decision, Accomplishments and Results and Follow-up Report

> 6.17.1 The Final Decision should contain links to the final decision of audits that determined to the manager specific time to accomplish certain goals, change procedures, or do something particularly such as paying fines or returning public money.

> 6.17.2 The Accomplishments and Results should have information about what the manager did about the determination or recommendation. The assessments made by the audit team should be stored in Information Gathering (Interviews, Working Papers and Management's Clearance Letters). The management's letters should be scanned and stored.

> 6.17.3 The Follow-up Report should contain a template of 10 pages maximum on the results accomplished by the manager and new recommendations or determinations if necessary.

7. General Criteria

> 7.1 Security

>> Security can be shared between and restricted to specified individuals and groups within the TCU.

>> Various access levels can be defined within an audit team. For example, some members of the team can view only certain parts of the file, and certain staff have review sign-off authority.

>> Specific sections of selected audits can be accessed office-wide, for knowledge sharing purposes.

>> Access Password protected

>> Controls prohibiting user altering scanned evidence document

>> Controls on altering working papers (to identify changes)

>> Controls on altering scanned documents

>> Features to prevent alteration

>> Controls to prevent non-supervisors from signing working papers

>> Controlled access to the audit system

>> System-defined access levels

>> Controls on deleting work papers

>> Encrypted transmission of working papers/documents

>> Encryption capability

>> Can encrypt signature

Auditors can require encryption of the entire audit or individual working papers

Integrated E-mail system has its own message encryption capability so auditors can forward working papers over the E-mail system

Provides trail of all entries/revisions made to the working paper

Edit history (trail) for all documents (mainly working papers and evidences)

Encrypts transmitted files

Only designated individuals can access and review the audit working papers

Records a history of the last 10 edits and saves, the history lists the name of the person saving the document, the time, and the date

Provides a real-time audit trail showing the status and all actions taken on each working paper, date prepared, by whom prepared, date reviewed, by whom reviewed, date edited after review, and by whom edited. The reviewer also identifies all working papers ready for review

To review working papers, a reviewer must first have authorization to access the audit as a reviewer

Prevents unauthorized access or changes to any audit working papers or files and provides data integrity equal to a paper document

Before auditors can recall all audit files from storage and examine the fields in human readable form, they must have a "read only" authorization.

The audit administrator can authorize third party access to the file by assigning the reviewer as a "read only" team member.

The additional role as "review-only" allows reviewers to sign off, create, and clear review notes but restricts reviewers from modifying the underlying document.

Working papers cannot be modified outside the system, specifically, a user cannot change a Word/Excel document without first accessing the document through the system control hierarchy.

The on-line storage/backup/recovery procedures prompt the user, when exiting the system, to back up the audit. The system also automatically saves all files each time the user closes out of a file.

7.2   Electronic Signature, Integrity, and Control

Ability to maintain a signed hardcopy version of the report on file
Electronic signature unique to the signer
Electronic signature under the signer's sole control
Electronic signature that is verifiable
Electronic signature feature that is unique to the signer, under the signer's sole control, and verifiable.

7.3   Cross References (electronically)

Create electronic cross references from audit program responses to supporting electronic working papers and from them to evidences, between applications, to spreadsheets, to spreadsheets cells, to any document on the World Wide Web

Cross references move with the file to and from the applications files

If the user creates a working paper outside the system, the user can "import" the working paper into a system file and then create electronic references

The user can establish cross references at specific points in documents or in individual spreadsheet cells. The auditor can also establish cross references at specific points in scanned image files or Excel spreadsheet files. All reference files will move with the file (for instance, if the auditor renames the file). The auditor can also move reference marks from one place in a file to another place in the same file.

7.4   Edit

Provides for/accepts simultaneous edits

Simultaneous document editing and has a feature for reconciling any editing conflicts

7.5   Laws, Regulations, Manuals, Guidelines

Links - direct access to external and internal databases

7.6   Help On-line

7.7   Predefined Templates

7.8   Flexibility

Allows auditors to formulate and store their own audit program

Allows auditor to formulate their own control checklist and risk analysis.

Flexible enough to accommodate any desired policy for an audit without changing the entire policy of the system, and maintain the changes and the responsible stored.

Programmers can change the system to either prohibit anyone from deleting documents or permit only selected individuals to delete documents.

The system incorporates its own predefined templates and forms and does not allow auditors to use other templates. But if authorized, it will exceptionally accept authorized internally developed templates and forms. In this case a single click should make any internally developed Word document into a template available for subsequent use.

Documents creation at almost any time (few forced linkages)

7.9 Extracts audit step responses for summarization

7.10 Database import/summarization feature

7.11 Network capability

7.12 Import capability

Interface with other software.

7.13 Support TCU Audit Methodology

7.14 Information about the entities in the Library provided by TCU Library

7.15 Status

Information in each document, including progress, under review, reviewed, approved, audit code or audit task code, doc creator, date created, current author, last update on, by.

7.16 Sharing

Users can work individually or in teams

Provides and accepts simultaneous user access and edits

Provides replication, which allows a disconnected user to work on any section and then merge the section into the master. The system will identify incompatible merge entries with its full conflict detection and resolution feature.

7.17 Review an Trail Icons

Icons at the top to review and trail.

7.18 Trail

The activity trail records all activities in each document with date, time, situation (modified, accessed), by whom.

7.19 Replication

Provides review and approval of working papers even when auditors are out in the field and the director and principal are in the Office.

7.20 Access to External Systems

External databases that support audits such as SIDOR, SIAFI, SIAPE, Prodasen, etc. should be accessed by auditors who are working on an individual audit at anytime while still having the file open. All the

information from the systems can be embedded or linked in the file (External Systems from Library).

7.21   Notes

The software should facilitate the collection of insights by capturing valuable information and ideas while they are still fresh (general criteria).

7.22   Software support tools (linkages)

FolioViews, OLE, Word, Excel, Access, ACL, OCR, Idea, SAS, Email, Internet, ASCII (conversion)

7.23   Signoffs

Labels each document with the responsible preparer/reviewer.

7.24   Conversion

Converts programs and checklists from software created by external selected entities, firms or bodies.

7.25   Frequently used features

Bar, icons or bottoms to allow easy access by auditor to frequently used features.

7.26   Dynamic updates

During the audit, if a new transaction happens in the external systems (SIAFI, etc, ERPs like SAP) accessed and linked to the audit documents (mainly working papers), the software should inform the auditor and ask if he/she wants to update the audit document and re-do the audit procedure. If yes, the software should update the document instantly, for example, a spreadsheet. In the case of spreadsheets, the software should allow the auditor to embed individual cells or spreadsheet groups to create his/her own spreadsheet that is directly linked to external systems.

7.27   Levels of access

Viewer, auditor (author), reviewer (approver)

7.28   Text

More rich text formatting

7.29   Internal Transfer of information

Automatic transfer of information from one document to another

7.30   Risk and Control Model

No one size fits all control models

7.31   Dial-line

Auditors out of TCU should be able to access the software and perform their audits

8.   Risks

There are always a number of risks associated with a major project such as the implementation of a methodology and supporting software. The purpose of this part of the appendix is to outline the identified implementation risks and the strategy to eliminate or minimize those risks. Risks that have not been eliminated or minimized represent the project's residual risks.

The broad risks can be categorized as follows:

Efficiency – Once implemented, TCU fails to reap the benefits anticipated from the implementation of the methodology and its software (the methodology and supporting software fail to deliver the benefits expected)

Effectiveness – The use of the methodology and software results in audit failure (rendering of incorrect or inappropriate audit opinions)

These risks are addressed further under the following headings:

A.   The methodology is not appropriate for use in TCU
B.   The methodology is imperfect
C.   The software or hardware is not appropriate
D.   Post-implementation support is ineffective or inadequate
E.   Implementation is imperfect

Control: The methodology and the implementation should be discussed in-depth by methodology and implementation committee (Segecex) and assisted by experts. There are several evidences that the methodology is used or adaptable for use by SAIs.

Implementation consists of the following major areas:

1-   Change Management: ensure that staff understands the need for change, and accept the change

2-   Project Management: ensure that the project is managed properly
        Quality Control: ensure that quality control in maintained

3-   Hardware: the correct hardware is available to users at the correct time (laptops to perform audits)

4-   Software: software is running as required

5-   Training: training instructors, facilities, timing, course content, pilot audits and supervision are conducive to equipping auditors to effectively use the methodology and its software

6-   Support Material: complete, useful, and available when auditors need (audit manuals, guidelines)

7-   Implementation Timing: the implementation is done over a time period that is adequate but not excessive