

<b>Relevant Legislation</b>	International Standards of Supreme Audit Institutions ISSAI 40, ISSAI 200, ISSAI 1220
<b>Commencement Date</b>	24 July 2017
<b>Review Date</b>	The review date for this policy is 12 months after the commencement date and every three years thereafter.

## POLICY STATEMENT

### 1 Intent

This policy specifies the OAG's approach to quality assurance. Its purpose is to assure conformance to applicable standards, and OAG's internal practices, rules and procedures relating to audits. It is also intended to provide assurance on the quality of the OAG's audit processes and outputs in order to provide credible, reliable and useful reports to stakeholders.

### 2 Scope

This policy applies to all employees of the OAG. All audits conducted by the OAG as well as those audits that are contracted out are subject to this policy.

### 3 Objective(s)

- To ensure audits are conducted in accordance with the OAG Financial Audit Manual, the OAG Performance Audit Manual and the OAG Quality Assurance Manual.
- To ensure that all applicable requirements are completed in Team Mate upon completion and/or during audits.
- To review the efficiency and effectiveness of the OAG's internal standards and procedures;
- To improve audit performance and results by identifying areas which need improvement, and provide value adding solutions.
- To provide recommendations to management on areas of training and capacity building.
- To benchmark our system and process against international standards (ISSAIs).

### 4 Quality Control and Quality Assurance

Quality assurance, provides an independent verification of the quality of an audit, and is an assessment process focusing on the operational aspect of the quality control system. It is done by persons independent of the audit under review. It ensures that the required quality

controls are in place; quality controls are properly implemented; and other means of enhancing quality controls are established. It can also identify possible improvements, and corrective measures to be taken for working procedures and manuals.

Quality control on the other hand, is the process through which the OAG ensures that all phases of an audit process are carried out in keeping with applicable standards, rules, practices, and procedures. The applicable standard for quality control is ISSAI 40.

It must be recognised that quality control is a line function directly associated with the responsibility of management. Therefore, it is the lead auditor's (Director's) duty to:

- Take responsibility for overall quality in each audit engagement;
- Ensure that members of the audit team comply with the relevant ethical requirements;
- Form a conclusion regarding compliance with the independence requirements that apply to the audit engagement, and to take appropriate action to eliminate threats to independence;
- Be satisfied that the audit team and any external experts collectively have the appropriate competence and capabilities;
- Take responsibility for the performance of the audit, specifically: leading, supervising and carrying out the audit;
- Ensure that reviews are conducted in accordance with the OAG's review policies and procedures.

## **5 Quality Assurance Process**

The quality assurance review process involves the following:

### Planning

The review team will liaise with the audit team to obtain information and documentation needed to prepare the background information.

Confirmation will be provided by the (Director/Manager) audit team for project selected for review that all working papers and procedures are complete and have been signed off on Teammate. The Quality Assurance team will obtain background about the audit from the audit team.

### Conduct

Review of the selected audits will be in accordance with the OAG Quality Assurance Manual. Findings and observations discussed with team members to obtain feedback.

### Reporting

A report and action plan will be prepared on the instances of non – compliance, proposed training, and recommendations on how to improve OAG's audit practices and procedures.

The review team may undertake follow-up action to ensure that the action plans reported have been implemented or adequate steps are being taken to implement it.

## **6 Quality Assurance Function**

The function of the quality assurance team is to review the adequacy of, and compliance to, quality controls at the institutional level as well as at individual audit level.

The Quality Assurance team shall consist of auditors who have a good understanding of OAG's internal procedures. The Quality Assurance Team Leader shall report to the Auditor General.

The Quality Assurance team shall be separate from the audit groups and the quality assurance reviewers must be independent from and not be involved in the decision making of the audit selected for review. An operational plan shall be prepared annually by the quality assurance function and approved by the Auditor General.

The quality assurance reports will identify weaknesses and propose recommendations for consideration and follow-up action by management. The team will also conduct follow-ups to assess the status of implementation of their recommendations. The team will also assess the outcome of those recommendations that were implemented, and identify the reason for non-implementation of any particular recommendation.

## **7 Nature and Frequency of Quality Assurance Reviews**

Quality assurance reviews shall be at an individual audit level and/or institutional level. Quality assurance reviews at an institutional level shall be a comprehensive review of all areas of OAG that affect audit performance; and are undertaken as and when required.

### **7.1 Individual Audit Level Review**

The above is an annual review carried out on a selection of individual audits to determine whether the OAG's policies and procedures codified in the standards and guidance manuals are applied in the audit. Reviews done on an individual audit level may be at the pre-issuance or post audit stage.

Pre-issuance reviews are carried out before the signing of the audit opinion.

Post audit reviews are done after the issue of the audit opinion.

## **8 Competencies of Quality Assurance Staff**

The QA team members shall have the relevant professional and technical competence to perform their duties. The following knowledge and skills shall be collectively possessed by the QA team:

- Analytical skills;
- Ability to synthesize;
- Interpersonal skills;
- Communication skills;
- Facilitation skills;
- Audit experience in all areas (where practical);
- Managerial abilities.
- Knowledge of all OAG policy and procedure guidelines;

- Knowledge in the use of Teammate audit software;

Quality assurance reviewers must uphold the following ethical values in the conduct of reviews:

- Independence, objectivity, and impartiality;
- Integrity;
- Conflict of interest;
- Professional secrecy; and
- Professional competence and due care.

## 9 Roles of Quality Assurance Staff

The roles of the different levels of Quality Assurance staff are briefly explained below:

### 9.1 Team Leader

The team leader, as the head of the Quality Assurance unit will:

- report to the Auditor General;
- be responsible for overall aspects of the Quality Assurance function; and
- formulate strategies to carry out the Quality Assurance function and measure outcomes.

The team leader will also assume the overall responsibilities in the following stages:

#### Planning Stage:

- establish review objectives, scope, time, and targets;
- formulate the review methodology;
- delegate the responsibilities to team members; and
- design the review programme.

#### Implementation Stage:

- provide advice and necessary guidance to the team members about the plan, objectives, and on conducting the review;
- monitor and assure the Quality Assurance Review process is in keeping with quality assurance standards, policies, and procedures; and
- analyse the findings and articulate the conclusions and recommendations.

#### Reporting and Follow-up Stage:

- write or review the audit reports and discuss and present the findings to the Auditor General; and
- follow up on any outstanding issues.

### 9.2 Team Members

The team members will be responsible to the team leader for the following:

- conducting the review, based on the plan agreed on in the planning stage and according to standards and procedures;
- gathering evidence to support findings through interviews, documentation reviews, and observations;

- preparing and documenting necessary working papers to support findings; and
- preparing a draft report on the findings.

## 10 Definitions and Acronyms

**OAG** Office of the Auditor General

**Management** Approval of Auditor General or Deputy Auditor General

## 11 Supporting Documents/References

PASAI Quality Assurance Guidelines; OAG Quality Assurance Manual

<b>RESPONSIBILITIES</b>	
<b>Implementation</b>	Quality Assurance Team.
<b>Compliance</b>	All staff are responsible for complying with the policy.
<b>Monitoring and Evaluation</b>	The Quality Assurance Team is responsible for monitoring and evaluating the policy.
<b>Development and/or Review</b>	The Quality Assurance Team will be responsible for developing and/or reviewing the policy.
<b>Interpretation and Advice</b>	The Auditor General is responsible for interpretation and advice on the policy.

## **ANNEXURE 1**

### **1.0 Appointment of the Quality Assurance Team**

The Auditor General and the Deputy Auditor General are responsible for appointing the Quality Assurance Team.

### **2.0 Line of Reporting of the Quality Assurance Team**

The Quality Assurance Team will report directly to the Auditor General.

### **3.0 Risks, Liabilities and Disclaimers**

The OAG reserves the right to change or replace this policy at any time, and will inform the staff of these changes through normal communication channels. Should a debate arise on the meaning or requirements of this policy, the OAG reserves the right to determine its interpretation.

### **4.0 Tools for Conducting Quality Assurance Reviews**

The Team will use the OAG Quality Assurance Manual in conducting the Quality Assurance Reviews.

### **5.0 Who to Contact About this Policy**

Any queries regarding this policy are to be directed to the Deputy Auditor General.

### **6.0 Revision/Change Log**

<b>Version 1.0</b>	
<b>Policy endorsed by:</b>	Executive Management Committee
<b>Policy approved by:</b>	Auditor-General
<b>Policy effective from:</b>	24 July 2017
<b>Policy to be reviewed by:</b>	24 July 2018
<b>Manager responsible for policy:</b>	Manager Corporate Services