

Relevant Legislation	ISSAI 140, ISSAI 200, ISSAI 1220
Commencement Date	24 July 2017 (Revised 6 December 2019, 15 July 2020)
Review Date	20 December 2023

POLICY STATEMENT

1 Intent

This policy specifies the Office of the Auditor General's (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, the OAG Compliance 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 Definitions and Acronyms

Policy Maker	Auditor-General
Management	Approval of Executive Management Committee

5 Supporting Documents/References

PASAI Quality Assurance Guidelines; OAG Quality Assurance Manual

6 Key Words

Quality Control and Quality Assurance

Quality Assurance Process

Quality Assurance Function

7 Supporting Procedures/Guidelines

The guidelines to the policy are attached as Annexure I & II to this policy. This information will provide the background to the development of the policy should staff need clarification.

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

ANNEXURE I – Definitions

1.0 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 assurance is the establishment of a monitoring process designed to provide the SAI with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively in practice (ISSAI 40, 6). The purpose of quality assurance is to conduct the review to ascertain whether the audit was conducted in accordance with ISSAIs.

Quality control consists of the systems and practices put in place to ensure that an SAI issues audit reports that are appropriate, balanced, fair, add value, and are in accordance with ISSAIs. Quality control should be present in all phases of the audit process: planning, execution, reporting, and follow-up.

ISSAI 400:44 says all work carried out should be subject to review as a means of contributing to quality and promoting learning.

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 140.

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.¹

2.0 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.

¹ ISSAI 200 Fundamental Principles of Financial Auditing – Section 45

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.

3.0 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 areas for improvement 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.

4.0 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.

Individual Audit Level Review 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.

The individual audits selected for QA Reviews shall be identified by the QA Team in their Annual Work Plan, which shall be approved by the Auditor General. At least one individual audit from each of the five audit groups shall be selected for QA Review annually. The Auditor General will also select individual audits for QA Review at his discretion during a financial year.

5.0 Criteria for selecting audits for QARs

The audits for QAR will be selected considering the following criteria:

- The audit has been classified as high risk;
- Parliamentary or media interest in auditees or audit;
- Audits that may have contentious or difficult circumstances, and/or with significant findings from the previous year; will be selected on a directive by the Auditor General, for a pre-issuance review;

The sample of individual engagements selected for review must be representative of all audits conducted by the OAG.

6.0 Overview of the Quality Assurance Review Process

The QAR Report for audit engagements are submitted to the Auditor General. Upon his review, the Auditor General issues the directive for a paper to be prepared, for the tabling of the report in the EMCM. Any comments on the report from the Auditor General are noted and actioned by the QA Team. A detailed description of the entire QA process is provided in Annexure 2.

7.0 Follow Up of QA Review Reports

The QA Unit shall undertake a follow-up review of an audit file or a sample of audit files that have been subject to a quality assurance review in the previous year. Follow-up reviews shall be performed to ascertain whether appropriate and corrective action has been taken to implement the QAR recommendations.

The results of the follow up shall be a measure of the progress of the implementation of corrective actions by the audit team. The file selected for follow up shall be at the discretion of the Auditor General.

8.0 QA Annual Activity Report

The QA Unit shall submit an annual report to the Auditor General at the end each financial year. The annual report shall outline all the accomplishments of the unit in relation to the operational plan. Additionally, the report shall include a summary and analysis of QA findings for the financial year.

9.0 Recommendations for Appropriate Remedial Actions

Recommended remedial actions for deficiencies highlighted in the quality assurance review reports could include the following:

- Taking appropriate remedial action in relation to an individual engagement or member of personnel such as:
 - i. Requiring that individual team members concerned attend additional training.
 - ii. Recommend changes in quality control procedures.
 - iii. Request the review of a particular audit file in a subsequent year to ensure the issues identified have been adequately addressed.
 - iv. Communicating findings to those responsible for co-ordinating training and professional development to ensure training programs address the area(s) of weakness adequately.
- Disciplinary action against those who fail to comply with the policies and procedures of the OAG, particularly those who do so repeatedly. These policies and procedures include all:
 - i. Audit manuals and their template working papers used by the OAG;
 - ii. Policies and Procedures Guidelines (PPG) issued by the Policy Development and Research Committee;
 - iii. Official instructions from the Auditor General.
- Further details on disciplinary action are detailed in the OAG Disciplinary Policy.

10.0 Effectiveness of This Policy

How the effectiveness of the policy will be established - key performance indicators:

- Completion of reviews on a timely basis

- Reduction in incidence or severity of findings
- Timely implementation of recommendations of findings
- Regular reporting of plan of work to the Executive Management Committee

11.0 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.²
- 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;
- Declare any conflict of interest;
- Professional secrecy; and
- Professional competence and due care.

12.0 Roles of Quality Assurance Staff

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

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.

² PASAI Quality Assurance Guidelines

13.0 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.

14.0 Appointment of the Quality Assurance Team

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

15.0 Line of Reporting of the Quality Assurance Team

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

16.0 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.

17.0 Tools for Conducting Quality Assurance Reviews

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

ANNEXURE II QUALITY ASSURANCE REVIEW PROCESS

1.0 TURNAROUND TIME FOR QA REVIEWS

QA Reviews for large and high risk audits are to be completed in a period of 4 weeks from the date of commencement. For audits smaller than this can be completed in 2 to 3 weeks.

2.0 QA UPDATE

The QATL is to submit monthly status update to the Auditor General 3 days from the end of each month. An annual report is to be prepared by the QA Team on the QA Review Findings and is to be submitted to the Auditor General at the completion of the financial year.

3.0 QA DATABASE

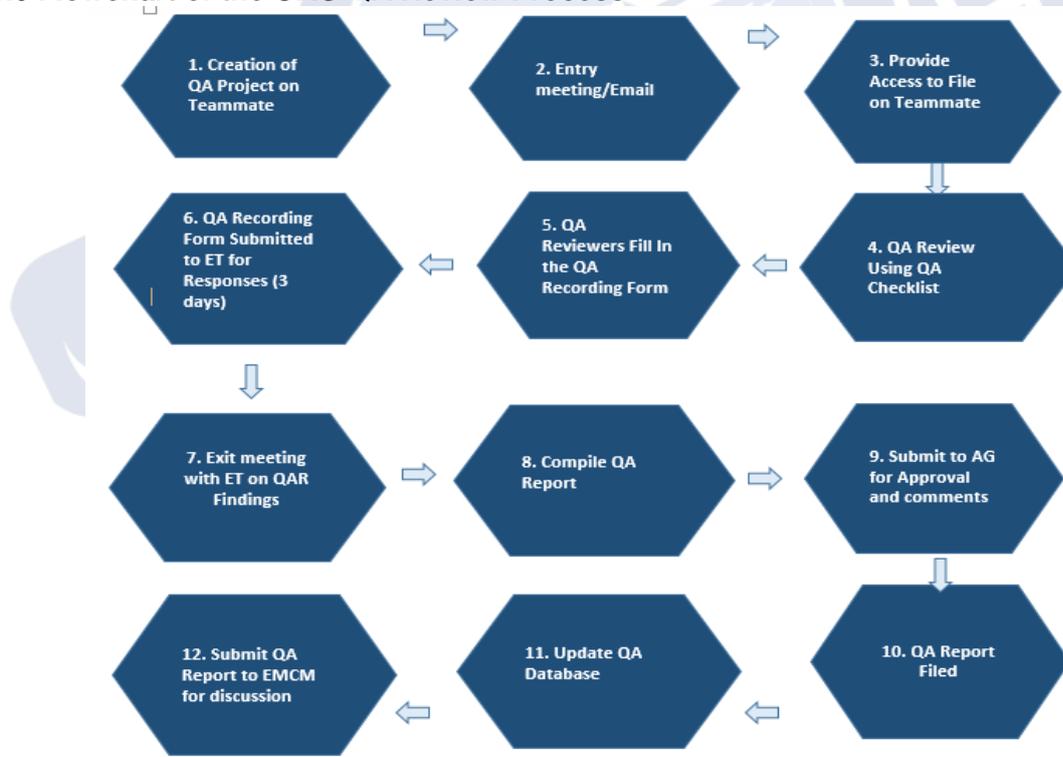
The QA Database is to be updated after every review and kept up to date at all times for viewing purposes by the Auditor General.

4.0 QA PROJECT ON TEAMMATE

The QA Project on Teammate will consist of 5 folders as follows:

- i. Planning
- ii. Conduct
- iii. Reporting
- iv. QAR Form
- v. QAR Report

5.0 Flowchart of the OAG QA Review Process



6.0 Description of the QAR Flow Chart Process

6.1 Creation of Project on Teammate

Creation of project on Teammate to be done right before the QA Review. Access to be restricted to the Auditor General, Deputy Auditor General and the QA Team.

6.2 Entry Meeting/Email

QATL to call a formal or informal meeting to discuss the commencement of the QA Review and other matters that the Engagement Team and their Director would like to discuss regarding the audit. Alternatively, the QATL could send an email to formally inform the Engagement Team's Director on the commencement of the QA Review.

6.3 Provide Access to File on Teammate

Access is requested by the QA Team to the Senior IT Officer.

6.4 QA Review Using QA Checklist

The QA review is carried out using the QA Checklist. The Checklist is separated on Teammate according to the phases of audit (planning, conduct, and reporting). The templates are uploaded on Teammate and progress of review can be viewed by AG and DAG during QA Review.

6.5 QA Findings Filled into QA Recording Form

The findings from the QA Review are filled into the QA Recording Form with the relevant ISSAI which has not been complied with and the recommendations and the causal factors. The QAR Form is a template on Teammate and can be viewed by the AG and DAG during the QA Review.

6.6 QA Recording Form Forwarded to ET for Responses

The completed QA Recording Form is sent to the Director of the group for responses, and responses and comments are to be provided in 3 days.

6.7 Exit Meeting with ET on QA Findings

An exit meeting is held with the Engagement Team to discuss the findings and if the team requires clarifications on some findings noted before their submission of the final responses.

6.8 Compile QA Report

QA Report is compiled by the QATL. A template on the QA Report is on Teammate.

6.9 Submit Report to AG for Approval and Comments

A hard copy of the QA Report is printed and filed together with the meeting minutes and submitted to AG through the Executive Secretary. QATL notifies AG via email advising on the completion of the QA Review and availability of the hard copy file with Executive Secretary and the soft copy on Teammate.

6.10 QA Report Filed

The QA report upon review by the Auditor General is filed, and any comments is noted and actioned by the QA Team.

6.11 Update QA Database

The QA Database is updated upon receipt of the file from the Auditor General.

6.12 Submit QA Report to EMCM for Discussion

The QA Report is submitted as a discussion paper to the Executive Secretary for discussion at EMC Meeting.



8 Monitoring & Implementation

To ensure effectiveness of this policy it will be reviewed after 3 years. Taking into account any challenges for this policy and any changes by the service provider.

9 Review

This policy will be reviewed in December 2023.

10 Who to Contact About this Policy

Any queries is directed to the Deputy Auditor General

11 Approval

The Quality Assurance Policy becomes effective on the date approved by the Executive Management Committee.

12 Revision/Change Log

Version 3.0	
Policy endorsed by:	Executive Management Committee
Policy effective from:	15 July 2020
Policy to be reviewed by:	20 December 2023
Responsible for policy:	Quality Assurance Unit

Version 2.0	
Policy endorsed by:	Executive Management Committee
Policy reviewed by PDRC:	06 December 2019
Policy effective from:	20 December 2019
Policy to be reviewed by:	20 December 2022
Responsible for policy:	Quality Assurance Unit

Version 1.0	
Policy endorsed by:	Executive Management Committee
Policy effective from:	24 August 2017
Policy to be reviewed by:	31 October 2018
Responsible for policy:	Quality Assurance Unit