



# Performance Audit Practice Statement

## Mandate

The Comptroller and Auditor General (Amendment) Act 1993 provides the Comptroller and Auditor General (C&AG) with a statutory mandate for a wide range of financial and performance audit work and the subsequent production of reports on that work.

## Performance audit

Performance auditing is an independent, objective and reliable examination of whether government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.

The main outputs of our performance audit work are

- annual reports on the accounts of the public services (often referred to as the C&AG's annual report), and
- special reports on value for money (VFM) examinations or other performance audit work under the C&AG's mandate.

## Audit standards

We conduct our engagements in accordance with the standards set out in our performance audit manual, which are consistent with the fundamental principles of performance auditing in the International Standards of Supreme Audit Institutions (ISSAIs).

## Quality framework

We have developed rigorous quality review and assurance procedures to safeguard the quality of performance audit outputs.

Quality review is built into all aspects of the process through supervision, review by management and selective engagement quality reviews.

Quality assurance reviews are carried out after publication to provide independent assurance on the quality of published reports and to assist in identifying improvements in examination procedures.

## Topic identification and selection

Potential topics may come from a number of external sources including members of the public. Issues raised with and priorities expressed by the Committee of Public Accounts during meetings where the C&AG or a representative is a permanent witness, may be incorporated into the C&AG's performance audit programme.

In practice, most topics are identified within the Office. A combined bottom-up and top-down approach is used in the Office to identify potential performance audit topics. While some performance audits are the result of ideas put forward by staff, others come directly from senior management or the C&AG.

Potential topics are also identified through periodic assessments of risks/problems across the public sector, taking account of materiality. In this context, materiality is broader than just financial aspects and includes social considerations such as the number of citizens affected by a policy or programme.

Common reasons why potential topics emerge are

- issues of concern identified during the annual financial audit of a public body
- as a result of changes in policy, resource allocation or management processes
- the introduction of a new programme or project which merits independent scrutiny
- public concerns over poor performance, waste or impropriety in public bodies.

Final decisions on what topics to report on are made at the sole discretion of the C&AG. An annual performance audit programme is prepared to reflect the outcome of the topic identification process and the resources available to undertake the work.

## Audit evidence

For financial audits, the audit evidence typically includes information from financial records and related systems.

The audit evidence gathered for performance audits is usually broader and may include, for example



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- legislation and/or other guidelines and legal opinions
- files, project documents, correspondence and minutes of meetings
- statements of strategy, published reports and internal audit/other evaluation reports.

Evidence in performance audits is often more persuasive than conclusive. Accordingly, significant judgement and interpretation may be required to draw conclusions and develop recommendations.

### *What is sufficient and appropriate audit evidence?*

Audit evidence needs to be both sufficient (quantity) and appropriate (quality) to persuade a knowledgeable person that the audit findings are reasonable.

In assessing sufficiency, the Office needs to consider whether enough evidence has been obtained to support the opinions and conclusions expressed in the report. Appropriateness relates to the relevance, reliability (or credibility) and validity of evidence. To be relevant, evidence must assist in achieving examination objectives. To be valid, it must provide a meaningful and reasonable basis for what is being evaluated.

### *Providing evidence to the audit*

The provision of complete and timely evidence is fundamental to the Office's ability to reach robust findings and conclusions. Where gaps in evidence exist, the Office may report that fact and may draw conclusions based on the available evidence.

It is critical that requests for information made during the examination are responded to within the timeframe indicated in the request.

### *Powers to obtain audit evidence*

Section 10(1) of the Comptroller and Auditor General (Amendment) Act 1993 deals with access by the C&AG to documents and information. For the purposes of their work, it provides for an authorised officer of the C&AG to have access to the books, documents, records and data of an audited body, and to obtain such other information as they may reasonably require.

### **Audit methodology**

A range of procedures may be used to obtain, analyse and interpret evidence for the purposes of a performance audit, including

- examination of documents and analysis of administrative data
- interviewing of service delivery staff and/or service users and direct observation of service delivery
- case studies, benchmarking, focus groups and work studies
- compilation of original data through survey techniques and questionnaires
- activity analysis/activity-based costing, cost benefit analysis and discounted cash flow analysis.

### **Clearance and confidentiality**

Prior to publication, the accounting officer or accountable person will have an opportunity to comment on the draft report contents that pertain to their organisation. The Office has procedures in place to maintain the confidentiality of information acquired during the course of a performance audit.

Likewise, draft reports provided to audited bodies should be treated as confidential and only circulated to those within the organisation whose views are required to prepare a response. The contents or findings should not be disclosed, or referred to publicly in any circumstances, until the final version has been laid before Dáil Éireann.

### **Committee of Public Accounts**

Public bodies audited by the C&AG are accountable to the Committee of Public Accounts. Reports prepared by the C&AG, including those arising from performance audits, are examined by the Committee.

The accounting officer/accountable person of the public body in question will typically be invited to attend the Committee meeting and answer questions relating to the report.

### **Service standards**

The process for audited bodies to provide feedback or raise concerns about services provided by the Office is outlined on our website [here](#).