

## **Sustainability Seminar on Performance Auditing**

### **Auditor highlights ten principles of performance auditing**

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The auditor John Sweeney, from the European Court of Auditors, spoke of ten key principles regarding auditing operations that provide more security to auditors in the sense that the auditing work walks right and profitably. The analysis of these principles was made by the auditor based on his experience over the years. He noted that he would transmit, therefore, his position as an auditor and not necessarily that of the European Court of Auditors.

The ten principles are based on auditing guidelines and standards, and for its compliance, it has to be in mind where the auditor and auditee fall in relation to the Parliament, in relation to the regulatory environment and also in regard to independence. Moreover, we must consider the different developmental stages of performance auditing in the SAI and the fact that not all principles are suitable for all audits. Nevertheless, the adoption of principles adds quality to the work.

The first principle concerns the selection of topics and scope of the audit. It should be considered what is significant, what the direction of the works is, what the breadth and depth of the audit are, what the availability of information is and other issues. The second refers to the perspective and approach of the audit, which should be those that provide the greatest impact. It may be selected a perspective from top to bottom, i.e., that is based on rules, regulations and other characteristics of the agency, or from bottom to top, when auditors the view of end-user citizens. As for the approach, it can be oriented to results, to the investigated problem or to the system. Whatever the selected approach is, the performance audit may include aspects of compliance audit, i.e., laws and regulations, noting if the need of accomplishing the existing regulations does not turn into a barrier for the performance.

The third is the application of principles of good project management and teamwork. The selection of the team members is important, and the specialties of the team and demarcation of roles must be considered. The fourth principle is a good selection of audit criteria. According to John Sweeney, criteria give appropriate focus to the audit and provide a basis for obtaining audit findings. He added that the audit procedures should not be standardized in detail, in order not to put obstacles to flexibility, to the professional trial and analytical skills of the auditors.

The fifth principle is the identification of the nature and source of audit evidences. The auditor should obtain sufficient and appropriate audit evidence to respond to auditing issues, reach conclusions and make recommendations. Performance auditing requires auditors to keep themselves open to alternative points of view and seek information from different sources and actors. Furthermore, the report should inform about the source and quality of information.

The sixth is to maintain good working relationships with those audited by the promotion of a free and frank information flow and discussions based on mutual respect. Sweeney recommended that the main aspects of the audit (objective, issues, scope and criteria) should be reported to the auditor before the start of the work. At the end of the process, the auditee should be given the opportunity to comment on the findings, the conclusions and recommendations before publication of the report. One must not, however, exceed the limits of good professional relationship and be cooperative in excess; otherwise it would hurt the seventh principle: the maintenance of independence.

The eighth principle is the elaboration of a full report. The report should include the audit standards and criteria used, the audit findings and conclusions, recommendations and a balanced and unbiased

opinion. The conclusions must be clearly contextualized. The ninth principle relates to the evaluation of the auditing work itself through quality control and external peer reviews. The supervision and monitoring of the audit process are especially important for the performance auditing, providing more security to the auditors. Moreover, at the end of the audit work, one should evaluate what worked and what did not in the process, with the use of evaluation meetings and peer reviews. The tenth and final principle is the preparation of audit follow-ups, which increase the impact of the audit and provide improvements in future works.

John Sweeney finished the conference summarizing the points that are most important in attitude and procedures of the auditor as well as in the audit process. After his speech, he answered several questions from seminar participants.