

Sustainability Seminar on Performance Auditing

Performance Auditing is based on criteria of economy, efficiency and effectiveness

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The lecture "Establishing the role of performance auditing in a sustainable manner in the SAI: strategic guidelines" delivered by Tony Angleryd, from SAI Sweden, highlighted the importance and difficulty of implementation and further development of performance audits. Instead of focusing on regulations and accounting standards, basis of compliance audit, the performance audit is based on the criteria of economy, efficiency and effectiveness (the so-called three Es), applied to government actions, programs and organizations.

Focusing on these three criteria, the performance audit examines whether the intentions of the policies materialize in regulations or fail to achieve those intentions. The performance audit may suggest changes to regulations in order to improve the performance of policies and to ensure that the intentions of the policies are achieved. Thus, the performance audit does not change a policy, but helps in its implementation.

When confronting the essential aspects of both types of audits, performance and financial, Angleryd shows that while the second is based on documents, accounting and financial transactions, the performance audit focuses on policies, programs, organizations, activities and management. Regarding the qualification of auditors, the financial audit mainly requires professionals in accounting and law. Such professionals are specialists in the area, i.e., they have a broad knowledge of the area being audited, the rules and procedures to be followed. Therefore, they can give advice. These professionals utilize standard methodologies, collecting information with the auditees. Performance audit needs professionals in various areas, such as economics, political science, sociology. They are not experts in the area in which the audit is performed, but they must be experts in research, studying and formulating questions. The methodology is varied, with different methods used in each case. The sources of information are not limited to those provided by the auditee.

Angleryd establishes three types of performance audit. The first is the light performance audit, which investigates the management system. The second type, traditional audit, focuses on the goals, intentions, principles, expectations of how it should be, which means, asking whether the performance is consistent with these criteria. Finally, the third type is the advanced performance audit, which is concerned about the research of what the obstacles for a good performance are.

Despite the importance and benefits of performance auditing, its implementation is not a quick solution. It depends on the political and administrative environment of the SAI, as well as the culture, resources and internal skills. Some success factors mentioned are: the involvement of the top management, recognizing that the performance auditing is demanding and involves changes, external support, adequate financial resources, establishment of network with the academic society, the capacity for internal training, among others.

Even with the complexity and challenges faced by the auditors when performing performance audits, Angleryd argues that few public activities can compete. Among the reasons listed by him are: making public the government performance, dealing with difficult issues, being able to identify problems of practice, promoting transparency, helping prevent fraud and corruption and serving society and democracy.

In conclusion, he outlines a framework for assessing key factors for sustainability of performance auditing within the SAI. The scheme suggests that six factors be investigated: support of Congress, relationship with the government, establishment of strategic partnerships, administration involvement and capacity, organizational capacity and the ability to produce good quality audits.