International Standards for Supreme Audit Institutions: Relevance and potential for Environmental Auditing

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International Standards for Supreme Audit Institutions: Why?

- Quality
- Transparency
- Communication
- Qualification
Professional Standards Committee (PSC) organisation

- Financial Audit Subcommittee Chair: Sweden
- Performance Audit Subcommittee Chair: Brazil
- Compliance Audit Subcommittee Chair: Norway
- Internal Control Standards Subcommittee Chair: Poland
- Accounting and Reporting Subcommittee Chair: Canada

- Project on Audit Quality Control Chair: New Zealand
- PSC Steering Committee Chair: Denmark Goal Liaison: Libya
- Harmonisation Project (Revision of level 3) Chair: Denmark
- Project on Transparency and Accountability Chair: France

PSC Chair: Denmark

Goal Liaison: Libya
Overview of the ISSAI framework

Level 1 - Founding Principles

ISSAI 1  The Lima Declaration

Level 2 - Prerequisites for the Functioning of SAIs

ISSAI 10  The Mexico Declaration on SAI Independence
ISSAI 11  Guidelines and Good Practices related to SAI Independence
ISSAI 20  Principles of Transparency and Accountability (planned for 2010)
ISSAI 30  Code of Ethics
ISSAI 40  Quality Control for SAIs (planned for 2010)

Level 3 - Fundamental Auditing Principles

ISSAI 100  Basic Principles
ISSAI 200  General Standards
ISSAI 300  Field Standards
ISSAI 400  Reporting Standards
Level 4

Level 4 – Auditing guidelines – is sub-divided into:

- **Implementation guidelines**
  - ISSAI 1000 – 2999 Financial auditing
  - ISSAI 3000 – 3999 Performance auditing
  - ISSAI 4000 – 4999 Compliance auditing

- **Specific guidelines**
  - ISSAI 5000 – 5999 Guidance on specific subjects
Development if the ISSAIs – where are we now?

- Awareness raising
- Adoption
- Implementation
- Harmonisation
YOU – the forefront
The broad scope of public sector auditing

Input

Process

Products

Effects

Financial audit

Compliance audit

Performance audit

AUDIT CHECKLIST

Audit Satisfactory

Nonconformances Found

Observations Made

effectiveness

team

organization

individual
The broad scope of public sector auditing expressed by:

- **Financial audit**
  - ISSAI 1000-series: ISA + *practice note*

- **Performance audit**
  - ISSAI 3000-series

- **Compliance Audit**
  - ISSAI 4000 series
Financial audit – the cradle of the audit profession and audit theory

- Basic controls of public spendings and accountability on an *annual* basis
- Subject matter: the financial statements
Performance audit

- Economy
- Efficiency
- Effectiveness
Compliance Audit

Compliance with laws, regulations & authorities

Both:
• For audits performed separately from the audit of financial statements

And:
• For audits related to the Audit of Financial Statements
Compliance & performance audit

A variety of subject matters

Rules, regulations

Economy, efficiency
Possible audit approaches in environmental auditing

- Input
- Process
- Products
- Effects

Financial audit
Compliance audit
Performance audit
Environmental auditing

• **Financial audit:**
  - Correct financial statements in cash flow for environmental purposes

• **Compliance audit**
  - Opinions on compliance with environmental requirements
  - National and international compliance with environmental conventions and legislation

• **Performance audit**
  - The outcome of environmental measures
The essence of auditing

• The measurement of a subject matter against a set of criteria by obtaining sufficient, appropriate audit evidence.

• Subject of this seminar:

  Audit criteria

  Audit evidence
If you want to know more:

www.issai.org