

# STATUS REPORT ON PROJECT 2.9

## Sub-Task on *Compliance Audit*

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**INTOSAI Knowledge Sharing Committee**  
**Working Group on Public Debt**

# Introduction

- ▶ Team Composition
  - ▶ SAI Argentina
  - ▶ SAI China
  - ▶ SAI Fiji Island
  - ▶ SAI Paraguay
  - ▶ SAI Portugal
  - ▶ SAI Zambia
  - ▶ SAI Chile (sub-task leader)



# Introduction

- ▶ Scope of Work
  - ▶ Propose a draft CA GUIDE for public debt
    - ▶ Based on the contents structure for CA GUID
    - ▶ Aligned to ISSAI 100
  - ▶ Besides planning, conducting and report and follow up, also are included general considerations, highlighting:
    - ▶ A wide definition of public debt,
    - ▶ The gap between PD definition and SAI mandate
    - ▶ QA and QC
  - ▶ The specific outcome of Planning, Conducting and report and follow up, well identified product

## Structure for Draft of CA GUIDE for Public Debt

1. GENERAL CONSIDERATIONS
1.1. Objective of Public Debt Compliance Audits
1.2. Concept of Public Debt
1.2.1. Definition of Public Debt
1.2.2. Classification of Public Debt
1.2.3. Public entities that can incur debt
1.3. Legal Framework
1.3.1. General scope and context of public debt
1.3.2. SAls attributions related to public debt auditing
1.3.3. Specific aspects on public debt auditing by courts of accounts
1.4. Preliminary requirements for the audit of public debt
1.4.1. Audit team: training, experience and skills
1.4.2. Data sources
1.4.3. Scope of public debt within and outside the SAI's remit
1.4.4. Quality Control and Quality Assurance
1.4.5. Communication
2. AUDIT PROCESS
2.1. Planning
2.1.1. Knowledge of entities involved with public debt, hiring process, responsible parties and accountability framework
2.1.2. Scope, objectives, approaches and design of the audit
2.1.3. Analysis of the legislation applicable to the audit and possible gaps
2.1.4. Determining the security level (reasonable or limited)
2.1.5. Review results of previous audits
2.1.6. Determine relevant criteria and materiality
2.1.7. Assessment of internal control and assessment of information and communications systems
2.1.8. Risk assessment
2.1.9. Development of a strategy and audit plan
2.2. Conducting
2.2.1. Materiality
2.2.2. Determining samples
2.2.3. Applying evidence
2.2.4. Gathering audit evidence
2.2.5. Audit findings
2.2.6. Conclusions
2.3. Reporting and follow-up
2.3.1. Audit report
2.3.2. Follow-up
APPENDIX



# Status Report

- ▶ Report Monitoring template as of 30 June 2018 with updates as of 10 July 2018



# Status Report: Summary (highlights) of the Report Monitoring template as of 30 June 2018

	Person/s Responsible	Expected Output	Timeline			Actual Date of Completion	Remarks
			Start Date	End Date	Number of days		
1. Compile antecedents to develop methodological guide.	SAI Chile (Sub-task leader)	Research on public debt and compilation of relevant information for the development of the Guide on Compliance Audit on Public Debt in accordance with the ISSAIs 100 and 400.	22-01-2018	27-03-2018	64	27-03-2018	
2. Develop of a preliminar structure for the guide.	SAI Chile (Sub-task leader)	Listing the themes that should be included on the guide. After discussing the compiled information.	16-03-2018	19-03-2018	3	18-03-2018	



# Status Report: Summary (highlights) of the Report Monitoring template as of 30 June

3. Tasks division.	SAI Chile (Sub-task leader)	Assign to each subtask member themes to develop according to defined structure. In order that every member has a task.	28-03-2018	28-03-2018			<p>The work load were distributed, but there was a need to deal with some delays.</p> <p>The assignments were as following:</p> <ul style="list-style-type: none"> <li>-SAI Chile: General considerations of the guide</li> <li>-SAI Portugal: Legal framework</li> <li>-SAI Fuji Island: Preliminary requirements for audit</li> <li>-SAI Zambia: Quality assurance</li> <li>-SAI Argentina: Audit Planning</li> <li>-SAI Paraguay: Conducting</li> <li>-SAI China: Report and follow-up</li> </ul>
4. Writing the draft	Sub task members	First items draft, which included all the previous assignments.	28-03-2018	20-04-2018	23	02-05-2018	The work and suggestions from member were received



# Status Report: Summary (highlights) of the Report Monitoring template as of 30 June 2018

<p>5. Consolidation</p>	<p>SAI Chile (Sub-task leader)</p>	<p>Consolidation of the parts received from members.</p> <p>Availability of the draft in English and Spanish.</p>	<p>22-05-2018</p>	<p>28-05-2018</p>	<p>6</p>	<p>28-05-2018</p>	<p>Since the parts were done by different people, the task of consolidation was extensive. We had to restructure and rewrite some content. After this consolidation we had the draft ready for translation and later publishing.</p>
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# Contents of the Initial CA Draft GUID

- ▶ Highlights of the initial draft of GUID (alignment with ISSAI 100)
  - ▶ Propose an autonomous guide for CA based on ISSAIs, to be merged to FA and PA guides, subject to team leader decision
  - ▶ Wide PD definition, GAP respect to SAI mandate to be included in the report
  - ▶ Internal control and risk assessments
  - ▶ Quality Control and Quality Assurance
  - ▶ Principles of ISSAI 100





# Contents of the Initial Draft GUID

## References

- ▶ ISSAI 1, ISSAI 100, ISSAI 400, ISSAI 4000
  - ▶ Former ISSAI 5410, ISSAI 5420, 5421, 5422, 5450
  - ▶ IDI Audit of Public Debt Management - A handbook for Supreme Audit Institutions
  - ▶ IDI, INTOSAI: ISSAI Implementation handbook - Compliance Audit
  - ▶ IDI, INTOSAI: ISSAI Implementation handbook - Performance Audit
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- ▶ The way we approached the draft was the following: use the ISSAI 100 as the main basis for the text and then we added the focus on public debt. This way the text explain generalities and then details how those generalities can be addressed on a public debt audit.



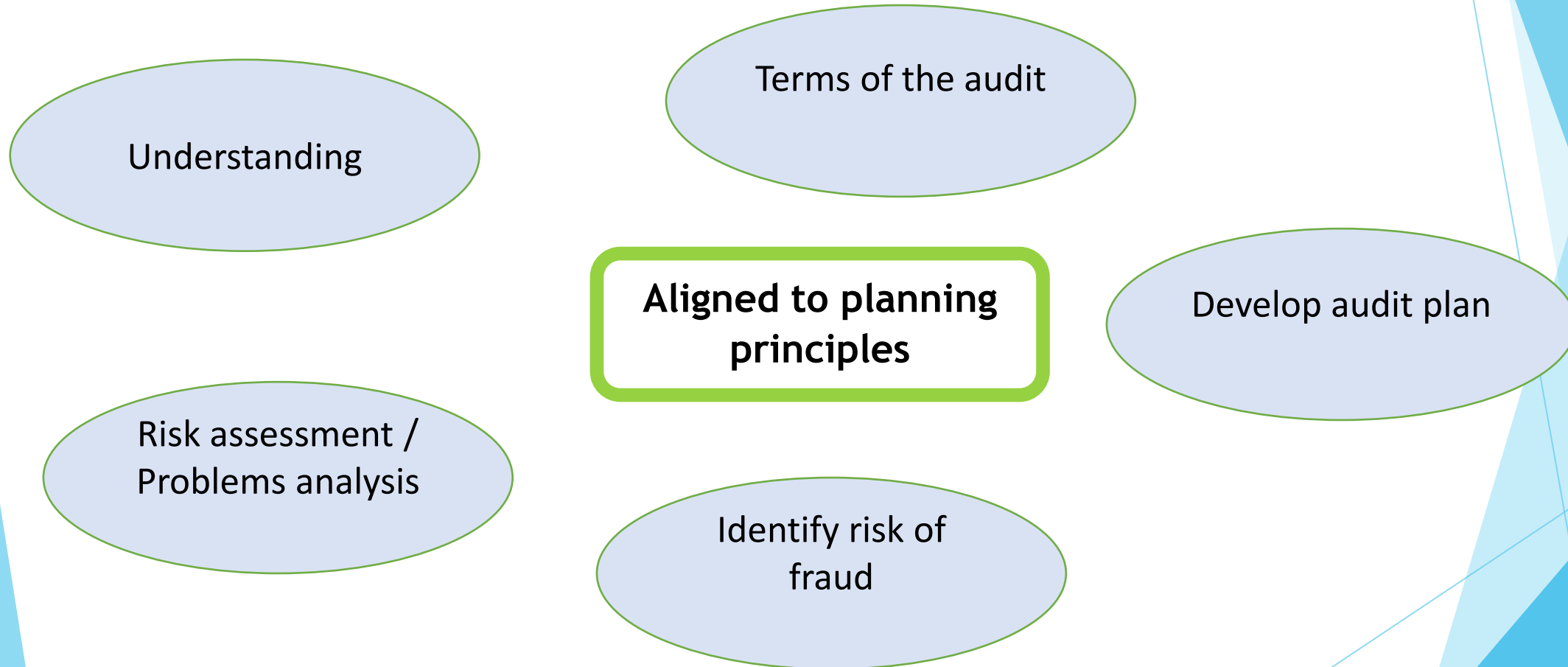
# Contents of the Initial CA Draft GUID

- ▶ How ISSAI 100 was considered and integrated in the draft GUID



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# Contents of the Initial CA Draft GUID

- ▶ How ISSAI 100 was considered and integrated in the draft GUID

**Aligned to conducting principles**

Perform Plan for audit evidence

Evaluate audit evidence and draw conclusions

**Aligned to reporting and follow up principles**

Report based on conclusion reached

Follow up on reported relevant matters



# Contents of the Initial Draft GUID

*(This slide is only applicable for Sub-Tasks on FA, CA, and PA)*

Per Drafting Guide	Per Initial Draft	Remarks
General Considerations	<ul style="list-style-type: none"><li>- Objective of public debt compliance audits</li><li>- Concept of public debt</li><li>- Legal framework</li><li>- Preliminary requirements for the audit</li></ul>	<p>Based on suggestions and work provided by SAI of Portugal, Fiji Island, Zambia and Chile.</p> <p>Main references ISSAIs 100, 400 and 5421.</p>



# Contents of the Initial Draft GUID

Per Drafting Guide	Per Initial Draft	Remarks
Planning and Risk Assessment	<ul style="list-style-type: none"> <li>- Knowledge of entities involved with public debt</li> <li>- Scope, objectives, approaches and design of the audit</li> <li>- Analysis of the legislation applicable to the audit and possible gaps</li> <li>- Determining security level</li> <li>- Review the result of previous audits</li> <li>- Determine relevant criteria and materiality</li> <li>- Assessment of internal control and information systems</li> <li>- Risk assessments</li> <li>- Development of a strategy and audit plan</li> </ul>	<p>Based on work provided by SAI of Argentina.</p> <p>This ended up being the largest section on the draft using ISSAIs 100, 400 as the basis, former ISSAIs and the ISSAI Implementation handbook by IDI.</p> <p>For the assessment of internal control, the main reference was ISSAI 5410 the questionnaires are included as an appendix.</p> <p>Outcome: Audit plan</p>



# Contents of the Initial Draft GUID

Per Drafting Guide	Per Initial Draft	Remarks
Conducting	<ul style="list-style-type: none"> <li>- Materiality</li> <li>- Determining samples</li> <li>- Applying evidence</li> <li>- Gathering audit evidence</li> <li>- Audit findings</li> <li>- Conclusions</li> </ul>	<p>Based on work provided by SAI of Paraguay.</p> <p>Outcome: Evidence, audit findings and conclusions. Conducting end up being similar even on different audits subjects matters. Maybe include more examples related to PD may help.</p> <p>Main references ISSAI 100, 400, 4000</p>
Reporting and Follow-up	<ul style="list-style-type: none"> <li>- Audit report</li> <li>- Follow up</li> </ul>	<p>Based on work provided by SAI of China.</p> <p>Report structure includes the gap between PD wide concept and mandate.</p> <p>Main references ISSAI 100, 400, 4000</p>



# Issues and Challenges

Issues and Challenges	Effect on Project 2.9	Proposed Resolution/ Recommendation
1. Scarce experience on Compliance Audit on Public Debt.	Request material to the IDI and SAls about public debt audit.	Shared material included: “Handbook on audit of Public Debt Management” and suggestions from participants of the IDI e-learning courses, among others
2. Narrow time frames on the stages of the project.	Look into the possibility to extend deadlines.	Agreed time extension.
3. Inconveniences of the communication system for video conference (Skype)	Search for an alternative system for video conferences.	---
4. Due to time constraints there was no possible expose the final draft among subtask members, before submitting.	The main consequence was the lack of valuable feedback at this stage.	Encourage subtask members to provide feedback during the exposure period.





*Thank you!*



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