

## **Working Group on Value and Benefits of SAIs**

(1) SAIs Internal Risk Assessment and (2) Identification of High Risk Areas / Programs in the Public Sector

**August 2018**

### **Background**

The Working Group on the Value and Benefits of SAIs (WGVBS) has developed its working program around the contents of ISSAI 12. In order to perform its functions and ensure their potential value to citizens, SAIs need to be seen as trustworthy. This is only achieved if they are perceived as credible, competent, independent and accountable institutions that lead by example. Hence, it is necessary to implement an effective risk assessment process within SAIs, including integrity risks. Furthermore, Principle Five highlights the value SAIs can provide by identifying emerging risks facing the public sector. Along this line, it was decided, during the eighth meeting of the Working Group in Nanjing, China, to create a framework that could be helpful for SAIs to use in identifying the risks that governments face in their programs and operations.

This paper will be divided in two main sections; the first one will consider a brief guide on an internal risk assessment process that SAIs should take in order to contribute to reaching institutional goals and objectives; the latter will discuss identification on high risk areas / programs in the public sector.

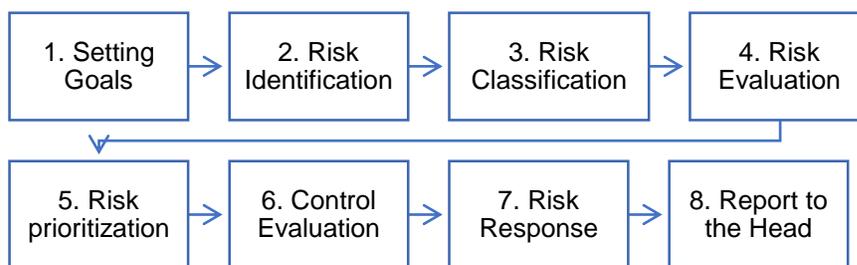
### **(1) SAIs Internal Risk Assessment**

#### **Initial conditions to carry out a risk assessment process**

- It is required to count on the support of the top management within the SAI to launch the process.
- Risk identification should be carried out by staff members with enough experience and occupying middle management positions, in order to ensure an effective detection of the threats and vulnerabilities in the institution.
- Risk identification can be done by conducting surveys and holding meetings with the selected staff.
- A report to the head of SAI should be prepared accordingly.
- As a complement of the process, it is advisable to undertake workshops with all the departments to enhance the risks detection mechanisms.

The workshops included the following steps:

## Risk Management General Process



### 1.1. Identification of Strategic Goals and Institutional Processes

The strategic goals guide the achievement of the institutional mandate, mission and vision. From these strategic goals, the operational, information and compliance goals are established. Specific objectives for the different administrative units are thereafter defined, including internal regulations.

Once the processes performed by each unit are identified, it is necessary to match them with the strategic goals, objectives and actions set forth in the Strategic Plan.

### 1.2. Risk Identification

This step consists of determining the threats and vulnerabilities that may affect the activities carried out by each participating unit, and including the identification of internal and external factors that can trigger those risks. These process should be conducted as part of day-to-day activities; it should not be seen as a parallel to full fill an administrative requirement.

The information gathered should be based on the experience and opinions of the participating staff.

### 1.3. Risk Classification

Since the tasks of SAIs have common features, it can be proposed to consider the risk self-assessment categorization, as follows:

- **Strategic risks:** related to achieving the SAI's main objectives.
- **Administrative, legal and financial risks:** related to independence, mandates, tasks, responsibilities and finally financial recourses (allocations) that help the SAI fulfill its tasks.

- **Operating risks:** related to the SAI activity mainly audits, related reports, provision of consultation to stakeholders, systems, tools, and principles adopted by the SAI , level of technology it uses or needs to use.

**Profession ethics risks:** related to integrity, independence, objectivity, efficiency confidentiality that ultimately create credibility that enhances the image of the SAI.

#### 1.4. and 1.5. Risk Evaluation and Prioritization

The risk evaluation consists of assessing the probability of occurrence and the impact of each risk. This evaluation is carried out using both, qualitative techniques (assessing the likelihood from the perspective of expert judgment), as well as quantitative techniques, using statistical models.

It is advisable to use a nominal scale rate (from 1 to 10) to evaluate risks, as well as an ordinal scale to establish the equivalent qualitative criteria (high, medium, low).

The probability of occurrence is evaluated based on the frequency; i.e. how many times the risk could occur; considering internal and external factors, while the impact was assessed by taking into account the consequences that may result for the institution if the risk materializes.

The following chart shows the scales used for risk assessment regarding impact and probability:

#### Assessment Scale – Risk Materialization Probability

Value	Category	Probability
10	Recurrent	Very high, there is full assurance that the risk will materialize, it tends to be between 90% and 100%.
9		
8	Very likely	High, the risk has 75% to 90% probability of materialization.
7		
6	Likely	Media, the risk has 51% to 74% probability of materialization.
5		
4	Unlikely	Low, the risk has 25% to 50% probability of materialization.
3		
2	Rarely	Very low, the risk has 1% to 25% probability of materialization.
1		

#### Assessment Scale – Risk Impact in Case of Materialization

Value	Category	Impact
10	Very serious	Directly influences the attainment of the strategic goals, mission and vision of the institution; It may also involve monetary loss or damage to SAIs image, or interrupting
9		

		for a significant period all or critical functions, resulting in institutional failure in providing services.
8	Serious	Significant damage to the institutional monetary funds or to the image or affecting the achievement of some strategic objectives. A considerable period is also needed to restore correct operation or damage.
7		
6	Moderate	Causing a major loss to institutional funds or damage to its image.
5		
4	Low	Does not affect the attainment of strategic objectives, or may cause damage to property or image, which can be corrected quickly.
3		
2	Less	It may have very low effect on the institution.
1		

After developing the aforementioned two scales, it is necessary to prioritize risks, according to its final value and to determine which risks require immediate attention, by identifying the priority area in which each risk is located:

### Risk Prioritization

<b>Low risk 1,2,3</b>	<b>Tolerable risk area</b> Determination is made regarding if the risks located here will be accepted, prevented or mitigated.
<b>Moderate Risk 4,5,6</b>	<b>Moderate risk zone</b> Determination is made regarding if the prevention and monitoring actions for risks located here will be shared or transferred to mitigate them properly.
<b>High Risks 7,8</b>	<b>High risk area</b> Determination is made regarding if the mitigation actions for risks located here will be shared or transferred to manage them properly.
<b>Serious Risk 9,10</b>	<b>Significant risk area</b> Steps are taken to mitigate risks located here, establishing a specific action plan to manage them.

The priority of the risks is concentrated in a General Risk Map, in which the risks are located to determine if their attention is needed immediately.

### 1.6. Evaluation of existing controls

Once the risks have been identified, evaluated and categorized, it is necessary to evaluate the existent controls to mitigate them and assess how effective is the operation and design of controls. It should be noted that the aim of the workshops is not to evaluate the effectiveness and adequacy of controls in place to respond to

such threats. However, the technical opinions of the participants on the existence and operation of policies and procedures are contributions of high added value.

In order to address the deficiencies identified by participants, they themselves may suggest mitigation strategies, which are part of the response phase to the risks.

### **1.7. Risk response**

After completing the stages of identification, evaluation, classification and prioritization of risks and evaluation of existing controls, public servants in each administrative unit may define, based on the priority of risk, the most appropriate response to address them according with the following determinations:

- **Avoid risk:** Eliminate the factors that are causing the risk. If a part of the process is at high risk, the entire process receives substantial changes for improvement, redesign or elimination, when applicable.
- **Reduce the risk:** The institution should establish actions to reduce the probability of occurrence (preventive actions) and the impact (contingency measures), such as specific measures for internal control and optimization procedures.
- **Sharing:** Transferring the risk to a third party who will assume the impacts or losses resulting from the materialization of risks present at the process with risks. It can also be understood as partial transfers, in which the goal is not be separated completely, but segmenting the process and channeling the segments to different administrative units or persons.
- **Assuming the risk:** Once the degree of impact the risk has on the strategic objectives is analyzed, a conclusion is made to establish no action or control and assume the consequences if the risk materializes, since mitigating it proves to be unreasonable due to its low impact and low probability of occurrence.

### **1.8. Reporting to the Head**

After the identification, evaluation, assessment and prioritization of risks, a report on the workshops performed should be completed, in order to inform the head of the institution on the most relevant results. The report should include the following documents:

- **General Risk Inventory (GRI)**

The list of all those events that the institution is exposed to and have been identified and categorized in the risk self-assessment workshops. In the inventory, each risk is traceable over time.

- **General Risk Map**

Graphical representation of the value of each risk, according to their likelihood and impact, usually in the form of a heat map. The risks are represented so that the most significant ones (high impact and high probability) can be distinguished from the least significant.

- **Institutional Program for Risk Monitoring**

Based on the risk matrix and the overall risk map, and in order to address areas of opportunity identified during the workshops, a Program of this kind can be developed and become a part of the activities to be carried out to address all risks, with a special emphasis on the top 15 risks. It should include administrative units responsible for implementation of controls, specific dates over a period of time for actions to be implemented, expected deliverables, and the expected effect on the institution's performance as a result of the action plans created to mitigate risks.

## **(2) Identification of High Risk Areas / Programs in the Public Sector**

The traditional approach to auditing is based upon a bilateral relationship between the audited entity and the auditing institution. The cumulative results of the work performed on audited entities can offer a general view of patterns or reiterative situations, which might, in turn, shed light on structural problems in specific areas / programs of the government.

SAIs have a unique position within government structure, as to better understand the challenges and vulnerabilities that public sector faces. In addition, as it has been discussed in the Working Group on Value and Benefits of SAIs, our institutions remain as one of the most trusted public entities due to our oversight role.

Any government deals with endanger procedures and activities that compromises the fulfillment of public goals, the efficient use of public funds and the observance of rules and laws. Specifically, there are certain areas / programs in the government that may be riskier than others, given the nature or the conditions of the actions that are carried out.

For instance, public procurement entails vulnerabilities—in terms of opportunities to commit fraud, abuse or corruption practices—, because of the diverse interaction between public officials and private agents, including the hidden and irregular one that leads to collusion, as well as the high amount of resources that are usually

allocated in the public budgets under this item. In this case, if different audit reports on this matter show a reiteration of similar irregularities / problems that imply a legal breach of rules or a failure to attain objectives, SAIs may consider this area as a high-risk one.

Likewise, public programs that involve direct impact on social welfare or national security, might be regarded as high-risk due to its political, social and economic relevance.

Finally, there are other areas/programs that are executed under not optimal conditions in terms of institutional skills, availability of resources or unsuitable internal control environment. These themes may also be label as high-risk.

In this context, SAIs can provide different stakeholders with real value by detecting specific vulnerabilities that governmental institutions should address. It is worth mentioning that identification of high-risk areas / programs contributes to deterring management inconsistencies, inefficiencies, and irregularities.

## **2.1. Defining Public Sector Risk Areas**

For the sake of this framework, a high-risk area in government might be defined as:

- i. A program or agency that is at risk for failure to fulfill its mandate or is subject to fraud, waste, abuse, or mismanagement;
- ii. A common pattern or process in the functioning of government that does not adequately consider efficiency, effectiveness, economy, and legal compliance;
- iii. Negative trends in domestic economic, social, cultural and environmental variables, and.
- iv. A recurrent problem in the activities carried out by government entities posing a negative impact in the economic, social, and political fields.
- v. Negative trends in economic and social variables.

These risks might be explained by different factors:

### **(1) Structural vulnerabilities in public institutions' operation:**

- Inappropriate internal control systems, including integrity
- Public management models that do not meet citizens' needs<sup>1</sup>

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<sup>1</sup> One of the vulnerability factors in public entities lays on the non-implementation of models designed to meet citizens' needs. For example, process management: A management at the service of citizens should necessarily change the traditional model of a functioning organization and move towards an organization process management included in the "value chain" of the entity. This will guarantee

- Deficiencies in technical skills and capacities
- Financial constraints
- Technological gaps
- Management and human resources concerns

(2) Inappropriate design and enforcement of laws and regulations:

- Laws not pertinent to current social, economic, and political conditions
- Civil servants' perception of impunity resulting in perverse incentives
- Deficient provision of justice
- Lack of checks and balances in governmental affairs
- Government performance evaluation
- Deficiencies in the statutory frameworks of the government

(3) External conditions stemming from the international environment:

- Economic crisis in the global economy
- Economic and regulatory changes affecting trade partners
- Widely fluctuating and unpredictable international markets and interest rates

(4) Economic, social, cultural and environmental patterns:

- Undue political influence on government
- Lack of trust in the public sector
- Overly bureaucratic culture
- Lack of institutional mechanisms allowing social participation in public issues and equal treatment under the law
- Economic crisis, public security, energy security, network security, ecological and mass media and so on.

## **2.2. Identification of risk areas stemming from audit work**

SAls can use different methodologies in order to identify risk areas in their own national public sectors; these approaches might be focused on one or more of the following activities:

- i. Analyzing audit results so as to define recurrent patterns, unaddressed problems, and continuous trends:
  - Quantitative analysis based on statistics of audit findings across different years

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public good and services under their responsibilities generate positive results and impacts for the citizens.

- Qualitative analysis of audit findings, including the identification of explanatory factors contributing to areas of risk
- ii. Compiling relevant information from external sources:
  - Detection of social and economic indicators and trends
  - Identification of potential impacts on public finances from internal and external factors
  - Definition of stakeholders and public opinion priorities and demands.
  - Detection of all related news, information, interviews, etc., which are published in the media.
- iii. Conducting surveys or focus groups among relevant stakeholders:
  - Members of Parliament
  - Non-governmental organizations
  - Media
  - Academia
  - Audited entities
  - Society at large
  - Other government department

Each SAI, depending on its available resources, technical capacities, and/or legal mandate, might use one or more of these options. The expected product of this process would be an identification and mapping of risk areas across government. This information could prove to be a very important input for legislative work, public budgeting, program and policy assessments, audit planning, prioritization of governmental actions, and governmental and academic research and studies.

### **3. Practical cases**

#### **3.1. U.S. GAO**

The Government Accountability Office (GAO) has developed a robust analytical framework to focus attention on government operations that it identifies as high risk<sup>2</sup> due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. The main product of this approach is a report listing high risk programs and operations in key public sector areas. This report is updated every two years and is presented to the Congress at the beginning of each new session.

The high risk program began in 1990, and since then it has undergone several changes in order to capture the complexity of government activities. The original High Risk List had fourteen programs, while the current list includes more than thirty. The major cross-cutting high risk areas range from transforming DOD business operations and managing federal contracting more effectively, to assessing the

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<sup>2</sup> GAO, Report to Congressional Committees. High-Risk Series, An Update, (US: GAO, February 2015), available on <http://www.gao.gov/assets/670/668415.pdf>

efficiency and effectiveness of tax law administration and modernizing and safeguarding insurance and benefit programs.

To determine which federal government programs and functions should be designated high risk, GAO uses its guidance document, “Determining Performance and Accountability Challenges and High Risks.” GAO considers quantitative factors such as the exposure to loss as well as several qualitative factors, such as whether the risk involves public health or safety, national security, or could result in significantly impaired service, program failure, or greatly reduced economy, efficiency, or effectiveness. GAO also considers corrective measures planned or underway to address risks and the status and effectiveness of these actions.

Based on this information, GAO identifies areas of vulnerability in order to alert stakeholders and public opinion about the need to target long-term improvements. Another important aspect of this approach is the follow-up activities it involves. After an area is added to the High-Risk List, GAO assesses the corrective actions and policies taken by the Congress or the Executive Branch to curb the risk areas’ negative effects and updates the status in its next biennial update report. GAO uses the following five criteria for establishing when an area is ready to be removed from the High Risk List:

1. **Leadership Commitment:** agency has demonstrated strong commitment and top leadership support.
2. **Capacity:** agency has the capacity (i.e., people and resources) to resolve the risk(s).
3. **Action Plan:** a corrective action plan exists that defines the root cause and solutions, and provides for substantially completing corrective measures, including steps necessary to implement the solutions GAO recommends.
4. **Monitoring:** a program has been instituted to monitor and independently validate the effectiveness and sustainability of corrective measures.
5. **Demonstrated Progress:** agency has been able to demonstrate progress in implementing corrective measures and in resolving the high risk area<sup>3</sup>.

Based on these five criteria, GAO rates the level of improvement in each area, including the corrective actions and other initiatives undertaken. These improvement ratings are especially useful for agency leaders and the Congress in setting their priorities for addressing high risk areas.

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<sup>3</sup> GAO, Report to Congressional Committees. High-Risk Series, An Update, (US: GAO, February 2015), available on <http://www.gao.gov/assets/670/668415.pdf>

### **3.2. Mexico**

The Mexican SAI has recently adopted a risk-based approach. The objectives of this approach are the following: (1) ensuring that audit information contributes to outlining a strategic perspective on public sector management weaknesses, (2) becoming a means of preventing audit findings on the same issue from recurring, and (3) making the value and benefits of the Mexican SAI's work more evident.

This approach is based on the assumption that the public sector faces a wide range of potential problems with significant impact on the national budget and quality management. There are certain areas that are more likely to be subject to these risks; in these cases, one can observe vulnerabilities that: (1) are currently affecting management operation and policy implementation, or (2) are not yet having any current effect, but in the future there is a high likelihood that they will have a negative impact either on the functioning of an entity or the achievement of program goals. The risk areas that are selected as the main ones by the Mexican SAI have an impact on public sector governance, including:

1. Irregular or inefficient use of public funds
2. Management failures (poor performance and unachieved goals)
3. Distrust in government.

The Mexican SAI's methodology is based on a qualitative and quantitative analysis of the individual auditing results obtained during a specific year. The auditing staff identifies the vulnerabilities related to the nature of the findings included in each audit report. The list of the identified vulnerabilities is compiled and sorted. Based on this list, there is an analysis of their frequency and main features in order to categorize the data. This categorization is aimed at identifying the key risk areas.

Following these steps, the most recent Mexican SAI audit report identified the following eleven key areas:

1. Information on social programs beneficiaries: inadequate design and operation of databases that gather information about people enrolled in social programs. The lack of comprehensive and updated registry systems results in an inappropriate identification of target groups, inability to verify data accuracy, difficult policy assessments, and miscommunication of programs' goals and outcomes, which ultimately hampers the program implementation process.
2. Disclosure of expenses and liabilities: inappropriate and incomplete information on the financial status of public institutions hinders the national planning process, preventing a proper assessment of budget constraints,

- medium and long-term payment obligations, and the real financial impact of debts and contingent liabilities.
3. Effective integration of citizens in overseeing public programs: constraints over the real participation of social program beneficiaries contributes to an inadequate regulatory framework, high levels of social marginalization, inappropriate involvement of intermediaries, resistance to the authorities, and information asymmetries, among other conditions.
  4. Procurement practices by public agencies: the current legal framework prescribes the requirements and procedures to be met for government purchases. However, in some cases, although such regulations are complied with, the resulting contracts do not represent a real benefit for the state.
  5. Public works planning and oversight: the allocation of public contracts must be carried out so as to preserve the best conditions in procurement. However, there are still problems like improper planning, inadequate work plan execution, poor project management and supervision, insufficient skilled staff, delays and cost overruns.
  6. Intermediaries in the public spending process: the federal structure contemplates that part of the budget for certain areas such as health, education, agricultural activities, or economic development is exercised through intermediaries, including local agencies, universities, private organizations and civil society. This can result in significant risks and impede accountability.
  7. Unexpended budgetary resources: having unexpended funds remaining, or positive financial balances, corresponding to a particular activity, program, or public service. The unexpended budget does not represent savings; rather, it involves an inability to spend efficiently.
  8. Inadequate use of IT technology: the implementation of IT innovations does not necessarily result in a benefit. In some cases, the use of IT systems does not have a positive impact on improving management processes, instead resulting in costly and underutilized investments.
  9. Duplicative programs: using different approaches for solving public problems, without effective communication and coordination between the agencies involved, resulting in overlapping efforts and inefficient use of resources.
  10. Public services provided by private sector: the participation of private firms as suppliers of public services has yielded neither a more efficient management alternative nor better supervision and control.
  11. Failures in the design and implementation of public policies: This includes an inadequate identification of policy goals and expected outcomes, and poor performance of agencies responsible for processes and implementation activities.

## Annexure 1 - WGVBS Member SAIs' Practical Cases

### • Austria

The ACA aims to respond to public sector risks by planning its audits in a risk-oriented manner. An examination of the audited entities internal control systems (whose effectiveness and reliability are assessed in each audit) and risk management systems often provides for indications with regard to the focal theme of the audit. Experience has shown that the following areas and audit themes come with a high risk: projects with a high number of participants, separation between implementation and funding, restructuring processes in the IT area, outsourcing, measures with inadequate high-pressure deadlines etc. In order to reinforce its impact, the ACA conducts follow-up audits. Sample audits (in particular at smaller entities) serve to increase its preventive impact.

### • Bahrain

Risks are usually identified in SAI Bahrain, through the following process:

- a) Understand all related business processes by interviewing concerned personnel, questionnaires, read and summarize related operational manuals, select a sample of transactions and study the process through them, observations.
- b) Prepare documentary and information flowcharts for business processes.
- c) Identify all probable and expected risks.
- d) Classify identified risks (High, medium, low).
- e) Identify risky areas and prepare.

### • Iraq

FBSA of Iraq uses two kinds of evidence to identify public sector risks. They are as follows:

1. Institutional risks assessment and analysis manual: It includes a set of general guidelines that audit teams use to perform their audit tasks.

The manual has the following themes:

- a) Administrative organization risk assessment
- b) Technical organization and activity risk assessment
- c) Accounting and financial organization risk assessment
- d) Procurement and contracting risk assessment

This manual aims at analyzing and assessing institutional risks to remedy them and fight corruption in the financial, technical and administrative organization of all managements and institutions by means of its general steps. These steps aim at detecting corruption and fraud, securing resource protection from waste, loss and misuse ; leading to improvement of operation efficiency, adherence of staff to laws ,rules, regulations and management policy.

2. Risk -based audit: According to this manual, audit priorities are arranged in audit office plans or during activity and operation audit .The aim is to focus on

high risks in institutions so as to be well covered and ultimately leading to tasks distribution among team members and linking internal audit to risks and assessing them.

The following are some points that an auditor should observe while auditing to identify risks:

- a) Changes in sectors (there might be potential work risks like staff of the entity lacks the ability to deal with changes taken place in the sector).
- b) New services and products (there might be potential work risks like obligations are greater than products).
- c) Expanding of work (there might be potential work risks like demand is inaccurately estimated).
- d) New accounting requirements (there might be potential work risks such as incomplete or improper implementation or excess costs).
- e) Organizational requirements (there might be potential work risks such as legal risks).
- f) Current and expected Funding requirements (there might be potential work risks such as losing funding due to the entity's inability to meet the requirements)
- g) IT utilization (there might be potential work risks such as Inconsistency of systems and operations).

FBSA audit work is based on what has been mentioned above. The auditor follows the steps while performing his/her tasks. Once the audit is completed, a report of results of the observations and weak points in the public institutions is prepared. The results are reported to the parties concerned.

FBSA identifies public sector risks and reports them to the parties concerned via its annual report that is submitted to The Legislature. It includes a summary of fiscal year audit results namely through common observation diagnosed in public institutions. The aim behind which is to pinpoint the potential negative impact on the Public Budget, public accountability system, integrity and quality management in order to take the appropriate corrective procedures and avoid their recurring.

#### • **Peru**

In the Peruvian case, to elaborate policies on which the Audit Plans are based, we consider: Administrative systems with higher risks, sectors with a greater impact on the priorities on government policies and the legal assignments prioritized by the National Control System, such as:

1. Income and revenue
2. Procurement of good and services
3. Investment projects or Public works
4. Authorizations, licenses and permits
5. Social Programs and Basic Social services
6. Extractive industries: Fishing, forest, mining and hydrocarbons

7. Natural Disasters and phenomenon
8. Environmental management
9. Election campaigns and management transfers

Regarding compliance audit, it has been considered a Directive and a manual which set out the guidelines for the audit to be based on the risks detected during the evaluation process of the design, implementation and effectivity of internal control of the subject to be assessed. This was carrying out through the walk test and the result had two purposes:

1) Present deficiencies of internal control as part of the audit report for the adoption of measures to overcome such deficiencies.

2) Strengthening professional judgment of the auditor to decide the trust level of the process and sub processes controls; and based on that, define the procedures of the Final Audit Plan to assess the subject to be audited.

Auditors identify critical or fundamental process or sub process in the subject to be audited and the main activities of each one of these. They will also identify the inherent risk for each activity and the control every entity have to reduce it.

The inherent risk is the combination of internal and external risk factors in their natural state, without the application of any control. This is identified taking into account the following factors:

- Nature and sector of the entity
- Nature, complexity and volume of operations performed
- Organizational structure and level reached in process management
- Managerial organization, human resources and material, management integrity and resources quality of the entity
- Economical and financial situation of the entity
- Results of previous audits conducted to the entity.

Identification of Corruption risks in procurement process and management of works by contract

Given the fact that government acquisitions and procurement are one of the most representative aspects in the public budget execution where irregularities are frequently found, causing significant loss to the national treasury, it is the Office of the Comptroller General, according to its attributions, defining and improving control mechanisms. This way, they will contribute to the caution of state-owned property. This is why there is the Audit Guide for Government Acquisitions and Procurement and the Audit Guide for Public Works which have a methodology oriented to standardize audits procedures in the performance of audits to public works. These are specialized Audit Guides which, under a process and sub process approach, identified risks, factors, description and the effects they may causes in the achievement of the objectives of public entities.

In the case of the Audit Guide for Acquisitions and Procurement, risks were identified for the following phases:

- Planning and preparatory activities
- Selection Process and,

- Contractual execution

Sub processes of Public Works management where risks were identified are also Procurement phases:

- Need for hiring
- Organization of procurements
- Bases and call
- Proposal evaluation and granting
- Signing of the contract
- Execution of the contract

In the Audit Guide for Public Works, for every sub process of the procurement, there is a description of statements and management criteria, from the perspective of efficacy, efficiency and economy; and depending on this, specific procedures are developed by the auditor.