

Office of the Auditor General of Canada

Practice Review Report
Performance Audit Product Line
Audits Reported in 2005

July 2006



Strategic Planning and Professional Practices
Planification stratégique et méthodes professionnelles

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Executive Summary

Introduction

In accordance with the Office's Long-term Practice Review Plan 2005-06 to 2007-08, recommended by the Audit Committee and approved by the Auditor General, the Strategic Planning and Professional Practices (SPPP) group conducted five practice reviews of performance audits reported in 2005. This document reports the results of these reviews.

Background

Every year the Office of the Auditor General conducts a structured review of the practices followed in its performance audits. The Practice Review and Internal Audit Team of the SPPP group co-ordinates these yearly reviews.

Practice Review objective and scope

The objective of practice review is to provide the Auditor General with assurance that the Office's Performance Audit Quality Management Framework operates effectively to meet our legislative requirements, professional standards, and the Office policies and practices for performance audits. We focus our work on selected elements of the Performance Audit Quality Management Framework.

SPPP selected five performance audits for review from the audits reported in 2005 - one each from the February, September and November 2005 reports and two from the April 2005 report.

Conclusion

Based on the practice reviews performed, we concluded that the audits reviewed were carried out in accordance with the Performance Audit Quality Management Framework elements that we reviewed. The Quality Management Framework ensures that quality is built into the audit process. It guides auditors through a set of required steps to ensure that performance audits are conducted according to professional standards and Office policies.

Strengths, good practices, and opportunities for improvement

We identified strengths and good practices related to the increased use of sophisticated evidence collection techniques, such as surveys; the use of documentation to capture and address comments at various audit milestones and to capture the review of audit evidence by senior managers; and the continuity of audit team members for certain audits.

We identified opportunities for improvement at the team level related to documentation of the evaluation and corroboration of secondary sources of

evidence, minutes of meetings used as evidence, the substantiation of main points and the overall conclusion, and the consideration of independence.

We also identified opportunities for improvement at the practice-wide level concerning documentation of the consideration of independence and the job rotation guideline that existed at the time. We noted that the documentation requirements for quality control reviews remain an issue.

We discussed the areas for improvement with the responsible audit principals, assistant auditors general, quality reviewers, Performance Audit Management Committee Chair and Vice-chair, and product leader, all of whom agreed with these suggestions.

Follow-up of prior year's recommendation

We also followed up on the prior year's recommendation on documentation requirements for quality control reviews. We found that the recommendation had not been fully addressed. The SPPP group is undertaking initiatives to clarify these requirements.

Product leader's response

I am pleased that the report concluded that the performance audits reviewed are in accordance with the Office's Performance Audit Quality Management Framework.

I have noted that the principals responsible for the audits have agreed with the opportunities for improvement for their respective audit teams and would expect them to implement the suggestions in a timely manner.

I agree with the practice-wide suggestions for improvement. I am pleased to report that practice advisories on Interim Policies for Independence and Job Rotation were issued in December 2005. Additional guidance related to the documentation of quality control reviews has been provided in practice advisories on Interim Policies on Quality Control Reviews and Consultations and Procedures to Resolve Differences of Opinion issued in December 2005. In addition, the Strategic Planning and Professional Practices group has a methodology project under way to review policies related to quality reviewers and develop documentation to guide their work. This project will address the current and previous year's concerns regarding quality control reviews.