

# **Supreme Audit Institutions Performance Measurement Framework**

## **SAI PMF Lite for PASAI**

February 2016

# 1. About SAI Performance Measurement Framework Lite for PASAI

## 1.1. Background and Purpose

SAIs within PASAI, and the PASAI Secretariat, need information on SAI performance and development needs, to inform the setting and monitoring of SAI strategic plans, and for Monitoring, Evaluation and Reporting (MER) of the PASAI Strategy. The PASAI Governing Board has adopted the Supreme Audit Institutions Performance Measurement Framework (SAI PMF) as its preferred method of obtaining such information. It is an integral part of the PASAI Strategy, developed by PASAI in co-operation with its major development partners and adopted by the PASAI Governing Board. SAI PMF is a multi-purpose framework which can identify SAI strengths and weaknesses, inform development of strategic plans, measure SAI performance consistently over time, facilitate comparison of performance challenges between SAIs, and enable better reporting on SAI performance. A group of regional experts from SAIs across PASAI attended SAI PMF training in Fiji in April/May 2014, and have begun to apply it in their SAIs.

However, PASAI's initial experiences from using SAI PMF in the past year has found that the small size of many PASAI members prevents them from using the framework in the comprehensive manner for which it was designed. These experiences are best summarised in PASAI's official response to the recent SAI PMF global consultation, which demonstrates the demand for this project by the Heads of SAIs in PASAI (the members of the PASAI Governing Board). This project seeks to find pragmatic and appropriate solutions to enable small SAIs in PASAI, and the PASAI Secretariat, to meet their information needs through SAI PMF application.

SAI PMF is being developed under the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS). The work is led by a task team, coordinated by the INTOSAI-Donor Secretariat in the IDI and supported by various SAIs, INTOSAI regions and donors. The PASAI Secretariat is a member of a wider SAI PMF reference group. The SAI PMF Pilot Version was published in July 2013, for a phase of extended piloting until May 2015. Results from these pilots, as well as a global consultation, are now being used to develop a SAI PFM endorsement version, for consideration by the INTOSAI Congress in late 2016. The SAI PMF endorsement version will largely draw on the successful SAI PMF pilot version, but with the following key differences:

- It will be lighter and easier to use, with significant overlaps removed, thereby reducing the number of domains, indicators and dimensions
- The linkages between SAI PMF and the ISSAI Compliance Assessment Tools (iCATs) will be strengthened, so the indicators on compliance with audit standards can be scored based on results of available, quality assured iCAT assessments
- The domains will be restructured to enable a better analysis of SAI performance and its causes, whilst retaining strong comparability of assessment scores at the dimension level

On behalf of PASAI, the PASAI Secretariat has expressed a strong preference for using the endorsement version, rather than the current pilot version, as the basis for SAI PMF lite.

## 1.2.Rationale for SAI PMF Lite for PASAI

SAIs in the Pacific Region are small in size, due to the small size of the countries they belong to. SAI PMF has been developed as a comprehensive assessment tool, using more than 500 criteria to assess seven domains that altogether will allow a holistic assessment of the SAI. Consequently, its application requires a significant allocation of workforce, typically using around 4 people for a period that ranges from 3 to 6 months. Moreover, the assessment team needs expertise and knowledge of a number of different areas, such as planning, human resources management, IT support, communication with media, and the conduct of core types of audit work. It would be difficult for a small size SAI to assemble such a team for such a long time, taking a significant number of people out of their usual work. So, there is a need to develop guidance on SAI PMF 'lite', which will include all domains and the SAI PMF narrative report, but use selected indicators and dimensions from within these.

## 1.3.Structure of SAI PMF Lite for PASAI (Preliminary version)

To develop SAI PMF lite, each dimension in the SAI PMF endorsement version has been considered for possible inclusion based on the following criteria:

- Is it relevant for SAIs in PASAI? – if not, remove
- Is it a Strategic Priority for PASAI, or does it enable an SAI to identify the root causes of strong or weak performance? – if not, remove

Matters that SAI PMF assesses at both the organizational level and engagement level have then been reviewed to see whether the assessment is best kept at the organizational or engagement level. E.g. quality control will be assessed at the engagement level, whereas quality assurance will be assessed at the organizational level. Similarly, planning will be assessed at the strategic level and annual audit planning level, but not at the operational planning level.

The following table outlines the draft content of SAI PMF lite for PASAI, and the rationale for inclusion of each indicator and dimension. The indicators in the SAI PMF endorsement version that have been omitted from SAI PMF lite, and the rationale for doing so, are shown in Annex 1. Similarly, indicators from the SAI PMF pilot version that have been omitted from the SAI PMF endorsement version, and the rationale for doing so, are shown in Annex 2.

Overall, SAI PMF lite comprises 39 dimensions (plus four dimensions applicable only to SAIs following a Judicial model) drawn from across 18 (plus one) indicators. This compares to 79 (plus four) dimensions across 26 (plus one) indicators in the SAI PMF endorsement version<sup>1</sup>. This version has been checked against the draft of the SAI PMF endorsement version in January 2016.

## 1.4.Assessing Indicators at the Regional Level

PASAI has issued regional financial and performance audit manuals, which have been adopted by some of its members. It also facilitates cooperative performance audits which are planned regionally. Therefore the following dimensions will be assessed first at the regional level: SAI-9(i), SAI-12(i), SAI-13(i) Assessment teams can then determine whether these regional assessments are relevant for each SAI.

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<sup>1</sup> This excludes the optional indicators based on ISSAI 100

Indicator <sup>2</sup>	Domain, Indicator and Dimension	Old Indicator & Dimension <sup>3</sup>	Rationale
<b>DOMAIN A: INDEPENDENCE AND LEGAL FRAMEWORK</b>			
SAI-1	<b>Independence of the SAI</b>	SAI-6	
SAI-1	(i). Appropriate and effective constitutional and statutory legal framework	SAI-6 (i)	PASAI Strategic Priority 1
SAI-1	(ii). Financial independence / autonomy	SAI-6 (ii)	PASAI Strategic Priority 1
SAI-1	(iii). Organizational independence / autonomy	SAI-6 (iii)	PASAI Strategic Priority 1
SAI-1	(iv). Independence of the Head of SAI and its Officials	SAI-6 (iv)	PASAI Strategic Priority 1
SAI-2	<b>Mandate of the SAI</b>	SAI-7	
SAI-2	(i). Sufficiently broad mandate	SAI-7 (i)	PASAI Strategic Priority 1 – included due to concerns about mandates being eroded during crisis
SAI-2	(ii). Access to information	SAI-7 (ii)	As above
SAI-2	(iii). Right and obligation to report	SAI-7 (iii)	As above
<b>B. Internal Governance and Ethics</b>			
SAI-3	<b>Strategic Planning Cycle</b>	SAI-8	
SAI-3	(i). Content of the strategic plan	SAI-8 (i)	PASAI Strategic Priority 4
SAI-3	(iv). Monitoring and Performance Reporting	SAI-5 (iii)	PASAI Strategic Priority 1, 4
SAI-4	<b>Organizational Control Environment</b>	-	
SAI-4	(i). Internal Control Environment – Ethics, Integrity and Organizational Structure	SAI-18 (i)	Leading by example, SP2
SAI-4	(iv) Quality Assurance System		
SAI-7	<b>Overall Audit Planning and Follow-Up</b>	SAI-9	
SAI-7	(i). Overall audit planning process	SAI-9 (i)	Effective use of SAI resources
SAI-7	(ii). Overall audit plan content	SAI-9 (ii)	Effective use of SAI resources
SAI-8	<b>Audit Coverage</b>	-	
SAI-8	(i). Financial audit coverage	SAI-1 (i)	PASAI Strategic Priority 3
SAI-8	(ii). Performance audit coverage	SAI-3 (i)	PASAI Strategic Priority 3
<b>DOMAIN C: AUDIT QUALITY AND REPORTING</b>			
SAI-9	<b>Financial Audit Standards and Quality Management</b>	SAI-11	
SAI-9	(i). Financial Audit Standards and Policies	SAI-11 (i)	PASAI Strategic Priority 3
SAI-9	(ii). Financial Audit Team Management and Skills	SAI-11 (iii)	PASAI Strategic Priority 3
SAI-9	(iii). Quality Control in Financial Audit	SAI-10 (i)	For continual improvement – likely done through peer review
SAI-10	<b>Financial Audit Process</b>	SAI-12	
SAI-10	(i). Planning Financial Audits	SAI-12 (i)	PASAI Strategic Priority 3
SAI-10	(ii). Implementing Financial Audits	SAI-12 (ii)	PASAI Strategic Priority 3
SAI-10	(iii). Evaluating Audit Evidence, Concluding and Reporting in Financial Audits	SAI-12 (iii)	PASAI Strategic Priority 3
SAI-11	<b>Financial Audit Results</b>	SAI-1	
SAI-11	(iii). SAI follow-up on implementation of financial audit observations and recommendations	SAI-1 (iv)	PASAI Strategic Priority 3
SAI-12	<b>Performance Audit Standards and Quality Management</b>	SAI-15	

<sup>2</sup> SAI PMF Endorsement Version

<sup>3</sup> SAI PMF Pilot Version

Indicator <sup>2</sup>	Domain, Indicator and Dimension	Old Indicator & Dimension <sup>3</sup>	Rationale
SAI-12	(i). Performance Audit Standards and Policies	SAI-15 (i)	PASAI Strategic Priority 3
SAI-12	(ii). Performance Audit Team Management and Skills	SAI-15 (iii)	PASAI Strategic Priority 3
SAI-12	(iii). Quality Control in Performance Audit	SAI-10 (iii)	For continual improvement – likely done through peer review
<b>SAI-13</b>	<b>Performance Audit Process</b>	<b>SAI-16</b>	
SAI-13	(i). Planning Performance Audits	SAI-16 (i)	PASAI Strategic Priority 3
SAI-13	(ii). Implementing Performance Audits	SAI-16 (ii)	PASAI Strategic Priority 3
SAI-13	(iii). Reporting in Performance Audits	SAI-16 (iii)	PASAI Strategic Priority 3
<b>SAI-14</b>	<b>Performance Audit Results</b>	<b>SAI-3</b>	
SAI-14	(iii). SAI follow-up on implementation of performance audit observations and recommendations	SAI-3 (iii)	PASAI Strategic Priority 3
<b>SAI-18</b>	<b>Control and Judgement of Rendered Accounts (for Court Model SAIs)</b>	<i>New indicator</i>	<i>Only jurisdictional SAIs</i>
SAI-18	(i). Foundations for Control of Rendered Accounts	New indicator	<i>Only jurisdictional SAIs</i>
SAI-18	(ii). Control of the Rendered Accounts	New indicator	<i>Only jurisdictional SAIs</i>
SAI-18	(iii). Provisional Report and Draft Proposal of the Decision	New indicator	<i>Only jurisdictional SAIs</i>
SAI-18	(iv). Ruling/Judgement	New indicator	<i>Only jurisdictional SAIs</i>
<b>DOMAIN D: MANAGEMENT, ASSETS AND SUPPORT SERVICES</b>			
<b>SAI-22</b>	<b>Management, Assets and Support Services</b>	<b>SAI-18</b>	
SAI-22	(i). Financial Management	SAI-18 (iii)	PASAI Strategic Priority 3 (each SAI is audited), 4
<b>DOMAIN E: HUMAN RESOURCES AND TRAINING</b>			
<b>SAI-23</b>	<b>Human Resource Management</b>	<b>SAI-20</b>	
SAI-23	(ii). Human Resources Strategy	SAI-20 (ii)	PASAI Strategic Priority 4
SAI-23	(iii). Human Resources Function and Recruitment	SAI-20 (iii)	PASAI Strategic Priority 4
SAI-23	(iv). Remuneration, Promotion and Staff Welfare	SAI-20 (iv)	PASAI Strategic Priority 4
<b>SAI-24</b>	<b>Professional Development and Training</b>	<b>SAI-21</b>	
SAI-24	(i). Plans and Processes for Professional Development and Training	SAI-21 (i)	PASAI Strategic Priority 4
<b>DOMAIN F: COMMUNICATION AND STAKEHOLDER MANAGEMENT</b>			
<b>SAI-25</b>	<b>Communications Strategy and Internal Communication</b>	<b>SAI-22</b>	
SAI-25	(i). Communications Strategy	SAI-22 (i)	PASAI Strategic Priority 1, 4
SAI-25	(ii). Good Practices Regarding Communication with the Legislature	SAI-23 (i)	PASAI Strategic Priority 1, 4
SAI-25	(iv). Good Practices Regarding Communication with the Judiciary, Prosecuting and Investigating Agencies	SAI-23 (ii)	Essential for role of SAI in anti-corruption measures in small countries
<b>SAI-26</b>	<b>Communication with the Legislature, Executive and Judiciary</b>	<b>SAI-24</b>	
SAI-26	(i). Good Practices Regarding Communication with the Media	SAI-24 (i)	PASAI Strategic Priority 1, 4
SAI-26	(ii). Good Practices Regarding Communication with Citizens and Civil Society Organisations	SAI-24 (ii)	PASAI Strategic Priority 1, 4

## Annex 1. Indicators from the SAI PMF Endorsement Version Omitted in SAI PMF Lite

Indicator <sup>4</sup>	Domain, Indicator and Dimension	Old Indicator & Dimension <sup>5</sup>	Rationale
<b>DOMAIN A: INDEPENDENCE AND LEGAL FRAMEWORK</b>			
	None		
<b>DOMAIN B: ORGANISATIONAL STRATEGY, PLANNING AND CONTROL</b>			
SAI-3	<b>Strategic Planning Cycle</b>	SAI-8	
SAI-3	(ii). Content of the operational plan	SAI-8 (iii)	Strategic plan content and annual audit plan content already covered
SAI-3	(iii). Organisational planning processes	SAI-8 (ii), (iv)	Strategic plan content and annual audit planning processes already covered
SAI-4	<b>Organisational Control Environment</b>	-	
SAI-4	(ii). System of internal control.	SAI-18 (iv)	Dimensions on ethics, financial management, and audit quality control & quality assurance together should give enough of a view on internal control in operation
SAI-4	(iii). Quality Control System	SAI-9 (iii)	Covered at engagement level under financial and performance audit
SAI-5	<b>Outsourced Audits</b>		
SAI-5	(i) Process for Selection of Contracted Auditor		
SAI-5	(ii) Quality Control of Outsourced Audits		
SAI-5	(iii) Quality Assurance of Outsourced Audits		
SAI-6	<b>Leadership and Internal Communications</b>		
SAI-6	(i). Leadership		
SAI-6	(ii) Internal Communications		
SAI-7	<b>Overall Audit Planning and Follow-up</b>		
SAI-7	(iii) Existence of Effective Follow-up Mechanisms		
SAI-8	<b>Audit Coverage</b>		
SAI-8	(iii) Compliance Audit Coverage		
<b>DOMAIN C: AUDIT QUALITY AND REPORTING</b>			
SAI-11	<b>Financial Audit Results</b>	SAI-1	
SAI-11	(i). Timely Submission of financial audit results	SAI-1 (ii)	Done together with the SAI's annual report in SAIs in PASAI
SAI-11	(ii). Timely Publication of financial audit results	SAI-1 (iii)	Done together with the SAI's annual report in SAIs in

<sup>4</sup> SAI PMF Endorsement Version

<sup>5</sup> SAI PMF Pilot Version

Indicator <sup>4</sup>	Domain, Indicator and Dimension	Old Indicator & Dimension <sup>5</sup>	Rationale
			PASAI
SAI-14	<b>Performance Audit Results</b>	SAI-3	
SAI-14	(i). Timely Submission of performance audit results	SAI-3 (ii)	Done together with the SAI's annual report in SAIs in PASAI
SAI-14	(ii). Timely Publication of performance audit results	SAI-3 (ii)	Done together with the SAI's annual report in SAIs in PASAI
SAI-15	<b>Compliance Audit Standards and Quality Management</b>	SAI-13	
SAI-15	(i). Compliance Audit Standards and Policies	SAI-13 (i)	Compliance audit removed, to focus on financial and performance audit
SAI-15	(ii). Compliance Audit Team Management and Skills	SAI-13 (iii)	As above
SAI-15	(iii). Quality Control in Compliance Audit	SAI-10 (ii)	As above
SAI-16	<b>Compliance Audit Process</b>	SAI-14	
SAI-16	(i). Planning Compliance Audits	SAI-14 (i)	As above
SAI-16	(ii). Implementing Compliance Audits	SAI-14 (ii)	As above
SAI-16	(iii). Evaluating Audit Evidence, Concluding and Reporting in Compliance Audits	SAI-14 (iii)	As above
SAI-17	<b>Compliance Audit Results</b>	SAI-2	
SAI-17	(i). Timely Submission of compliance audit results	SAI-2 (ii)	As above
SAI-17	(ii). Timely Publication of compliance audit results	SAI-2 (iii)	As above
SAI-17	(iii). SAI follow-up on implementation of compliance audit observations and recommendations	SAI-2 (iv)	As above
SAI-19	<b>Public Sector Audit Standards and Quality Management</b>	-	
SAI-19	(i). Public Sector Audit Standards and Policies	-	Not needed as applying financial and performance audit indicators
SAI-19	(ii). Public Sector Audit Team Management and Skills	-	As above
SAI-19	(iii). Quality Control in Public Sector audits	-	As above
SAI-20	<b>Public Sector Audit Process</b>	-	
SAI-20	(i). Planning Public Sector Audits	-	As above
SAI-20	(ii). Implementing Public Sector Audits	-	As above
SAI-20	(iii). Evaluating Audit Evidence, Concluding and Reporting in Public Sector Audits	-	As above
SAI-21	<b>Public Sector Audit Results</b>	-	
SAI-21	(ii). Timely Submission of Public Sector audit results	-	As above
SAI-21	(iii). Timely Publication of Public Sector audit results	-	As above
SAI-21	(iv). SAI follow-up on implementation of Public Sector audit observations and recommendations	-	As above
<b>DOMAIN D: FINANCIAL MANAGEMENT, ASSETS AND SUPPORT SERVICES</b>			
SAI-22	<b>Management, Assets and Support Services</b>	SAI-18	
SAI-22	(ii) Planning and Effective Use of Assets and Infrastructure	SAI-18 (ii)	Effectiveness of staff management observable from reviewing audit files

<b>Indicator<sup>4</sup></b>	<b>Domain, Indicator and Dimension</b>	<b>Old Indicator &amp; Dimension<sup>5</sup></b>	<b>Rationale</b>
SAI-22	(iii). Administrative Support Services	SAI-19 (i)	Not a Strategic Priority for SAIs in PASAI
<b>DOMAIN E: HUMAN RESOURCES AND TRAINING</b>			
SAI-23	<b>Human Resources and Training</b>	SAI-21	
SAI-23	(i) Human Resources Function		Only SAI-23 (i) on plans for professional development and training to be used
SAI-24	<b>Professional Development and Training</b>		Only SAI-23 (i) on plans for professional development and training to be used
SAI-24	(ii) Financial Audit Professional Development and Training		Only SAI-23 (i) on plans for professional development and training to be used
SAI-24	(iii) Performance Audit Professional Development and Training		
SAI-24	(iv) Compliance Audit Professional Development and Training		
<b>DOMAIN F: COMMUNICATION AND STAKEHOLDER MANAGEMENT</b>			
SAI-25	<b>Communication with the Legislature, Judiciary and Executive</b>	SAI-23	
SAI-25	(iii). Good Practices Regarding Communication with the Executive	SAI-23 (iii)	Communications with executive embedded into audit process indicators

## Annex 2. Indicators from SAI PMF Pilot Version Omitted in SAI PMF Endorsement Version

Indicator	Dimensions Removed	Rationale
SAI-5	(i). Content and submission of SAI annual report	Some overlap with dimensions on submission. Remaining criteria can be covered under 'Monitoring and Performance Reporting' and 'Financial Management'.
SAI-5	(ii). Publication and dissemination of SAI annual report	Some overlap with dimensions on publication. Remaining criteria can be covered under 'Communication with the Media' and 'Communication with Citizens'.
SAI-5	(iv). Reporting on SAI Value Added Services and Other Mandatory Functions	Replaced by new indicators based on ISSAI 100
SAI-10	(iv). Quality assurance of outsourced audits	Merged into old SAI-9 (iv)
SAI-11	(ii). Ethics and independence in Financial Audit	Measured at organisational level. Engagement issues to be included in audit process indicators
SAI-11	(iv). Financial audit Team Management and Skills	Measured in professional development and training. Engagement issues to be included in audit process indicators
SAI-13	(ii). Ethics and Independence in Compliance Audit	Measured at organisational level. Engagement issues to be included in audit process indicators
SAI-13	(iv). Compliance Audit Team Management and Skills	Measured in professional development and training. Engagement issues to be included in audit process indicators
SAI-15	(ii). Ethics and Independence in Performance Audit	Measured at organisational level. Engagement issues to be included in audit process indicators
SAI-15	(iv). Performance Audit Team Management and Skills	Measured in professional development and training. Engagement issues to be included in audit process indicators
SAI-20	(i). Leadership of Human Resources	Key criteria to be placed in appropriate places around SAI PMF
SAI-21	(ii). Professional Development and Training in Relevant Audit Disciplines	Converted into three dimensions for three audit types