

## Annex 2: Input to SAI PMF received in June-August 2016 and recommended responses

During June and August 2016, comments to the SAI PMF were provided by the Working Group on Value and Benefits (SAI Iraq) and the Chair of the Knowledge Sharing Committee (SAI India). The following presents the recommended responses to the input provided.

### 1. Comments from SAI Iraq to the SAI PMF Endorsement Version draft dated 26 May 2016

The draft SAI PMF Endorsement Version (as of 26 May) was shared with the Working Group on the Value and Benefits of SAIs on 27 May 2016 for their input. Input in this round was received from SAI Iraq only. As the input related specifically to the indicators for SAIs with jurisdictional functions, SAI France and the other members of the group of SAIs with jurisdictional functions under AISCCUF which have been involved in developing these indicators were consulted. On the basis of this, the recommended responses are presented below.

Comment no.	Refers to section in SAI PMF Endorsement Version (26 May)	Input from SAI Iraq	Suggested response
	Within indicator 18 (Jurisdictional Control Standards and Policies), we suggest adding the following:		
1	SAI 18 (iii)	A percentage depicting the number of appeals that lead to a change of the decisions of jurisdictional control out of the total number of decisions for a year.	Thank you for the suggestion. This issue was discussed during the initial drafting of the indicator. However, we concluded that measuring the exact percentage of appeals leading to a changed verdict could complicate matters in this dimension. For example, if the number of appeals is very low (e.g. two), the percentage may not be seen as representative of the full picture. So the consideration was that it would be better to be less specific and allow for some professional judgment in the criterion. However, we will consider including

			more guidance on this in the additional guidance material.
2	SAI 18 (iii)	Adding a reference to ISSAI 1220 "audit quality" within the dimension items.	SAI PMF is for the most part based on levels 1-3 of the ISSAI framework, so the references to level 4 ISSAIs are limited throughout the document. This is particularly true for the indicators on jurisdictional control, since this activity is currently not fully reflected in the ISSAI framework. In light of this, the task team considers that a reference to ISSAI 1220 is less relevant in this particular context.
	Within indicator 19 (Implementing Jurisdictional Controls), we suggest adding the following:		
3	SAI 19 (i)	Adding a reference to ISSAIs 1315, 1300 that are related to planning the audit and understanding the entity work and environment when implementing audit, within dimension (i) planning of jurisdictional controls)	Please see the response above. SAI PMF is based on levels 1-3 of the ISSAI framework. In addition, as ISSAI 1300 and 1315 refer specifically to financial audit, it is considered better not to include the references in these indicators, to help avoid confusion between financial audit and jurisdictional control.
4	SAI 19 (i)	Mentioning that there is a section within the SAI specialized with dealing with accounts that are not rendered in time within dimension (i) planning of jurisdictional controls)	The SAI's dealing with accounts not rendered in time is treated under criteria e), f) and g) under SAI 18 (i) Jurisdictional control standards and policies. The regulation of these aspects is considered part of the foundation for the control, rather than

			implementing controls. The suggestion is therefore already integrated in the indicators in a way that makes it applicable for all different sub-models. In those criteria the principles and legal foundations for such follow up are included rather than specifying how the SAI should organize this work (e.g. through a separate unit) – this is in line with the “substance over form” principle of SAI PMF.
5	SAI 19 (ii)	Moving item (f) (Notify the respondent of the presumed charges against it) in dimension (ii) to dimension (iii) because it is more relevant to post implementation phase.	The task team for SAIs with jurisdictional functions has pointed out that it is good practice to inform the controlled party following the control, therefore moving this criterion to dimension (iii) would represent a practice that was too late in the process. However, to make it clearer that this is not the judgment, but the observed irregularities uncovered by the control, we will change the term from ‘charges’ to ‘irregularities’.
6	SAI 19 (iv)	Omitting items (d) and (f) within dimension (iv) Final Decision of the Jurisdictional Control because items (a) and (e) of the same dimension share the same content so as to avoid repetition.	Through SAI PMF revision work it became clear that omitting these criteria would make the dimension rather too generic. Criterion d) refers to the form of the decision, and this is different from referring to the legal documents that apply to the case. For criteria f), this refers to reactions/sanctions, which are different from the decision itself, and it thus represents an additional point.
Within the indicator 20 of (results of jurisdictional controls), we suggest the following:			

7	SAI 20 (i)	Adding notification items within dimension (i) on the level of the entity for example (notifying the auditee, notifying the Executive and notifying the Legislature). Notifying in a timely manner should also be mentioned to safeguard rights and public funds.	Notification is generally only mandatory towards the controlled party, and therefore implicit in this dimension. The time range in the scoring indicates what is considered to be timely. Communication to other entities is already covered in SAI 20 (ii) "Publication of decision relating to jurisdictional control". Besides, as part of the communication efforts of SAIs, a synthesis of all jurisdictional control is generally presented in the annual report.
8	SAI 20 (iii)	Adding an item (number of non implemented decisions, reasonably low with the percentage in comparison with total number of decisions) to dimension (iii).	Indicating a threshold has been considered, but was deemed not possible because actual implementation (paying back, paying fines, etc.) is outside the SAI's control. The best the SAI can do is monitor, and to follow-up in the sense that the criteria suggests.

## 2. Comments from SAI India to SAI PMF version 3.2

The Chair of the WGVBS and the INTOSAI-Donor Secretariat as coordinator of the SAI PMF Task Team received comments from SAI India, Chair of the KSC, to SAI PMF version 3.2<sup>1</sup> on 16 August 2016. The recommended responses to SAI India's input are presented below. It is not recommended to amend SAI PMF on the basis of the comments provided at this stage in the process, but some of the input has already been addressed in the current Endorsement Version.<sup>2</sup>

Comment no.	Refers to section in SAI PMF v 3.2	Input from SAI India	Suggested response
			In general: While the SAI PMF is a tool that can be universally applied, it will not be able to cater fully for all situations in the different SAIs around the world. In a SAI PMF assessment, the circumstances behind a certain score may sometimes need to be explained in the narrative performance report, which forms an essential part of the assessment. Through the consultations with a wide range of SAIs, the task team has sought to include benchmarks that are appropriate at an international level, while taking into account the scoring levels of the SAI PMF. These entail that a score of 3 represents features functioning broadly as expected under the level 1-3 ISSAIs and other INTOSAI good practices, and that a score of 4 represents very strong and sustained performance.
1	SAI-3 (ii) (Strategic Planning Cycle)	Criterion d): "The annual plan contains or is linked to a budget (...) needed to complete the activities in the plan".	While it may not be absolutely required by an individual SAI's legal mandate, the Task Team considers that it is good practice for SAIs to consider the resource requirements when developing an annual plan.

<sup>1</sup> Dated 19 February 2016.

<sup>2</sup> The Task Team also considered input provided by SAI India to the SAI PMF Pilot Version at its meetings in 2015 (together with the input received from other SAIs through official consultations and pilots during 2013-2015). The Task Team's responses to the comments to the Pilot Version are available here: <http://www.idi.no/Filnedlasting.aspx?Mid1=130&Filld=1187>

		<p>Establishing linkage of annual plan to budgets may not be required as per SAI's mandate and historical convention prevalent in some jurisdictions. Therefore flexibility needs to be incorporated for this parameter so that linkage of annual plan to budget is not a mandatory requirement. (This issue was raised earlier)</p>	
2	SAI-4 (ii) (Organisational Control Environment)	<p>Criterion d): "Ensure the Head of SAI signs a statement of internal control which is published as part of the SAI's annual report".</p> <p>This can be a desirable feature depending upon the size and organisational hierarchies. With the size of SAI India and audit jurisdiction exercised through various field formations, which are empowered with delegated powers and responsibilities, the head of SAI may not sign a statement on internal control. (Revision to this provision was raised earlier)</p>	<p>As for the above, the Task Team considers that this represents good practice, although it may not be mandatory for all SAIs. The SAI PMF assesses international good practice, which may entail that it goes beyond absolute requirements in some cases. Furthermore, the circumstances behind a certain score may sometimes need to be explained in the narrative performance report, which forms an essential part of the assessment.</p>
3	SAI-7 (i) (Overall Audit Planning and Follow-up)	<p>Criterion f): "The audit planning process for the SAI takes into account the SAI's expected budget (...)".</p> <p>Same remarks as at Sl. No 1.</p>	<p>Please see the response to comment no. 1.</p>
4	SAI-8 (i) (Audit Coverage)	<p>Score 4: "100 % of financial statements received are audited; and the SAI reports publicly on the non-submission of financial statements due."</p> <p>To score the full 4 marks this has been envisaged as the requirement. That this a stringent requirement and the benchmark needs to be either dependent on SAIs mandate and legal requirements or lowered appropriately has been raised repeatedly. This may be reconsidered.</p>	<p>In the Endorsement Version of SAI PMF, which was developed following comments received to version 3.2 in March, the link to the SAI's mandate has been strengthened in this indicator. In the current indicator, it is specified that the requirement only applies to financial statements received that are required to be audited under the mandate of the SAI. We think that this helps clarify the issue. Score 4 in SAI PMF reflects very high and sustained performance, so the bar should be set high for that score, but with the revision it is limited to the</p>

			financial statements the SAI is required by the mandate/law to audit.
5	SAI-14 (i) (Performance Audit Results)	<p>Score 4: "All performance audit reports are submitted to the appropriate authority (Legislature, the auditee and/or relevant ministry) within 30 days of completion of the audit."</p> <p>To score the full 4 marks this has been envisaged as the requirement. Issuing PA reports to the audited entities within 30 days of completion of audit is very stringent considering the size, nature and number of PAs that SAI India undertakes. Reporting on Performance Audits involves a substantially longer time as quality assurance is a time consuming and complex function in most cases. The time frame for reporting therefore needs to be relaxed to at least 90 days from the completion of audit.</p>	<p>What is meant by completion of the audit has now been defined more clearly in the glossary in the Endorsement Version. Completion of the audit means when the decision maker(s) in the SAI, for example the Head of SAI, has approved the report. This means that quality control procedures will also have been completed by that time. After the report has been approved by the relevant decision makers for submission, it would represent good practice that it does not take long for the SAI to actually submit it to the Legislature/relevant authority. This to ensure the relevance and timeliness of the report. The indicator aims to measure any undue delay after the report has been completed/approved.</p>
6	SAI-17 (i) (Compliance Audit Results)	<p>Score 4: "For at least 80 % of compliance audits, the audit opinion/or report is submitted to the audited entity (...) within 6 months from the end of the period to which the audit relates."</p> <p>To score the full 4 marks this has been envisaged as the requirement. In the case of SAI India, compliance audits for the period ending a financial year are scheduled throughout the subsequent year. This parameter essentially requires that IRs for 80% of audits undertaken in a year be issued by end of September (6 months from the end of the period to which the audit relates). Considering the size and number of audits that are planned and conducted during a year this is an unrealistic requirement. The</p>	<p>While the SAI PMF is a tool that can be universally applied, it will not be able to cater fully for all situations in the different SAIs around the world. The circumstances behind a certain score may sometimes need to be explained in the narrative performance report, which forms an essential part of the assessment. Through the consultations with a wide range of SAIs, the task team has however found that the time period of 6 months is appropriate for the very high performance which the score of 4 reflects. 9 months is the limit for score 3, which also is a very high score</p>

		time frame for scoring four points, therefore needs to be revised to 9 months.	
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