



INTOSAI



Financial Audit

INTERNATIONAL STANDARDS OF SUPREME AUDIT INSTITUTIONS (ISSAI): *Financial Audit*

ISSAI

International Standards of Supreme Audit Institutions •

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DIRECTOR

FEDERAL STATUTORY BODIES AUDIT SECTOR

NATIONAL AUDIT DEPARTMENT

AGENDA



What is ISSAI ?



Overview of ISSAI Framework



GAP Analysis



General Issues in Audit of Public Sector Entities



Challenges



Proposed ISSAI roll out model

WHAT IS ISSAI ?

ISSAI

International Standard of Supreme Audit Institutions

1

Professional
Standards
Governing
Public Sector
Auditing

2

Developed by
the INTOSAI
Professional
Standards
Committee

3

Endorsed at
XX INCOSAI in
South Africa
in 2010

WHAT IS INTOSAI ?

The International Organization of Supreme
Audit Institutions

NATIONAL AUDIT DEPARTMENT, MALAYSIA



191 Members

2010 XX INCOSAI RESOLUTION

INCOSAI = Congress Of INTOSAI = Governing Board

➤ **To use the ISSAI framework as a common frame of reference for public sector auditing**

- *Measure their own performance and auditing guidance against the ISSAIs*
- *Implement the ISSAIs in accordance with their mandate and national legislation and regulations*
- *Raise the awareness of the ISSAIs and INTOSAI GOVs globally, regionally and at the national level*
- *Share experience, good practice and challenges in implementing the ISSAIs and INTOSAI GOVs with those responsible for developing and resising the ISSAIs and INTOSAI GOVs*

ISSAI

&

ISA



INTOSAI – International Organisation of
Supreme Audit Institutions



IFAC – International
Federation of Accountants



ISSAI

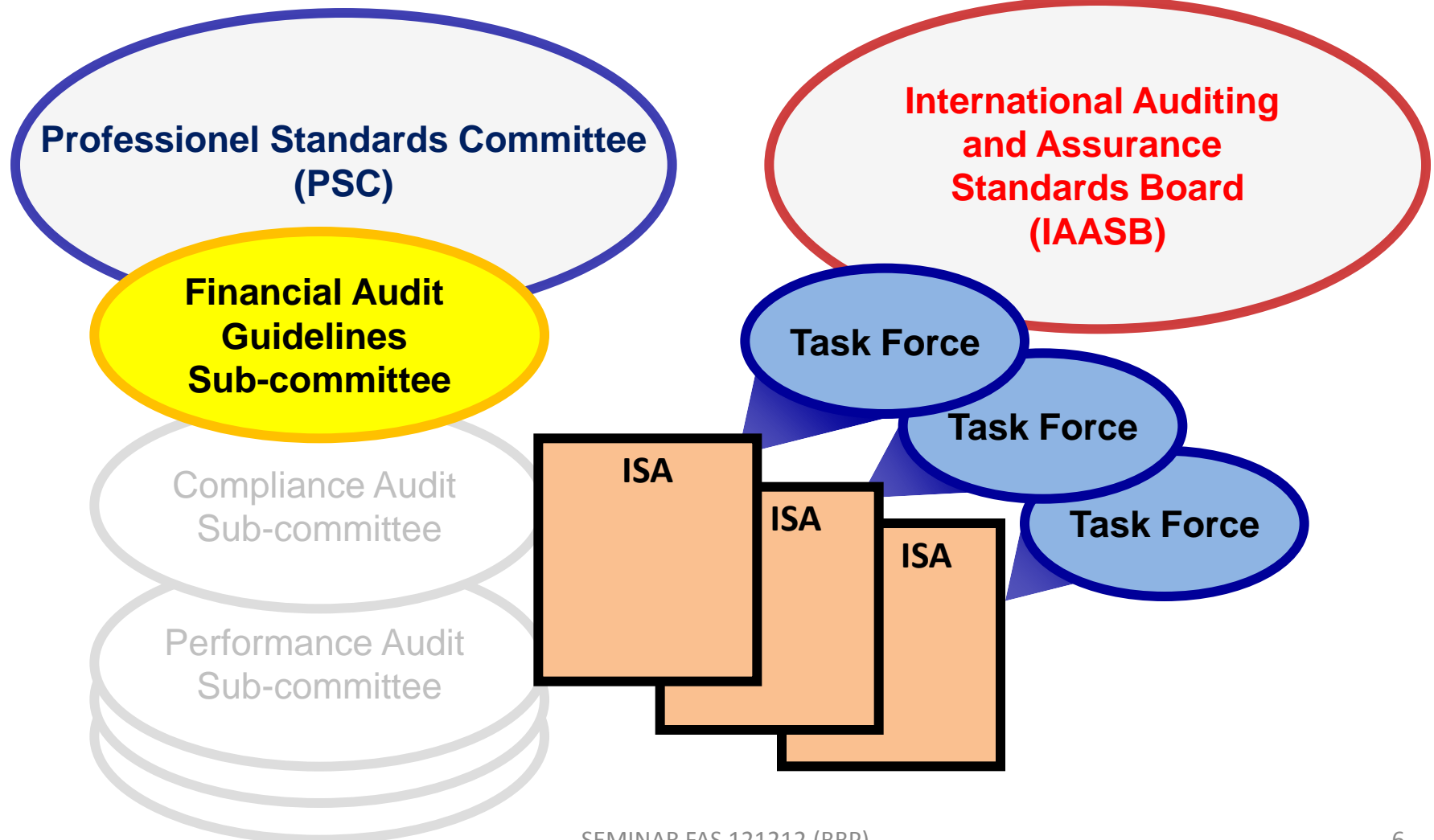
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ISA



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ISSAI

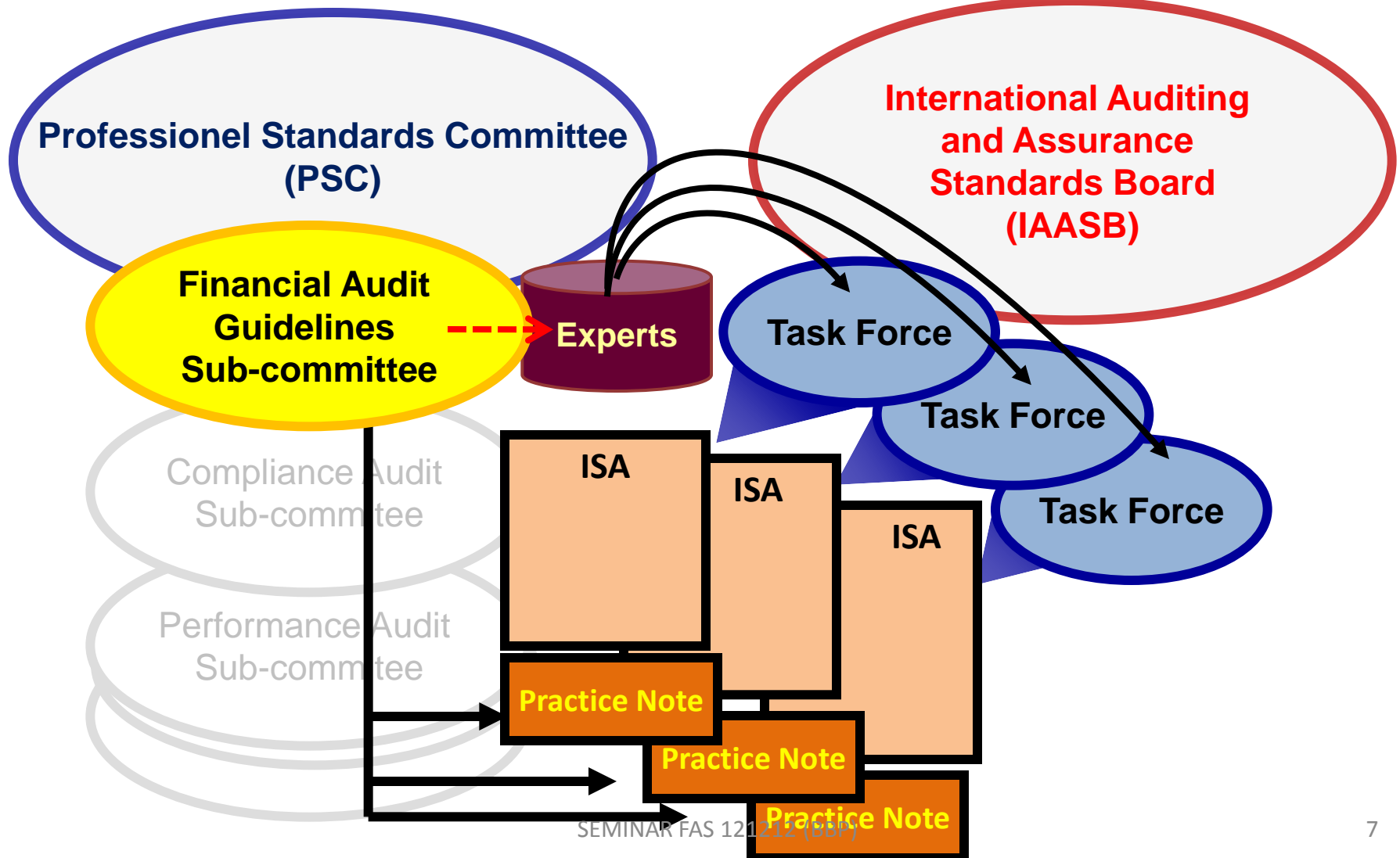
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Overview of ISSAI Framework

Level 1 – Founding principles

ISSAI 1 **The Lima Declaration**

Level 2 – Codes for Supreme Audit Institutions

ISSAI 10 **Independence** [Planned for 2007]
ISSAI 20 **Code of Ethics**
ISSAI 30 **Transparency and Accountability** [planned]
 [ISSAI 40-90 reserved for future codes]

Level 3 – Fundamental Auditing Principles

ISSAI 100 **Basic Principles** [INTOSAI Auditing Standards]
ISSAI 200 **General Standards** [INTOSAI Auditing Standards]
ISSAI 300 **Field Standards** [INTOSAI Auditing Standards]
ISSAI 400 **Reporting Standards** [INTOSAI Auditing St.]
 [ISSAI 500-900 reserved for future principles]

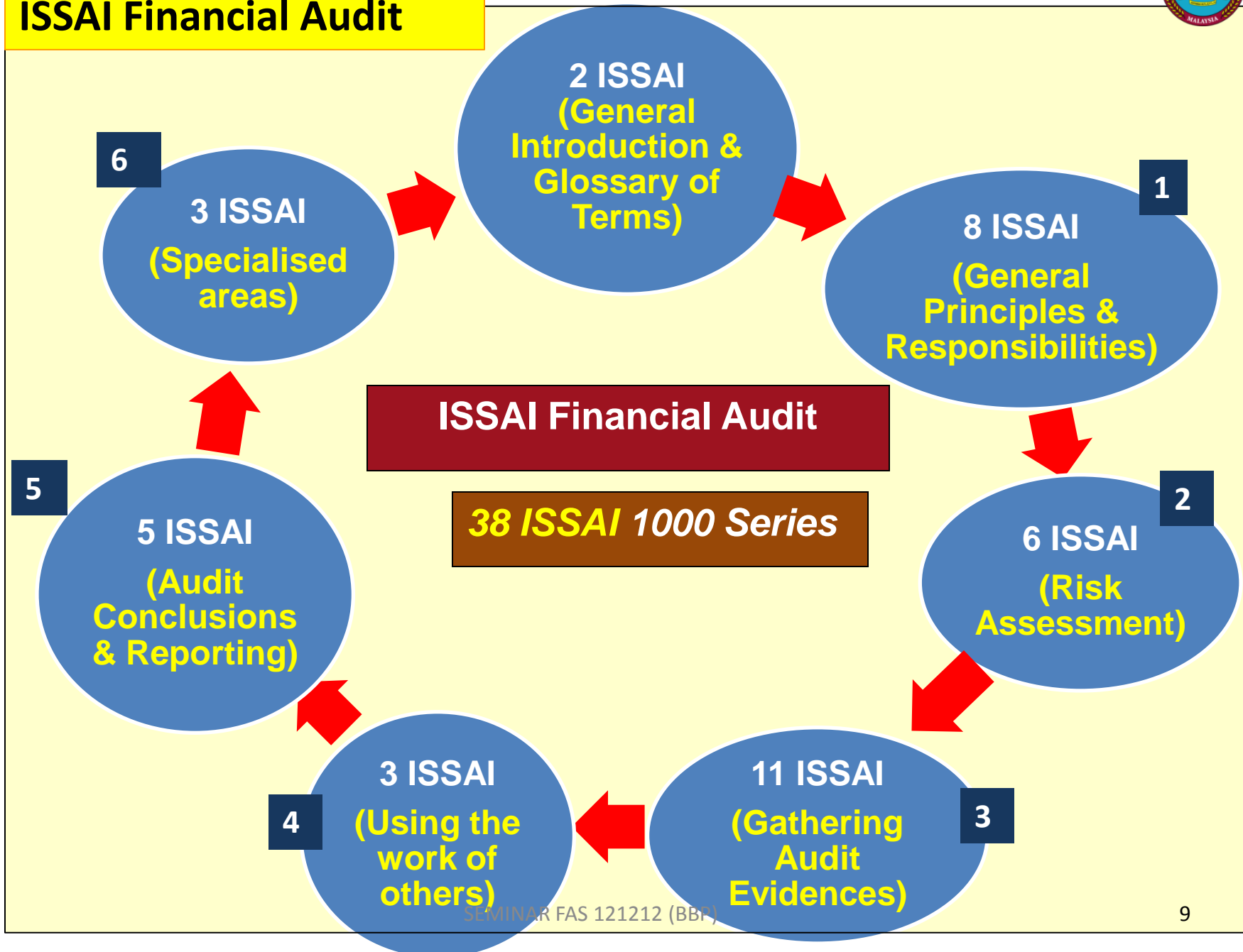
Level 4 – Auditing Guidelines

ISSAI 1000- 2999 **Financial Audit Guidelines**
ISSAI 3000 – 3999 **Performance Audit Guidelines**
ISSAI 4000 – 4999 **Compliance Audit Guidelines**
ISSAI 5000 – 5999 **Guidelines on Specific Subjects**
 [ISSAI 6000 – 8999 reserved for future guidelines]

ISSAI 1000 – 2999
Financial Audit
Guidelines



ISSAI Financial Audit





ISSAI FOR FINANCIAL AUDIT



No.	ISSAI	TOPIC
1.	1000	General Introduction to the INTOSAI Financial Audit Guidelines
2.	1003	Glossary of Terms to the INTOSAI Financial Audit Guidelines
3.	1200	Overall Objectives Of The Independent Auditor And The Conduct Of An Audit In Accordance With International Standards On Auditing.
4.	1210	Agreeing the Terms of Audit Engagements
5.	1220	Quality Control For An Audit Of Financial Statement
6.	1230	Audit Documentation
7.	1240	The Auditors responsibility to Consider Fraud in an Audit of Financial Statements
8.	1250	Considerations of Laws and Regulations in an Audit of Financial Statements
9.	1260	Communications with Those Charged with Governance
10.	1265	Communications Deficiencies in Internal Control to Those Charged with Governance and Management

NO.	ISSAI	TOPIC
11.	1300	Planning an Audit of Financial Statements
12.	1315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
13.	1320	Materiality in Planning and Performing Audit
14.	1330	The Auditor's Response to Assessed Risks
15.	1402	Audit Considerations Relating to Entity Using Service Organisations
16.	1450	Evaluation of Misstatements Identified during the Audit

ISSAI FOR FINANCIAL AUDIT



NO.	ISSAI	TOPIC
17.	1500	Audit Evidence
18.	1501	Audit Evidence – Specific Considerations for Selected Items
19.	1505	External Confirmations
20.	1510	Initials Audit Engagements – Opening Balances
21.	1520	Analytical Procedures
22.	1530	Audit Sampling
23.	1540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
24.	1550	Related Parties
25.	1560	Subsequent Events
26.	1570	Going Concern
27.	1580	Management Representations

ISSAI FOR FINANCIAL AUDIT



NO.	ISSAI	TOPIC
28.	1600	Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditor)
29.	1610	Using the Work of Internal Auditors
30.	1620	Using the Work of an Expert
31.	1700	Forming an Opinion and Reporting on Financial Statements
32.	1705	Modifications to the Opinion the Independent Auditor's report
33.	1706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the independent Auditor's Report
34.	1710	Comparative Information – Corresponding Figures and Comparative Financial Statements
35.	1720	The Auditor's Responsibility Relating to Other Information in Documents Containing Audited Financial Statements
36.	1800	Special Considerations – Auditors Financial Statements Prepared in Accordance with Special Purpose Frameworks
37.	1805	Special Considerations – audit of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
38.	1810	Engagements to Report on Summary Financial Statements

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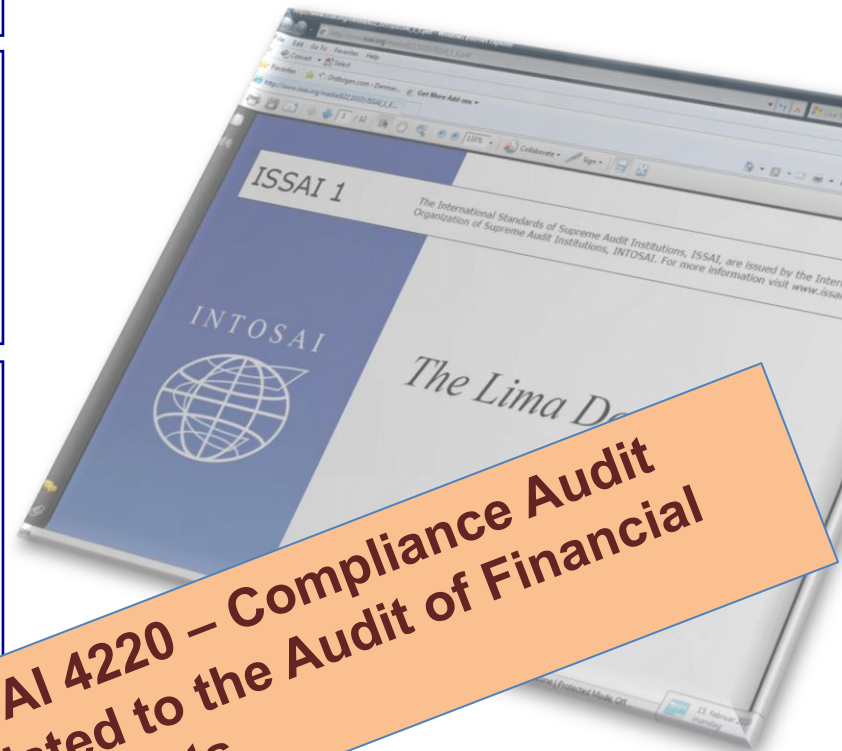
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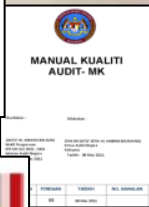
**ISSAI 4220 – Compliance Audit
 Related to the Audit of Financial
 Statements**



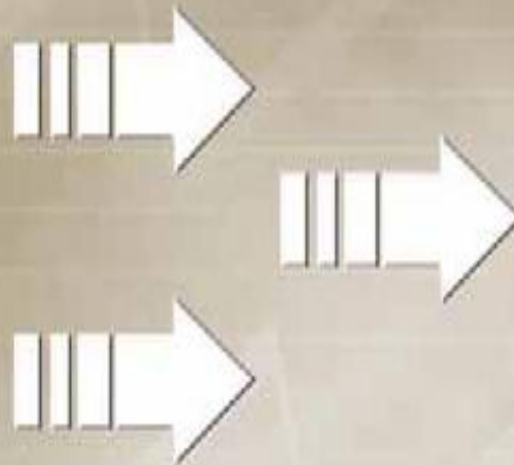
GAP ANALYSIS

We are here

Transform to



National
Audit Dept
Procedures

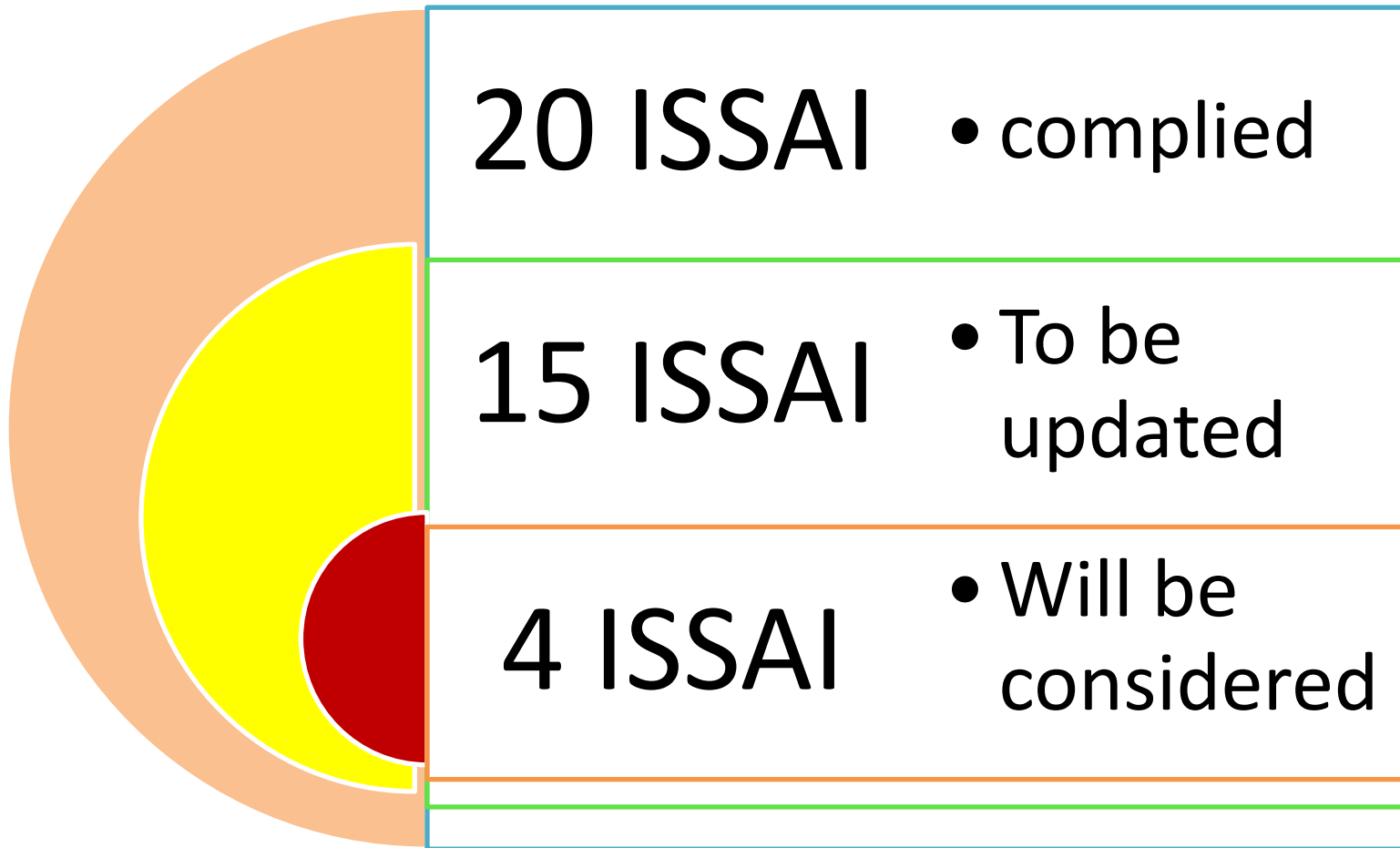


GAP

International
Standards
ISSAI



COMPLIANCE OF NAD PROCEDURES TO ISSAI



COMPLIANCE OF NAD PROCEDURES TO ISSAI

NO	ISSAI NO	ITEM	ADOPTED	MODIFIED
1.	1000	General Introduction to the INTOSAI Financial Audit Guidelines		√
2.	1003	Glossary of Terms to the INTOSAI Financial Audit Guidelines		√
3.	1200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing		√
4.	1210	Agreeing the Terms of Audit Engagements	√	
5.	1220	Quality Control for Audits of Financial Statements	√	
6.	1230	Audit Documentation	√	
7.	1240	The Auditors responsibility to Consider Fraud in an Audit of Financial Statements	√	
8.	1250	Considerations of Laws and Regulations in an Audit of Financial Statements	√	
9.	1260	Communications with Those Charged with Governance	√	
10.	1265	Communications Deficiencies in Internal Control to Those Charged with Governance and Management	√	
11.	1300	Planning an Audit of Financial Statements	√	
12.	1315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment		√
13.	1320	Materiality in Planning and Performing Audit	√	

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14.	1330	The Auditor's Response to Assessed Risks	√	
15.	1402	Audit Considerations Relating to Entity Using Service Organisations		√
16.	1450	Evaluation of Misstatements Identified during the Audit		√
17.	1500	Audit Evidence	√	
18.	1501	Audit Evidence – Specific Considerations for Selected Items	√	
19.	1505	External Confirmations	√	
20.	1510	Initials Audit Engagements – Opening Balances	√	
21.	1520	Analytical Procedures	√	
22.	1530	Audit Sampling	√	
23.	1540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures		√
24.	1550	Related Parties		√
25.	1560	Subsequent Events	√	
26.	1570	Going Concern	√	
27.	1580	Management Representations		√
28.	1600	Special Considerations – Audits of Group Financial Statements (Incl. the Work of Component Auditor)		√

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NO	ISSAI NO	ITEM	ADOPTED	MODIFIED
29.	1610	Using the Work of Internal Auditors		√
30.	1620	Using the Work of an Expert		√
31.	1700	Forming an Opinion and Reporting on Financial Statements	√	
32.	1705	Modifications to the Opinion the Independent Auditor's report		√
33.	1706	Emphasis of matter Paragraphs and Other Matter Paragraphs in the independent Auditor's Report		√
34.	1710	Comparative Information – Corresponding Figures and Comparative Financial Statements		√
35.	1720	The Auditor's Responsibility Relating to Other Information in Document Containing Audited Financial Statements		***
36.	1800	Special Considerations – Auditors Financial Statements Prepared in Accordance with Special Purpose Frameworks		***
37.	1805	Special Considerations – Audit of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement		***
38.	1810	Engagements to Report on Summary Financial Statements		***
39.	4220	Compliance Audit Guidelines – Compliance Audit Related to the Audit of Financial Statements	√	

GENERAL ISSUES IN AUDITS OF PUBLIC SECTOR ENTITIES

SOME OF THE GENERAL ISSUES INCLUDE:



Agreeing To The Terms Of Audit Engagement



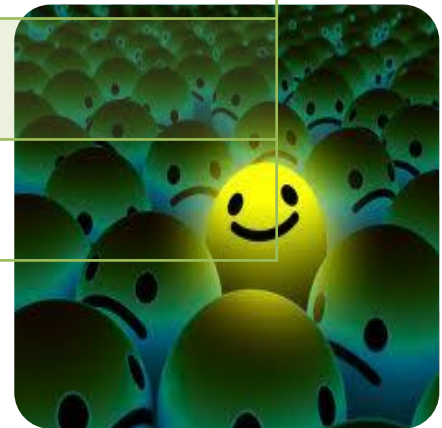
Identify Fraud & Errors



Risk Assessment & Audit Procedures



Materiality



CHALLENGES



- ✓ **How much we know about ISSAI?**
- ✓ **Training – are we ready?**
- ✓ **Are we ready for ISSAI Compliance -**

when & how?

The Proposed ISSAI Roll Out Model

Stage 1

- Awareness
- Training
- Share knowledge, experiences

Stage 2

- Framework
ISSAI -
Technical
Committee

Stage 3

- Implementation
on Financial
Audit – *ISSAI
Compliance*
- *(2013 /2014??)*



Thank You