

The challenges of achieving quality in a standards-based approach to auditing in the public sector

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Functions of the Auditor-General



- Auditing the financial statements of Commonwealth entities, Commonwealth companies and their subsidiaries;
- Auditing annual performance statements of Commonwealth entities on request in accordance with the Public Governance, Performance and Accountability Act 2013 (PGPA Act);
- Conducting performance audits, assurance reviews, or audits of the performance measures, of Commonwealth entities and Commonwealth companies and their subsidiaries;
- Conducting performance audits of Commonwealth partners as described in section 18B of the Act;
- Providing other audit services as required by other legislation or allowed under section 20 of the Act; and
- Reporting directly to the Parliament on any matter or to a minister on any important matter.

ANAO Auditing Standards



- The Auditor-General Act (Section 24) requires the Auditor-General to set auditing standards that are to be complied with in performing the Auditor-General's functions. These standards are legislative instruments.
- The ANAO auditing standards incorporate the standards issued by Australian Auditing and Assurance Standards Board.

Audit Quality Statement

- Audit quality is the provision of **timely**, accurate and **relevant audits**, performed independently in accordance with the Act, ANAO auditing standards and methodologies, **which are valued by the Parliament**. Delivering quality audits results in improved public sector performance through accountability and transparency.

Financial statements audit program



- The objectives of a financial audit in the public sector are often broader than expressing an opinion whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework (i.e. **the scope of the ISAs**). The audit mandate, or obligations for public sector entities, arising from legislation, regulation, ministerial directives, government policy requirements, or resolutions of the legislature may result in additional objectives. These additional objectives may lead public sector auditors to assess additional risks of material misstatement of non-compliance with authorities or risks relating to effectiveness of internal control when planning and performing the audit.

ISSAI 1315 *INTOSAI Practice Statement to ISA 315*

Performance audit program

- ASAE 3500 defines performance auditing with reference to the principles of economy, efficiency and effectiveness. The objective of a performance engagement under the standard is to evaluate the performance of an activity, with respect to economy, efficiency and/or effectiveness against the identified criteria.
- ISSAI 300 defines performance auditing as an independent, objective and reliable examination of whether government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance auditing seeks to provide new information, analysis or insights and, where appropriate, recommendations for improvement.

Other assurance activities

- Assurance reviews
- Priority assurance reviews
 - the challenge which arises from assurance and priority assurance reviews is in reporting, that is, how to report meaningfully to Parliament under the auditing standard framework especially using the format of audit report which is required to contain minimum requirements.

ANAO Quality Assurance Processes



- ANAO Quality Assurance Framework is based on the auditing standard ASQC 1
- External review