



Wales Audit Office

Experiences of quality in audit processes

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The Welsh public sector



Areas of devolved functions include:

Health

Education

Economic Development

Rural affairs (agriculture)

Heritage (museums, sport etc)

Reserved functions:

Taxation

Defence

Justice



The Wales Audit Office

- Established in 2005
- Headed by the Auditor General for Wales
- Merger of the NAO and former Audit Commission in Wales
- Single public audit body for Wales
- Covers central government, local government and health sectors
- 220 WAO whole time equivalent staff
- Annual audit of £13 billion voted to Wales
- We audit the accounts of public bodies (financial audit) plus grants certification
- We examine whether services are being delivered economically, efficiently and effectively (performance audit)

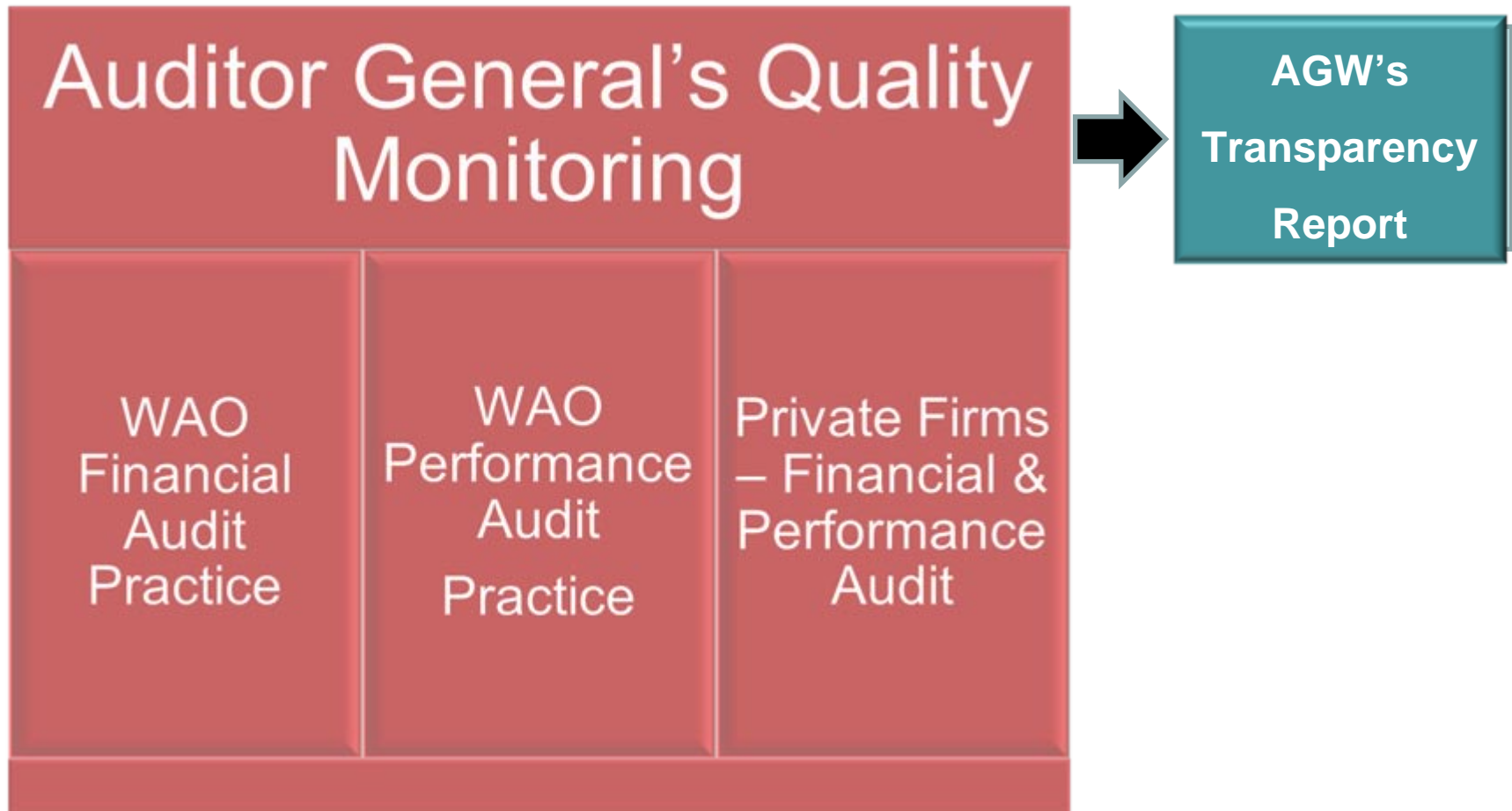


WAO mission

- Our mission is to promote improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money



WAO quality framework





WAO quality framework

- WAO inheritance
- Code of audit practice
- Principles embrace all WAO audits and other projects
- Guided by ISQC1 and other recognised auditing quality standards
- Responsibility for quality formally vested in engagement leads
- All WAO staff responsible for the quality of their work
- Quality built into performance appraisal system
- Technical support and guidance



Quality in performance audit

- Recognises that performance audit is different from financial audit
- Defining quality
- Users of performance audit products need assurance about quality
- Performance Audit Delivery Manual (PADM)
- Quality framework for performance audit
- Quality control
- Quality assurance
- Quality monitoring



Performance audit: quality control

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- The everyday controls embedded into our performance audit processes
- To maximise the likelihood that we ‘get it right first time’
- Performance Audit Delivery Manual (PADM)
- Engagement lead and project manager responsibilities
- Key quality control processes include:
 - following scoping, the review and approval of plans by an appropriate authority
 - Director direct engagement, challenge and sign-off at key points in a project
 - editing and screening of report outlines and draft reports
- Quality controls must be evidenced



Performance audit: quality assurance

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- Retrospective assessment of projects to validate the quality of outputs and identify opportunities to improve our quality processes
- Quality assurance includes
 - QA Reviews
 - ex-post reviews of a sample of performance audit products
 - peer review of a sample of national reports by NAO, Audit Scotland and NIAO
 - AGW and AAG (Performance) feedback
 - stakeholder feedback
 - media response
 - follow-up work

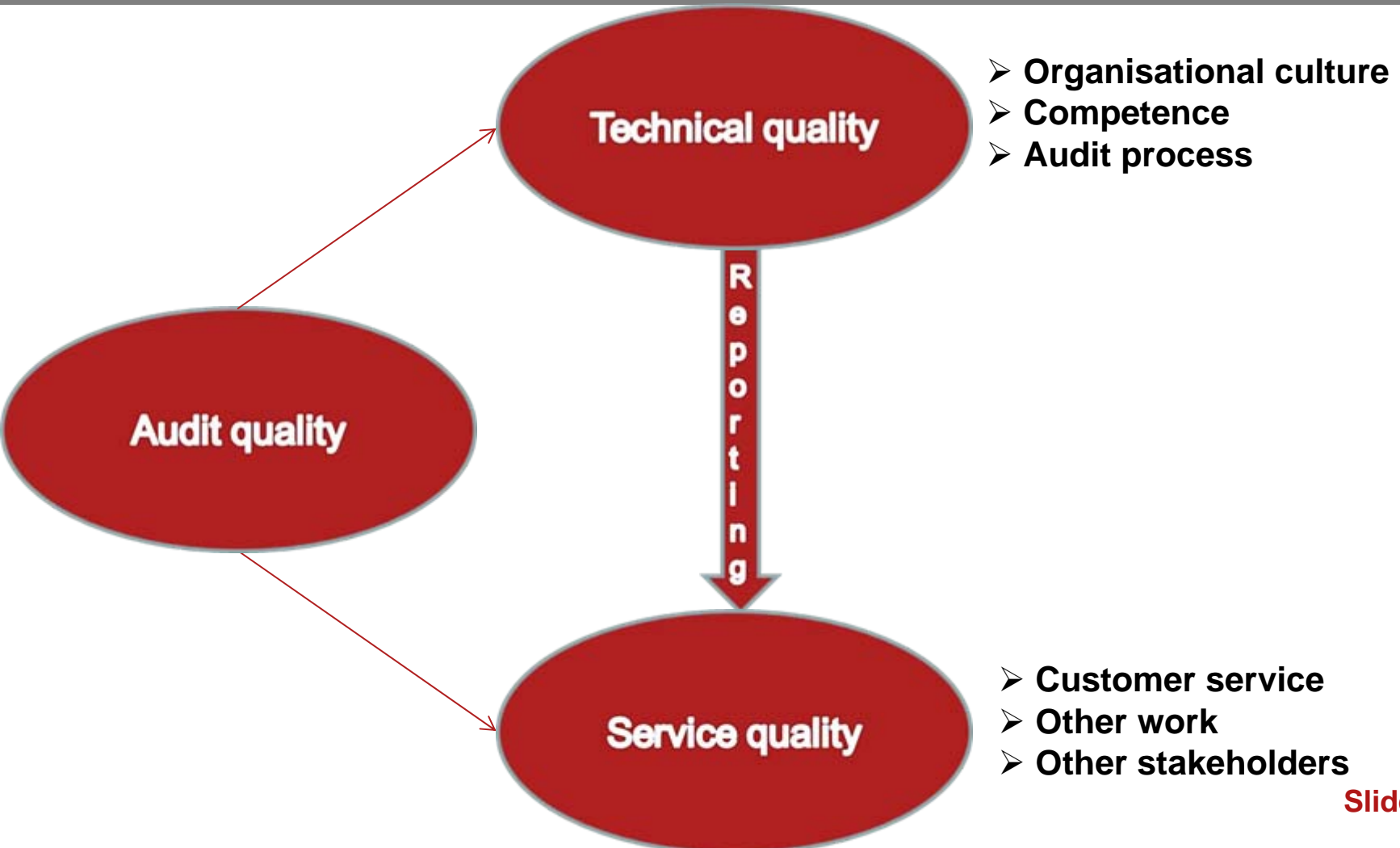


Quality in Financial Audit

- UK public sector interpretation of clarity ISAs
- Principles based Financial Audit Delivery Manual (FADM)
- “Get it right first time”
- Quality model – our definition of what quality means to us (next slide)
- Formal risk based review arrangements
- Hot review & consultation processes defined in FADM
- Formal technical query process
- Practitioner groups to discuss emerging issues
- Grants certification – similar arrangements where appropriate



Quality model in FADM





Financial audit – cold reviews

- Cold review policy
- Checklist reflecting FADM quality model – file review, report reviews, interview audit team & structured interview with audited body, thematic focus
- Risk based assessment to build review programme
- Own staff plus reciprocal reviews with other UK audit agencies
- Formal report to audit team
- Focus:
 - Is opinion valid?
 - How can we learn and improve quality?
- Planned engagement with accounting institute for ISQC 1 review
- Similar processes for grants certification



Quality monitoring and reporting

- Independent assurance that our quality control and assurance processes are operating effectively – within WAO and private sector forms
- Quality monitoring review
 - Independent of the audit practices
 - Assurance to the Auditor General
 - Compliance with ISQC1 and WAO standards and guidance
- Public, Transparency Report



Quality monitoring and reporting

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- Annual quality reports
 - three reports:
 - performance audit
 - financial audit
 - grants certification
 - to the WAO's Executive Committee and Audit & Risk Management Committee
 - bring together all quality assurance results
 - identify training requirements and changes required to audit approaches and quality frameworks



Learning & development



- Formal Performance Development system
- Informed by:
 - Scanning of technical developments
 - Findings of quality reviews and reports
 - System of Post Project Learning
- Mandatory training programmes delivered by in-house “technical” functions
- Ten days annual training allowance for mandatory training, personal development and other learning and development