

European Guidelines (1998)

Caption: European Implementing Guidelines, presented in 1998, for the Auditing Standards of the International Organisation of Supreme Audit Institutions (INTOSAI).

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The 15 European Implementing Guidelines for the INTOSAI Auditing Standards, presented in 1998

Preface

These "European Implementing Guidelines for the INTOSAI Auditing Standards" have been drawn up, at the request of the Contact Committee of the Heads of the Supreme Audit Institutions (SAIs) of the European Union, by a Working Group consisting of representatives of the following six National Audit Institutions and chaired by a representative of the European Court of Auditors:

Rigsrevisionen/Denmark
Tribunal de Cuentas/Spain
Corte dei Conti/Italy
Algemene Rekenkamer/the Netherlands
Riksrevisionsverket/Sweden
National Audit Office/United Kingdom

The 15 guidelines presented here are an excellent example of the ever closer cooperation between the SAIs of the European Union in areas of common interest and I would like to express my sincere thanks to the Heads of the SAIs involved.

My special thanks are due to the members of the Working Group, whose expertise and commitment have produced a handbook which, I hope, will be of use to a growing number of auditors both within and outside the European Union.

Prof. Dr. Bernhard Friedmann
President
European Court of Auditors
Luxembourg, 1998

Contact Committee of Presidents of the SAIs of the European Union Ad hoc Group on Auditing Standards European Implementing Guidelines for the INTOSAI Auditing Standards

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TECHNICAL INTRODUCTION

Background to the work of the Ad hoc Group

1. The Ad hoc Working Group on Auditing Standards was established by the Contact Committee of the Presidents of the Supreme Audit Institutions of the European Union at its meeting in Madrid on 24 - 25 September 1991. The Group initially consisted of representatives of the SAIs of Denmark, Spain, Italy and the Netherlands. The SAI of the United Kingdom joined the Group in 1994 and that of Sweden in 1996. The Ad hoc Group was chaired by the European Court of Auditors ⁽¹⁾.

2. The Ad hoc Group's work has focused upon the methodological aspects for the execution of audits of activities where the SAIs of the European Union countries concerned have a joint or common interest. The INTOSAI Auditing Standards provide a common methodological thread which runs through the rich diversity of public audit traditions in the EU Member States and the Ad hoc Group has sought to build upon this common thread by drawing up a series of fifteen guidelines. These describe how the INTOSAI Auditing Standards can be applied in the context of an audit of European Union activity. The Group has sought to develop guidelines in all major areas of the audit process. Thus, for example, the INTOSAI field standard on "evidence" is developed by means of four guidelines on "audit evidence and approach", "audit sampling", "using the work of other auditors and experts" and "other information in documents containing audited financial statements". Furthermore, in developing its guidelines, the Group has also taken cognizance of the International Federation of Accountants (IFAC) International Standards on Auditing.

3. Whilst the initial task of the Group was to provide a common methodology for joint or coordinated audits ⁽²⁾ carried out by EU SAIs, the Group is pleased to note that its draft guidelines have also found a use within some individual SAIs, particularly when they were carrying out fundamental reviews of their audit working methods - for example, in response to new national legislation. Further mention of the potential use of the guidelines in this way is made in paragraph 10 of this introduction.

4. The full set of fifteen "European Implementing Guidelines" and their relation to the INTOSAI Auditing Standards are shown in the diagram at the end of this introduction. They are broken up into five groups:

Group 1 - three guidelines relevant to audit preparation;

Group 2 - six guidelines relevant to obtaining audit evidence;

Group 3 - two guidelines relevant to audit completion;

Group 4 - one guideline on performance audit ; and
Group 5 - three guidelines dealing with other matters.

In carrying out its work, the Ad hoc Group has received comments and support from the Presidents and Liaison Officers of the EU SAIs and from audit staff within many of these organisations (and, in particular, from staff in the SAIs represented within the Ad hoc Group). The Group would like to take this opportunity to express their gratitude for this support. We hope that we have repaid all these colleagues for their efforts by producing guidelines that will prove useful in their work.

5. The Group would also like to acknowledge its appreciation of the hard work that has been put into translating its guidelines and other documents from its working language (English) into the other ten official EU languages. A large part of this task was carried out by the Translation Service of the European Court of Auditors but the Group would also like to record its thanks to the numerous experts in the Member State SAIs and in the European Court who assisted in this task.

A common methodological base

6. Whilst these guidelines are more detailed than the INTOSAI Auditing Standards, they still do not amount to detailed working procedures for individual auditors, as the Ad hoc Group considers that each SAI must decide upon its own detailed procedures, taking account of national circumstances, traditions and legislation. However, the guidelines do represent a common base that can be referred to and adopted on a facultative basis by all EU SAIs, within the framework of each one's existing auditing methods, for any audits of EU activities - whether this is undertaken solely at the national level or, jointly or in coordination with other SAIs, at the international level. Use of these guidelines should assist SAIs in carrying out their responsibilities economically, efficiently and effectively.

7. A number of the SAIs of the EU Member States have adopted audit approaches based more closely or more explicitly upon national auditing standards than upon those of INTOSAI. These national auditing standards, in turn, are often closely related to the International Standards on Auditing issued by the International Federation of Accountants (IFAC). During its work, the Ad hoc Group has taken note of a comparison, carried out within the European Court of Auditors, of the INTOSAI and IFAC standards. This comparison revealed that, whilst the two sets of standards differ in terms of their levels of detail and their terminology, their differences have no material impact upon the underlying audit methodologies. The Ad hoc Group thus considers that the European Implementing Guidelines are compatible for use by all the SAIs of the European Union.

8. In two guidelines, glossaries are included to explain specific terms. For terms in more general use throughout these guidelines, the reader should refer to the glossary published in the INTOSAI Auditing Standards, which is reproduced at the end of the guidelines ⁽³⁾.

A "European Union dimension"

9. The Ad hoc Group has particularly sought, in preparing these guidelines, to bring to the front a "European Union dimension". On occasions when a particular European aspect might affect the way in which an individual auditor carries out his or her work, this is mentioned in the text of the guideline - for example, guideline # 52 on "Irregularity" contains a summary of relevant EU legislation.

10. The Group considers, however, that the main European Union dimension of the guidelines is that they present a common technical base that can be adopted by all the EU SAIs, on a facultative basis, within the framework of each SAI's existing individual auditing methods. In other words, the Ad hoc Group considers that the most significant European Union dimension arises from the general acceptability of the guidelines to all of the seven SAIs that participated in the Group's work and which, between them, broadly represent the main features of all the public auditing traditions and organisational structures amongst EU SAIs.

A wider role for the guidelines?

11. The basic work of drafting the fifteen guidelines was spread over years, with a further year to make final editorial changes and prepare the completed set for publication. Europe (and, indeed, the world) has not stood still during this period and there have been many developments that will affect state audit and the environment in which it is carried out in the European Union. Perhaps the most significant events are the steps towards enlargement of the EU and, in particular, the preparations being made in the countries of Central and Eastern Europe and in the Newly Independent States. The Ad hoc Group was pleased to learn that its guidelines, even though still only in a draft form, had been made available to the SAIs of these countries and it was delighted to receive positive feedback from some of these bodies. The Group believes that the guidelines could have a useful additional role - unforeseen in 1991 when it started its task - in helping the SAIs of these countries to prepare for adhesion to the Union and hopes that its work will make a useful contribution in this area.

The advisory nature of the guidelines

12. These guidelines are intended to be advisory and to be used by SAIs on a facultative basis. However, in the original English language version of the guidelines, the word "should" has often been used. In such cases, the Group has used the term to emphasize a practice or procedure that it recommends strongly.

Comments

13. The Group will be pleased to receive feedback from users so that the guidelines can be updated and improved. Any comments should be sent to the working Methods team, ADAR Directorate, European Court of Auditors, 12 rue Alcide De Gasperi, L-1615 Luxembourg.

[...]

(1) The following people participated in meetings of the Ad hoc Group:

DK: MM. H. Otbo et M. Levysohn
ES: M. J. Corral, Mme M.-L. Martin Sanz et M. V. Manteca Valdelande
IT: MM. G. Clemente, E. Colasanti, C. Costanza et B. Manna
NL: Mme M.-L. Bemelmans-Videc
UK: MM. S. Ardron et J. Thorpe
S: M. F. Cassel

CCE: MM. N. Schmidt-Gerritzen (Président), T. M. James, B. Albugues, J. Eilbeck et N. Usher(2) In a joint audit, the participating SAIs set the same audit objectives for examining, within their fields of responsibility, the same subject. In a coordinated audit, each participating SAI examines a common subject and, whilst the objectives of each participating SAI's audit may differ, there is a close cooperation between the SAIs concerned which permits exchanges of information, so enriching the individual audits of each participating SAI.

(3) Where official translations of the INTOSAI Auditing Standards exist, the INTOSAI glossary appears in the appropriate language version. For other languages, the English version is reproduced here.