

# Period 2014-2020: Main Challenges

## New Model of Assurance: Audit strategies

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# Legal basis in 2014-2020

- **The Member States shall prepare an audit strategy within eight months of adoption of an operational programme following Art 127.5 of Regulation (EU) No 1303/2013 and Art 34.4 of Regulation (EU) No 223/2014. The audit authority shall submit the audit strategy to the Commission upon request.**
- **Format: annex VII CIR No 2015/207 or annex II CIR No 2015/1386**

# International standards/audit strategy

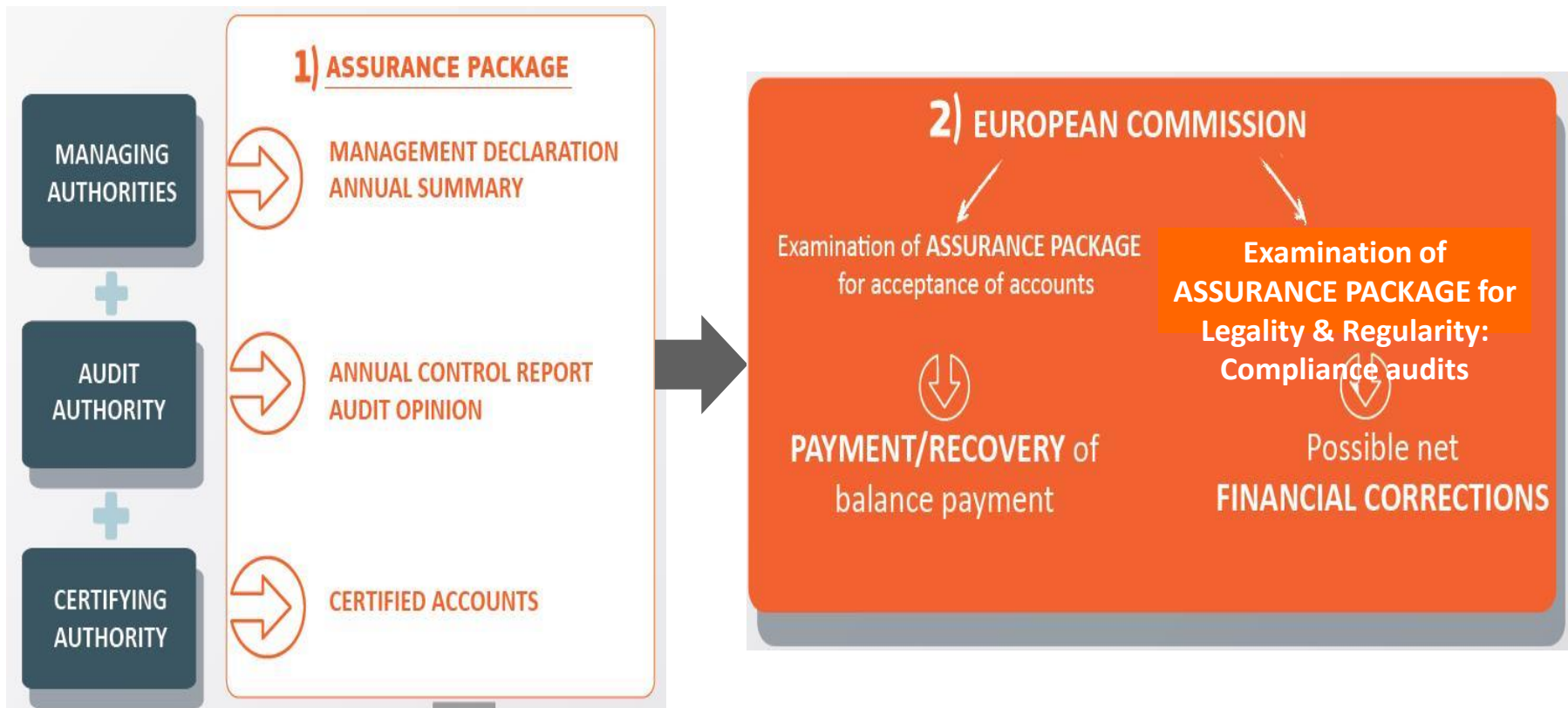
## Fundamental principles:

- **Planning, risk assessment and audit priorities**
- **Overall audit strategy (scope, timing and direction)**
- **Audit plan (nature, timing, extent)**
- **Understanding of the entity/OP**
- **Risk assessment and ranking**

# International standards/audit strategy

	IFAC	INTOSAI
<b>Description of Standard content / scope of work</b>	Audits and Reviews of Historical Financial Information (financial audits) – ISASs 200 - 899	Level 4: General Auditing Guidelines on Financial Audits - ISSAIs 1000 – 2999
<b>Planning an Audit of Financial Statements</b>	ISA 300	ISSAI 1300
<b>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment</b>	ISA 315	ISSAI 1315
	Other Assurance Engagements (e.g. systems, compliance and performance audits) - ISAEs	NA
<b>Assurance Engagements other than Audits or Reviews of Historical Financial Information</b>	ISAE 3000	NA

# The assurance package



## The review by Commission services

*Introduction: basic prerequisites and information*

- **Coverage of the strategy (Funds, programmes)**
- **Identification of audit authority, and other bodies auditing**
- **Functions and responsibility, mission statement**
- **Independence (123(5) CPR & 31(5) 223/2014)**
- **For ETC: independence of each member of the group of auditors**
- **Other responsibilities? Conflict of interest?**

## The review by Commission services

### ***RISK ASSESSMENT***

- Which model? Adequate?
- Overall coverage of risks?
- Have the priorities been established according to the results of the risk assessment?

### ***METHODOLOGY***

- Manual? procedures? Materiality threshold?
- Clear procedure for ACR and opinion?

## **The review by Commission services**

### ***METHODOLOGY (continued –ETC specific)***

**For the ETC programmes, has a description been provided of the specific audit arrangements?**

**Is it explained how the AA will ensure the coordination and supervision process with the group of auditors from other MS?**

**Has a reference been included to the rules of procedure adopted?**



## **The review by Commission services**

### ***METHODOLOGY (continued 2)***

**Bodies to be audited clearly identified?  
Prioritised?**

**Key Requirements to be audited  
identified? Prioritised?**

- **Reliance on work of other auditors  
identified? Organised as suggested by  
professional standards?**
- **Key areas covered? (Selection,  
management verifications, IT,  
performance data, antifraud, information)**

## The review by Commission services

### ***METHODOLOGY (continued 3)***

- Audits of operations: sampling method
- Classification, Treatment and Follow-up of errors detected: how organised?
- Approach for audit of accounts exists?
- Covers completeness, accuracy and veracity?
- Which checks on management declaration?

## The review by Commission services

### **METHODOLOGY (*continued 4*)**

- **Timing of the various audit tasks coherent with previous steps (Risk assessment and methodology)**
- **Coverage (3 years strategy)**

### **RESSOURCES**

- **Organisation chart,**
- **Professional qualification**
- **Quantification of available resources versus the needs**

## Typologies of comments

- *Independence issues*
- *Strategy elaborated without designated IBs or even not designated MCS: no substance on risk analysis*
- *No timing of scheduled system audits*
- *Risk assessment only focussed on amounts at stake, not necessarily on a proper risk assessment of the audit risk depending also on the quality of controls, on the complexity or reliability of the MCS, on the types of expenditure (inherent risk) etc*
- *Incoherence between risk assessment results and work schedule (either in the timing of audit missions or in the proportion / intensity of work planned)*
- *Areas not covered (IT, anti-fraud..., in ETC possibly: the "other" country?)*

# Any questions?



**Thank you  
for your  
attention!**