**Annex 4: Illustration of CA iCAT requirements**

|  |
| --- |
| **Sub-requirement 15.1:** The auditor evaluates whether the evidence obtained is sufficient and appropriate so as to reduce audit risk to an acceptably low level. |
| **Assessment Field** | **Main Questions** | **Assessment** | **Justification of Assessment** |
| **Policy** | Determine whether the SAI has determined (in an audit manual, management decree, or other form of policy document) how the audit risk will be managed. | Partially met | Although our National Audit Standards have mentioned as a general principle that audit institutions and auditors should avoid audit risk when conducting the audit (Article 1), there is no specific guidance explaining in detail how the audit risk will be managed. |
| **Implementation Mechanism** | Question how the auditors ensure that the evidence they have gathered is sufficient and appropriate to reduce the audit risk. What procedures exist? | Partially met | As required by the National Audit Standards (Article 100), auditors would bear in mind and continually evaluate the evidence gathered regarding the subject matter to make sure there is sufficient and appropriate evidence. However this process mainly relies on the judgment of the auditors, according to their personal experience and knowledge. No process is described |
| **Output** |  |  |  |
| **Documentation** | Assess whether this is documented. | Met | As required by the National Audit Standards, the process of audit and all evidence should be documented. And in practice, this is strictly followed. |
| **Management & Quality Control** | Assess if there is management intervention to achieve the desired quality. | Met | Article 109 of National Audit Standards requires the audit team leader to check the sufficiency and appropriateness of audit evidence before the audit report is drafted. Article 143 of National Audit Standards require the law department of SAI to have a thorough check of all the audit programs, by also checking the sufficiency and appropriateness of audit evidence. Those requirements are being strictly implemented. |

|  |
| --- |
| **Sub-requirement 15.5:** The auditor performs audit procedures to determine if there are events that have occurred after the completion of the fieldwork and up until the date of the compliance audit report that may result in material non-compliance. |
| **Assessment Field** | **Main Questions** | **Assessment** | **Justification of Assessment** |
| **Policy** | *Has the SAI determined how subsequent events relevant to the scope of audit will be treated by the auditor?* | Not Met | The Audit Standard and The Compliance Audit Manuals have stated that auditors are only responsible to report the fieldwork findings, and not what happened afterwards. This is deemed as a precautionary measure to avoid any risk of legal disputes due to insufficient audit evidence.  |
| **Implementation Mechanism** | *Question what does auditors do regarding subsequent events.* | Not Met | Auditors are assigned to perform a certain period of auditing by the SAI through the assignment letter. After the stated date with no prolongation period, the audited entity has the legal right to express their objections on the results of the audit activities. In such situations it is impossible for auditors to gather additional audit evidence. With regard to this limitation, auditors are discouraged to include any non-compliance issues in their report, pertaining to the period following the completion of the fieldwork. If auditors become aware of any subsequent events which are significantly important and sensitive, the SAI will prolong the assignment periods of auditors to continue the fieldwork.  |
| **Output** | *Look for identified subsequent events and their effects on the audit conclusion*  | Not Met | No output is available, since all activities related to subsequent events are conducted with a prolongation on the audit assignment, and these activities are considered as a part of the audit mission. |
| **Documentation** | *Is the related work documented?* | Partially Met | If any material issue is identified prior to the completion date, relevant audit evidence is reviewed and then documented by the team leader. This information is then used to support a proposal to extend the audit duration, and is submitted to the supervisor, who will convey the matter to higher authority (in this instance, quality assurer) for approval. |
| **Management & Quality Control** | *Assess if there is management intervention to achieve the desired quality.* | Met | All requests regarding extension of audit duration due to subsequent events are handler by the quality assurer. The quality assurer determines whether or not the issue is material, and thus, should be investigated further. |