



Follow-up of the implementation of audit recommendations

Report of the project group

December 2020

SUMMARY

1	Introduction	3
1.1	EUROSAI Project	3
1.2	Survey	3
2.	Good practices that influence the implementation of audit recommendations	4
2.1	Impact and follow-up of the implementation of recommendations	4
2.2.	Factors that influence the impact of SAls	5
2.3.	Good practices in/for the implementation of audit recommendations	6
3.	Results of the survey	8
3.1.	Audit report quality	8
3.2.	Constructive relationship between auditor and auditee	11
3.3.	Existence of follow-up system	16
3.4.	Parliamentary involvement	21
3.5.	Report the results of the follow-up system	23
3.6.	Use of follow-up results for performance monitoring and risk assessment	26
4.	Closing remarks	29
	Annex 1: survey	30
	Annex 2: survey answers	38

1 Introduction

1.1 EUROSAI Project

The SAIs of Belgium (lead), Germany, Lithuania, The Netherlands and Spain launched the project ‘Follow-up of the implementation of audit recommendations’ in January 2019. The project supports the implementation of Strategic Goal 1 ‘Supporting effective, innovative and relevant audits by promoting and brokering professional cooperation’ and especially Objective 1.3 ‘To facilitate the sharing of knowledge and experience within EUROSAI and with external stakeholders and partners’ of the EUROSAI Strategic Plan 2017-2023.

The objective of the project group was to gather information through a survey about the various systems of follow-up of the implementation of audit recommendations by EUROSAI members.

1.2 Survey

The information on the follow-up systems applied by the EUROSAI members was gathered through a survey, which was sent on 18 July 2019 to all 50 EUROSAI members (the SAIs of 49 European states and the European Court of Auditors - ECA).

As follow-up systems can differ in the ways recommendations are made, the first part of the survey includes questions on the nature of the recommendations formulated by the SAIs. The main part of the survey deals with the different ways in which follow-up can be conducted. Finally, the last part of the survey investigates if SAIs make global reports of aggregated follow-up results, and includes questions about the use of follow-up results for performance monitoring or risk assessment.

The survey is shown in annex 1. Annex 2 presents the survey answers.

33 SAIs, including ECA, have replied to the survey. We would like to explicitly thank them for their cooperation.

Respondents of the survey



This report describes the results of the survey and derives several good practices on follow-up procedures from scientific research complemented by interesting case examples from the SAIs.

2. Good practices that influence the implementation of audit recommendations

2.1 Impact and follow-up of the implementation of recommendations

Impact of SAIs can be defined as the effect or influence of an audit or SAI on the auditees, the government, parliament or society. Or, to put it another way, impact is the change resulting from an audit¹.

According to the audit principles defined in INTOSAI-P 12 *The Value and Benefits of SAIs – making a difference to the lives of citizens*, SAIs need to demonstrate their ongoing relevance to citizens, parliament and other stakeholders. In this respect, SAIs should evaluate the changes resulting from their audit activities.

Evaluating impact can be done in various ways. SAIs might for example

- evaluate their perception through surveys amongst the auditees, legislature or society;
- keep statistics on the number of media articles related to audit reports; or
- estimate the financial impact generated by the audit (savings or additional revenues) on the audited organisation or on society.

This variety is also related to different kinds of impact, such as *conceptual impact*, which refers to changes in learning processes, mentality and behaviour at the auditee or society; *strategic impact*, which refers to the use of audit reports by stakeholders in political or public debates; and *instrumental impact*, which is a more direct impact by implementing the audit recommendationsⁱⁱ.

Indeed, as most of the audit reports connect their findings with suggestions for solving the problems, these recommendations are an appropriate instrument for measuring the impact resulting from the audit. Although this instrument could possibly be used to evaluate other kinds of impact, such as conceptual impact¹, most SAIs will probably use the implementation of recommendations to measure instrumental impact. Even more, as the implementation of recommendations is easier to measure than other impact indicators, most of the SAIs might limit their impact measurement to this method. Therefore, the INTOSAI Capacity Building Committee (CBC) guide *How to increase the use and impact of audit reports* focuses on the follow-up of the implementation process to increase the impact of audits. Besides evaluating the SAI's performance and making audit reports more effective, follow-up also assists government and legislature and creates incentives for learning and development.

Even this limitation to evaluating the implementation of audit recommendations can result in different practices amongst SAIs:

- The follow-up exercise varies depending on how information about the implementation was obtained: either it relies on data reported by the auditee, or the data is briefly verified by the auditor, or the auditor performs a thorough check-up carrying out a follow-up audit.
- Likewise, the timing and frequency of the follow-up can vary considerably among SAIs, and the same goes for the way SAIs report the follow-up results.
- A quantitative approach, that usually consists of displaying the percentage of implemented (or accepted) recommendations, is very different from a qualitative approach, where the information on the audit implementation is presented in a descriptive way.

The main aim of the survey was to collect the various systems of follow-up of implementation of audit recommendations by EUROSAI members. By asking questions which cover the process chronologically starting from the drafting of the recommendations until the use of the follow-up results in the performance monitoring and risk assessment processes, the survey also tried to identify good practices in this process.

¹ In the case that recommendations are picked up by other organisations than the auditee.

2.2. Factors that influence the impact of SAIs

Many scientific researchers have investigated the factors that influence the impact of audit reportsⁱⁱⁱ, or rather influence the implementation of audit recommendations.

Factors that are relevant in the context of the survey questions are:

- Constructive relationship between auditor and auditee;
- Audit report quality;
- Existence of a follow-up mechanism;
- Parliamentary involvement;
- Dissemination of the follow-up report.

Relationship between auditor and auditee

It is clear that a good relationship between auditor and auditee² increases the support base for implementing the recommendations. The survey questions on the discussion or the acceptance of the recommendations between the auditor and the auditee can be placed in this context. This also applies to the questions on the auditee's drafting of an action plan that specifies the measures to implement the recommendations. The same goes for some practices mentioned in the survey answers where auditees have been engaged in the follow-up mechanism, for example by filling in a database with actions to implement the recommendations.

Audit report quality

A high-quality report that clearly shows and underpins the findings and recommendations will stimulate the report's impact. This quality is strongly influenced by the quality of the formulated recommendations, which is dealt with in the first part of the survey.

Existence of a follow-up mechanism

It is also worth noting that the presence of a follow-up mechanism itself can be seen as a factor that influences the impact of audits. Following up the implementation of the audit recommendations, repeatedly if necessary, may put pressure on the auditees to act in a timely manner, and thus might increase the audit impact. Questions on the existence of a follow-up mechanism, including the procedure, the scope and the methods of measurement, form the most important part of the survey.

Parliamentary involvement

Likewise, the involvement of parliament in the follow-up process of SAIs, for example by holding a parliamentary debate on the issue, may increase the pressure on the auditee. One survey question asks if parliament plays a role in the implementation of recommendations.

Dissemination of the follow-up report

Scientific research also mentions another crucial factor for raising the impact of audit reports, which are the efforts to disseminate the report to a wide audience (parliament, citizens, media, civil society). In our opinion, this argumentation holds also for the communication of the follow-up results. Indeed, also ISSAI 300 *Performance Audit Principles* states that 'follow-up should be reported appropriately in order to provide feedback to the legislature' (art. 42).

Reporting the follow-up results, preferably in a readable and clear way for a broad audience, may again raise the pressure on the auditee in case of insufficient implementation. On the other hand, publishing positive follow-up results rewards the well-performing auditees and might strengthen the good relationship between auditor and auditee.

Several survey questions cover the reporting of the follow-up of individual audits, as well the reporting of the aggregated follow-up results of all audits during a specific period.

² Where we mention the relationship of the auditee with the auditor, we also refer to the relationship with the SAI in general.

2.3. Good practices in/for the implementation of audit recommendations

This report presents several examples of good practices on follow-up systems.

In this context, a good practice could be defined as a procedure (legal or other), method or other practice that can contribute to the appropriate and timely implementation of audit recommendations issued by the SAI. However, since the survey answers do not give any information on the actual results of the practices and procedures as mentioned, we can rely on the scientific research on this question.

From this point of view, the influencing factors on impact, as mentioned above, can be reformulated in a more detailed manner as a chronological listing of good practices throughout the audit process. We also formulated a last good practice on the use of the follow-up results for the performance monitoring system and the risk assessment of the SAI. Indeed, as the follow-up of the implementation of recommendations is a practical method for evaluating the impact of the SAI's activity, the results of this follow-up should be used as an indicator for the SAI's performance. Furthermore, follow-up results can be used as an input for the risk assessment of the SAI, whether on a strategic or operational level.

Good practices and corresponding factors that influence impact

Factors that influence the impact of SAIs	Good practice
<i>Audit report quality (chapter 3.1)</i>	<ul style="list-style-type: none"> • Write relevant, operational and targeted recommendations. • Classify the recommendations in order of importance.
<i>Constructive relationship between auditor and auditee (chapter 3.2)</i>	<ul style="list-style-type: none"> • Seek acceptance of the recommendations by the auditee, thereby increasing the support base. • Engage the auditee or the government in the follow-up of the implementation of recommendations. • Ask the auditee for an action plan that specifies the measures to implement the recommendations, including deadlines. • Check the appropriateness of the action plan. • In the absence of an action plan, set clear and realistic deadlines for the implementation of the recommendations, if possible in agreement with the auditee.
<i>Existence of follow-up system (chapter 3.3)</i>	<ul style="list-style-type: none"> • Set clear and realistic deadlines for the implementation of recommendations. • Provide for an effective recommendation monitoring and follow-up system that checks the implementation in a timely manner. • Repeat this follow-up, or even consider a follow-up audit, in case there is no adequate implementation or insufficient information about the implementation.
<i>Parliamentary involvement (chapter 3.4)</i>	<ul style="list-style-type: none"> • Engage parliament in the follow-up of the implementation of recommendations.

Factors that influence the impact of SAIs	Good practice
<i>Report the results of the follow-up system (chapter 3.5)</i>	<ul style="list-style-type: none"> • Report the results of the follow-up system, preferably in an aggregated way by publishing a global report or database on the follow-up results during a specific period.
<i>Use of the follow-up results for the performance monitoring system and the risk assessment (chapter 3.6)</i>	<ul style="list-style-type: none"> • Use the results of the follow-up system for risk assessment or a performance monitoring system.

The next chapter analyses the results of the survey for each of these factors and good practices, and shows some interesting examples provided by the respondents. In doing so, we sought to take into account the different legal mandates and institutional environments of the SAIs, by selecting examples that can be picked up by most EUROSAI members. Some of the information supplied in the survey answers was complemented by asking the SAIs concerned for additional information, or by checking documentation available on the respondents' websites.

3. Results of the survey

3.1. Audit report quality

Write relevant, operational and targeted recommendations. Where appropriate, classify the recommendations in order of importance.

The formulation of recommendations is one of the key tasks in the audit process, as high-quality recommendations provide a foundation to improve the performance of the audited entity, project or processes. An inadequate formulation of conclusions and recommendations can diminish the result of the auditor's work, just as it could undermine confidence in the SAI. Furthermore, the formulation of recommendations determines the impact the audit will have.

The survey shows that all SAIs issue recommendations in their reports: 28 SAIs (out of 33) report that it is done in all reports and five SAIs report that it is done in some of the reports. 26 SAIs report that they issue recommendations for all types of audit (financial, compliance and performance audits), three SAIs issue recommendations in performance and financial audits, two SAIs in performance and compliance audits. Two SAIs issue recommendations in performance audits only.

A review of academic literature on this matter, together with some methodological documents of SAIs and examples provided in the survey answers, provides an overview of the basic requirements of how high-quality recommendations could be formulated.

Before formulating recommendations, auditors should consider:

- What is the shortcoming, irregularity or misstatement identified;
- What are the root causes of the shortcoming, irregularity or misstatement identified;
- What corrective measures should be taken;
- Whether these measures taken could lead to a desired change.

First, recommendations should be linked with and express the main ideas and insights of the audit. Audit teams should always make sure that none of the important findings are omitted from the applicable recommendation, and vice versa, every recommendation has a significant finding as a basis.

Moreover, as SAIs should aim to issue recommendations that lead to real changes, recommendations should not be formulated too formally, but practically and specifically enough so that they can be implemented (and measurable so that their implementation can be monitored)³. For the same reasons, recommendations should be realistic and feasible for the auditees.

On the other hand, SAIs must avoid putting themselves in a situation where they have to audit solutions that they have proposed themselves. For that reason, recommendations that are too precise on the exact mode of implementation could create complications. As suggested by one SAI, recommendations should be formulated in a style where they describe *what* the auditee should do, and not *how* they should do it.

Finally, recommendations should be addressed to the entities which are in the position to implement them. So, a good practice might be that recommendations are distinguished according to their addressee: the auditee, the government (for strategic and policy issues) or parliament (for legislative and accountability issues). Another SAI suggests that recommendations should be divided in parts according to the addressee.

On the basis of the analysis set out above, high-quality recommendations can be formulated. The wording of recommendations is also important, as it affects whether and how well they are going to be achieved. In this respect, recommendations should be clear, reasoned and logical. It is also important that

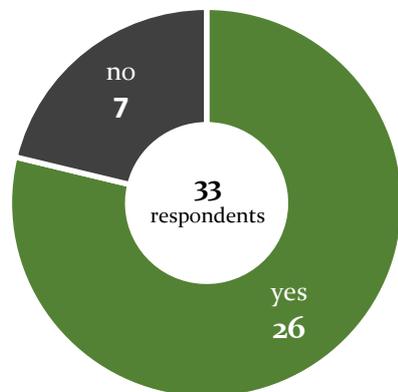
³ The specificity of the recommendations is also depending on the subject dealt with: with management issues recommendations can be more general, with technical issues recommendations can be more technical.

recommendations are visible, for instance by presenting them – possibly numbered – at the end of the report.

The formulation of high-quality recommendations is not easy. Methodological guidelines could help auditors to formulate such recommendations. Thus, having a manual for the formulation of recommendations could be perceived as a good practice. Our survey showed that 26 SAIs (out of 33) report that they have manuals for formulating recommendations.

Chart 1

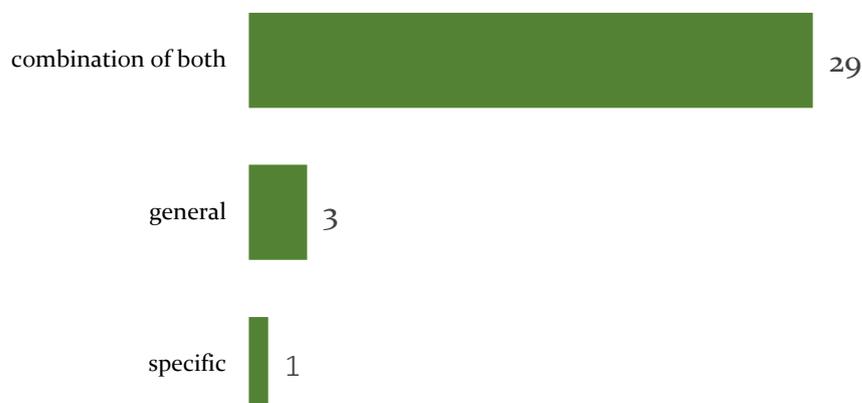
Does your SAI have a manual/guideline for formulating recommendations?



In the survey we asked the SAIs whether the recommendations they formulate are specific or more general. 29 SAIs (out of 33) report that they formulate recommendations which can be both general and specific in nature. Probably this answer could be explained in the requirement mentioned above that recommendations should not be too abstract on the one hand, but not too precise on the exact mode of implementation on the other hand. Another explanation could be that performance audits which focus on government policy effectiveness must be cautious about too specific recommendations, as they could interfere with the autonomy of the government's intentions and decisions.

Chart 2
Are the recommendations specific or more general?

Total respondents: 33



Moreover, another important aspect is that, when it comes to formulating and presenting audit recommendations, SAIs may find it useful to classify and/or prioritise them. High-importance recommendations usually have a high impact on one or more stakeholders, or have a significant financial scale, while low-importance recommendations are only relevant to a particular entity or do not affect a significant number or group of the public, or have a low financial scale. One SAI shares the practice of grouping the recommendations by the importance of the expected changes to the audited area⁴. Other SAIs distinguish systemic from standard recommendations, where systemic recommendations require more time and effort to implement them, or separate the recommendations that ask for short term actions from those which demand long-term actions.

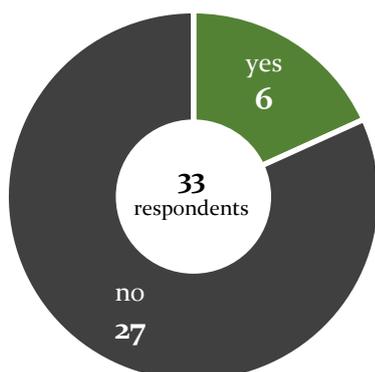
Classifications may help the auditee to better understand the auditor's point of view and to prioritise the actions for implementation. Furthermore, classification draws the attention of the legislature and society. On the other hand, lower rated recommendations might be neglected by the auditee. Therefore, it is important to communicate effectively to the auditee, so that all recommendations will be implemented.

From the auditor's perspective, the decision on the actions to be taken in case of non-implementation, and the timing of this, may also depend on the ranking of the recommendations.

⁴ For that reason, this SAI is planning to measure the importance of the expected changes.

Our survey shows that few SAIs classify recommendations: only six SAIs (out of 33) use some kind of classification.

Chart 3
Is there a classification of the recommendations?



A particular form of classification is the use of management letters in performance audits, mentioned by one SAI. Such a report usually contains remarks or recommendations considered as too specific or technical to be included in a public audit report. In this regard, observations that are less important for the public or parliament can yet be communicated to the auditee and provide a basis for further follow-up.

In summary of the above, the formulation of recommendations is an important task of SAIs which could result in a greater impact of audits if they are formulated and discussed effectively. The discussion element is further addressed in the next chapter of the report.

3.2. Constructive relationship between auditor and auditee

Seek acceptance of the recommendations by the auditee, thereby increasing the support basis. Engage the auditee or the government in the follow-up of the implementation of recommendations. Ask the auditee for an action plan that specifies the measures to implement the recommendations, including deadlines. Check the appropriateness of the action plan. In the absence of an action plan, set clear and realistic deadlines for the implementation of the recommendations, if possible in agreement with the auditee.

Even high-quality recommendations will not lead to any change if they are not accepted and implemented by the auditee. Therefore, effective communication and cooperation between the auditor and the auditee is crucial, as it increases the support basis for implementing the recommendations.

Audit findings should be discussed with the auditee before commencing with the formulation of conclusions and recommendations. Indeed, recommendations will not be properly implemented if the auditee has any doubts regarding their effect or the cost/efficiency ratio⁵ of their implementation. Therefore, the discussion with the auditee should aim to identify the key issues, the desired results and potential measures to implement the recommendations. At the same time, auditor's and SAI's

⁵ Which means that the auditee could agree that a problem has been detected, but accepts the risk, as risk avoidance would be too expensive (risk acceptance).

independence from government ensures that recommendations can still be issued, even if they are not accepted by the auditee.

Our survey shows that 27 of 33 respondents base their recommendations on some kind of dialogue with the auditee. In 23 SAIs, auditees are explicitly asked or are expected to accept the recommendations.

Chart 4
Are the recommendations based on a dialogue with the auditee?

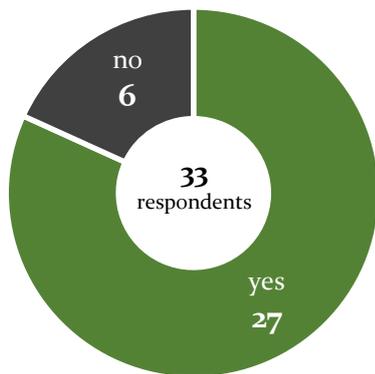
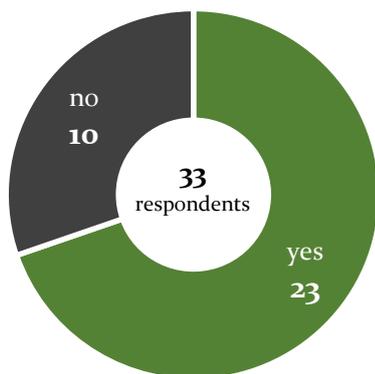


Chart 5
Is the auditee asked or expected to accept the recommendations?



The difference between these two questions might differ slightly in practice. For example, the application of a contradictory procedure with the auditee before the final editing of the report, applied by most SAIs, could be interpreted by some respondents as the application of a dialogue, while other SAIs could consider this as an expectation to accept the recommendations. Therefore, both answers are treated equally here.

Still, some respondents provided supplementary information and showed some examples of good practices. Some SAIs ask the auditees explicitly to indicate whether they agree, partly agree or disagree with each recommendation, where rejected recommendations shall be discussed by the SAI on a higher administrative level.

Another issue is that SAIs with a jurisdictional model often issue recommendations with a legally binding character, mainly in compliance audits. Here recommendations are negotiated with the auditee to avoid non-feasible or non-realistic recommendations. In case of a non-agreement, auditees can even get the chance to formulate a complaint against the audit report.

Following the completion of the audit, SAIs should continue to maintain communication and constructive relationships with the auditee.

The engagement of the auditee in the follow-up mechanism certainly forms a prime example of a constructive relationship, and can be implemented by the use of an action plan. This plan can be a written document, drawn up by the auditee following the audit report and usually validated by the SAI, in which the auditee communicates the proposed measures to implement the recommendations, along with a timetable. Several SAIs ask that the individuals responsible for the implementation of the measures are also mentioned.

The use of an action plan also has the following advantages for SAIs:

- It ensures that the recommendations are correctly understood by the auditee and that the measures to implement the recommendations are feasible for the auditee and appropriate for the SAI;
- It provides a good input for the planning and the scope of the follow-up process, starting from the timetable of the action plan;
- It puts pressure on the auditee to implement the recommendations;
- It serves as a learning tool: the results of the action plan can provide valuable information about the reasons why recommendations might not be (completely) implemented. It could also help to improve the quality system of the SAI and audit practices and procedures.

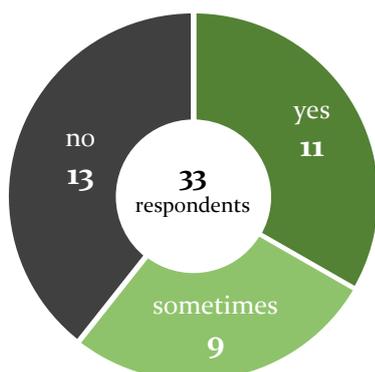
The survey shows that 20 respondents out of 33 use action plans as part of their follow up processes. 11 respondents of these request action plans for all audit reports. In this group, we also find SAIs with a jurisdictional model, where action plans mostly are legally required and auditees can be punished if they fail to submit the plan. In that case, auditees have to send their action plan within a determined date after the audit report has been issued.

Regarding those SAIs who responded 'sometimes', the demand for an action plan can be related to certain circumstances, such as in case of major irregularities, recommendations with a long-term implementation, recommendations that concern corrective actions or in financial audits when the SAI raises an objection due to shortcomings in financial management.

The graphic below shows the result of the survey.

Chart 6

Does your SAI ask the auditee for an “action plan” that specifies the measures to implement the recommendations?



Some survey answers show additional good practices in the application of the action plan. One SAI demands the action plan at the moment of the draft report, followed by the publication of the plan in the final audit report. This publication increases the pressure on the auditee to implement the announced measures in a timely manner.

At some SAIs, action plans are used as a self-reporting tool, in which auditees are supposed to communicate regularly on the outputs of their proposed measures and the current state of the implementation of the recommendations. This pushes the auditee to work regularly towards the implementation of the recommendations.

For one SAI, action plans are developed in agreement with the government, and hereafter approved by government. This certainly will raise the status of the plan.

The existence of action plans influences other subsequent actions within the follow-up system. Indeed, the demand for action plans could encourage the application of other best practices such as:

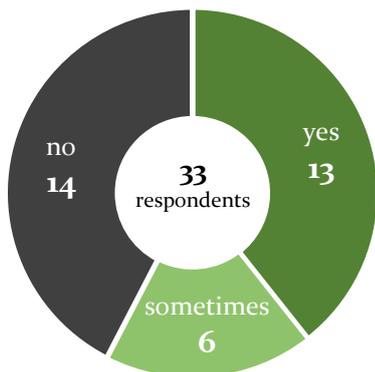
- *Provide for an effective recommendation follow-up system:* depending on the feedback given by the auditee through the action plan, scope and frequency of follow-up procedures can be planned more effectively (see 3.3);
- *Report the results of the follow-up system, preferably in an aggregated way by publishing a global report or database on the follow-up results during a specific period:* action plans can be used as a basis for reporting the follow-up results.

In the absence of an action plan, setting clear and realistic deadlines can be considered to be an alternative good practice. Defining deadlines in agreement with the auditee contributes to a good relationship and generates support for the implementation of the recommendations⁶.

⁶ Setting deadlines might be more suitable when recommendations are directed at the audited administration concerning management issues. In case of recommendations directed at the government, dealing with policy issues, defining deadlines might be less common.

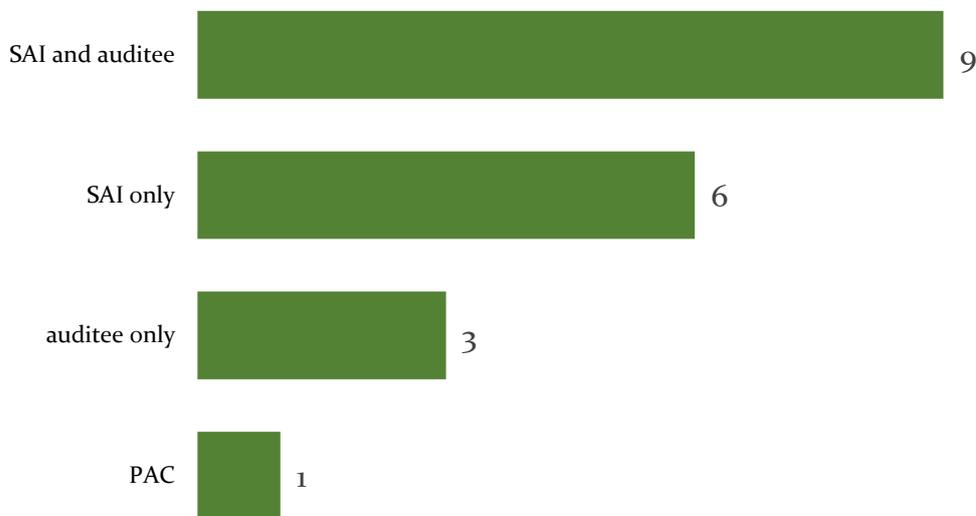
Out of 33 respondents, 13 SAIs state to set deadlines for the implementation. Six SAIs do this occasionally. The occasional application often depends on the importance of the recommendations or an assessment by the audit team.

Chart 7
Are there deadlines set for the implementation of recommendations?



Out of 19 SAIs who set deadlines, nine state that they determine them in agreement with the auditee, three let the auditees set their deadlines. Deadlines are fixed independently by six SAIs. This mostly applies to SAIs with legally binding recommendations. One respondent states that deadlines are fixed by the Public Accounts Committee of Parliament (PAC).

Chart 8
If there are deadlines, by whom are these determined?
 Total of respondents applying deadlines (yes and sometimes): 19



One SAI answers that for some recommendations an immediate implementation is demanded. This could be beneficial for recommendations that can be implemented in a very short period, as a further follow-up is no longer needed.

The engagement of the auditee in the follow-up mechanism can be shown by other practices as well. Some SAIs involve the government in the planning of the follow-up actions. For example, in one country, the government issues an annual report with government actions to address the recommendations indicated in the SAI's report. In another country, ministers' yearly policy notes respond on the SAI's recommendations. Another SAI mentions that all audit reports are discussed by the government, followed by the approval of proper measures to be implemented by the auditee.

Other SAIs provide a database accessible to the auditees, in which actions taken in response to the recommendations can be incorporated. This database also contains underlying information, such as policy notes, budgets, etc. The results of this self-reporting tool can be published on the SAI's website or in an annual report.

Even though the engagement of the auditee forms an important step in ensuring an effective follow-up process, the application of a follow-up system by the SAI itself should be seen as the main phase in this process. This is covered in the next chapter.

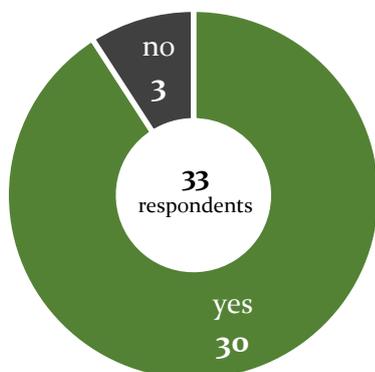
3.3. Existence of follow-up system

Provide for an effective recommendation monitoring and follow-up system that checks the implementation in a timely manner. Repeat this follow-up, or even consider a follow-up audit, in case there is no adequate implementation or insufficient information about the implementation.

The Mexico Declaration on SAI Independence (INTOSAI-P 10) brings forward eight core principles as essential requirements of proper public sector auditing. Principle 7 concerns the existence of effective follow-up mechanisms on SAI recommendations. It states that "SAIs have their own internal follow-up system to ensure that the audited entities properly address their observations and recommendations [...]."

Of 33 respondents 30 answer 'yes' to the question if their follow-up systems have been laid down in a procedure.

Chart 9
Is there a formal policy or procedure for follow-up?

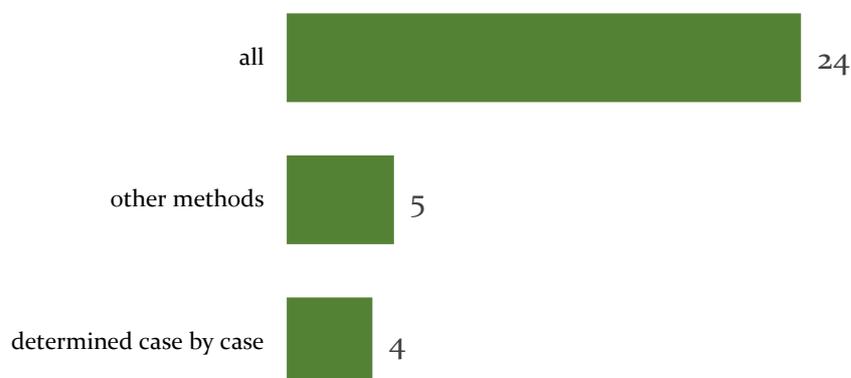


Although almost all respondents have their follow-up procedures, differences may exist in the scope of the follow-up, the timing and frequency and the methods of measurement.

Regarding the scope of the follow-up systems, 24 of 33 respondents indicate that all recommendations of audit reports are followed up. Four SAIs follow up recommendations on a case-by-case basis and apply a risk-based assessment, depending on the estimate of the importance of the follow-up by the audit panel. So, for example, follow-up could be excluded in case of major changes in the audited entity or in the legislation concerned. The remaining five SAIs use other methods, mostly by limiting follow-up to prior recommendations or recommendations with a financial risk, or to recommendations that demand corrective action by the auditee.

Chart 10
Which recommendations of an audit report are followed up?

Total respondents: 33



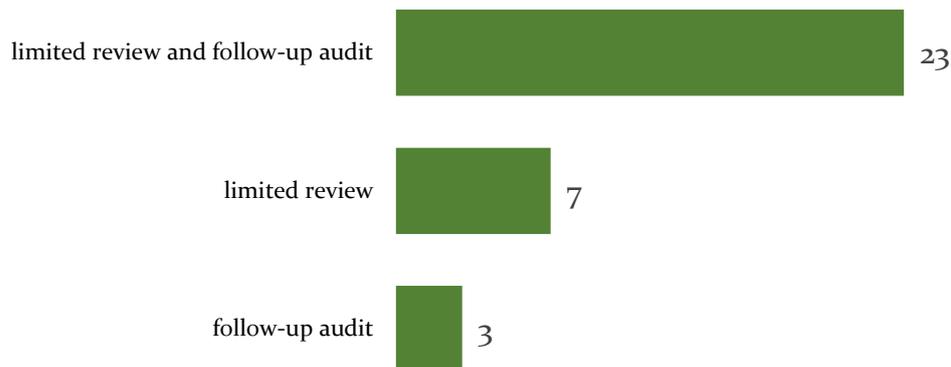
Only seven respondents state that their follow-up of recommendations is solely based on a review of documentation or a response by the auditee in an action plan or a questionnaire reply, more than half of

the respondents or 23 SAIs complete this with an effective follow-up audit. Three SAIs only use the instrument of follow-up audits.

Chart 11

What is the information about the implementation of recommendations in audit reports based upon?

Total respondents: 33



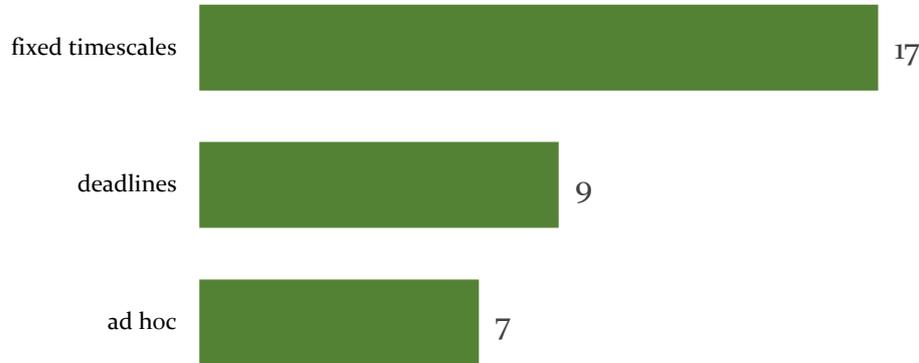
As follow-up audits demand a more thorough investigation, this method is not applied to all audit reports or recommendations. SAIs who restrict the follow-up to this method select the most important audits or recommendations. SAIs that apply both the limited reviews and the follow-up audits make the application of a less or more thorough method conditional on the significance and the nature of recommendations. A good practice explicitly mentioned by six respondents, consists of a follow-up process in two phases, where in a first phase, a limited follow-up enquiry is conducted for all recommendations. The results of this enquiry are then used to evaluate the need for follow-up audits in a second phase, where the implementation of the most important recommendations is checked.

Regarding the timing of the follow-up procedure, 17 respondents apply a fixed timescale. As for financial audits, all recommendations of previous annual reports on accounts are followed up in subsequent annual reports. Follow-up of the implementation of recommendations in performance or compliance audits generally occurs one year after the publication of the audit report. Four respondents, however, use a longer term of two years. three respondents mention a three-year term.

Nine SAIs schedule a follow-up in accordance with deadlines laid down in an action plan or the audit report. Seven respondents apply an 'ad hoc' term, which can depend on an annual audit plan or the decision of the audit teams. One SAI mentions an 'ad hoc' term because all audit recommendations are followed up as part of the next audit on the same topic.

Chart 12**At what time is the follow-up of the recommendations carried out?**

Total respondents: 33

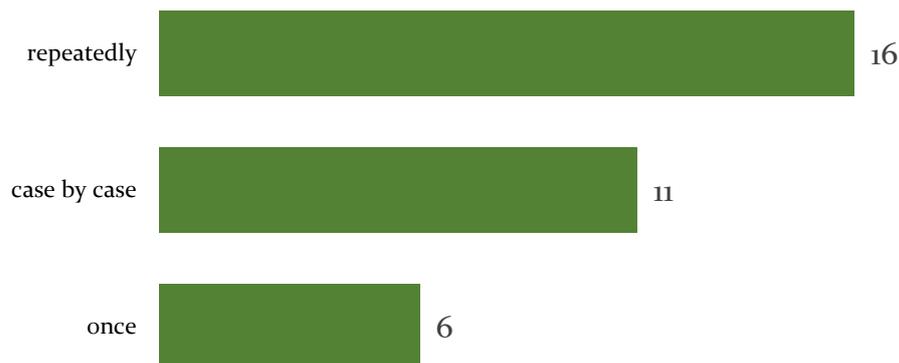


A repeated follow-up mechanism, that keeps the pressure on until all recommendations have been implemented, can be considered to be good practice. 16 SAIs state that they follow up repeatedly, but for two of them this is restricted to financial audits. Most of them do this on an annual basis until all (important) recommendations are implemented, four SAIs state that this annual follow-up runs until five or six years after the audit report, one SAI repeats the follow-up only once.

11 respondents answer that the frequency of the follow-up mechanism is decided (mostly by the audit panel) on a case-by-case basis, depending on the importance of the recommendations. Six SAIs do not repeat their first follow-up exercise.

Chart 13**How often is the follow-up of recommendations carried out?**

Total respondents: 33



There are two main ways to measure the impact of audit recommendations: using a qualitative approach or a quantitative approach. The quantitative approach usually consists of displaying the number or percentage of implemented recommendations. Although this method constitutes a simple and clear indicator of impact, it also has some disadvantages. Firstly, this method usually does not take into account the different types of recommendations on which it reports, so that the outcome does not indicate whether or not the implemented recommendations are the most significant ones. Secondly, the use of this method could encourage auditors to produce recommendations that are easy to implement, thus increasing the impact ratio of their audits.

The qualitative method presents the information on the audit implementation in a descriptive way. Whereas this approach provides a broader and more nuanced view, with other ways of impact captured,

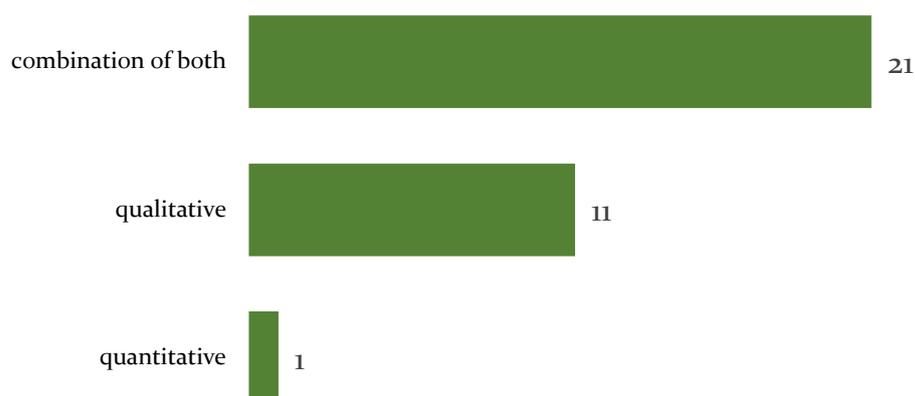
it has the disadvantage that no aggregated data on impact can be shown to be used for internal performance monitoring (see 3.6) or external reporting (see 3.5).

As each approach has drawbacks, the application of both methods can be considered to be good practice. More than half of the respondents, or 21 of 33 respondents, apply both approaches, 11 apply a qualitative approach and one SAI only uses a quantitative approach.

Chart 14

Does your SAI carry out the follow-up of recommendations in individual reports in a quantitative or qualitative manner?

Total respondents: 33



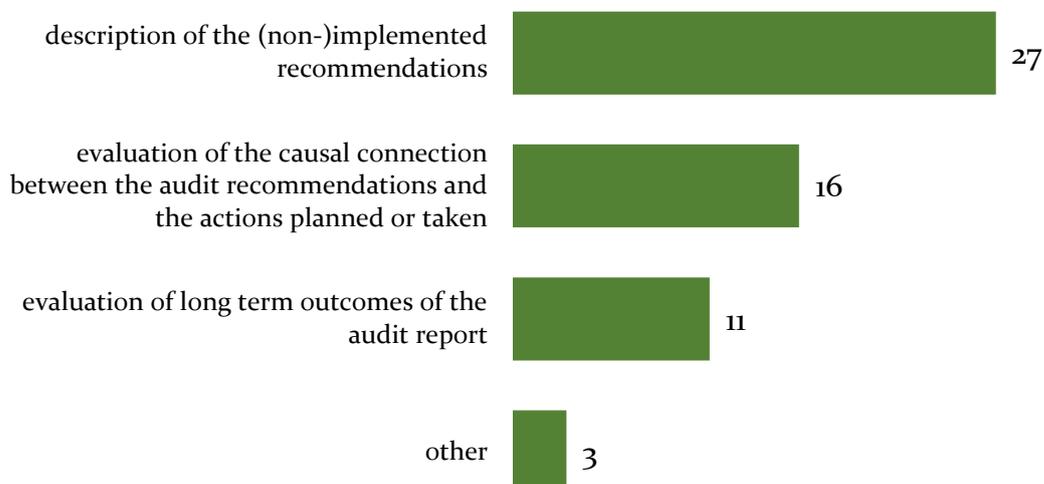
Regarding the quantitative approach, a distinction between the significant and less significant recommendations can be considered to be good practice. Nevertheless, only six SAs use this classification.

An interesting extension of this quantitative approach is an estimation of the financial impact, which is a calculation of the total savings or additional revenues arising from the implementation of the recommendations versus the cost of the audit operation or the cost of the implementation of the recommendations. This methodology is used by only three SAs, and is under development at one SAI. This is presumably caused by the high difficulty of its calculation. According to one of the answering SAs, hypotheses are used for this calculation.

Regarding the qualitative approach, 27 SAs use a description of implemented and non-implemented recommendations, 16 of them add to this an evaluation of the causal connection between the recommendations and the actions planned or taken by the auditee, 11 SAs also evaluate the long-term outcomes of the audit. Three SAs supplement this with other methods, such as a description of the impact on media and stakeholders.

Chart 15
What is the nature of qualitative information?

Total respondents: 33, multiple answers were possible



In summary of this chapter, nearly all respondents state that they apply a follow-up procedure. 26 SAIs do more than a mere review of documentation or of the responses received by the auditee. A repeated follow-up mechanism, that puts pressure on the auditee, exists at 16 SAIs. Another good thing is that the application of both quantitative and qualitative measurement methods is done by more than half of the respondents. However, innovative approaches such as an estimation of the financial impact of the recommendations or an evaluation of the long-term outcomes of the audit, are applied by only a small minority.

A further issue in the follow-up process is the question which actions SAIs must undertake if the follow-up procedure reveals that the auditee has failed to implement the recommendations.

Some SAIs, mostly with a jurisdictional model, can impose fines or report it to the prosecuting authorities, but the majority have to consider other methods. They can use parliamentary pressure or communicate the follow-up results to a broader audience. Both approaches are treated in the following chapters.

3.4. Parliamentary involvement

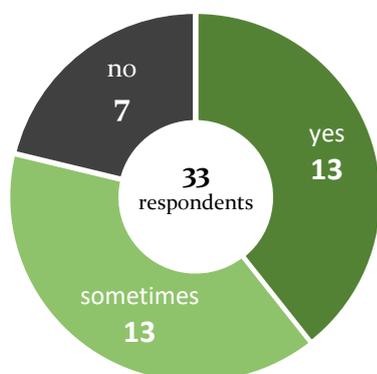
Engage parliament in the follow-up of the implementation of recommendations.

SAIs often inform their parliaments on the implementation rate of their recommendations. They may also wish to bring contentious issues or matters of relative importance to the attention of parliament or its specific committees. INTOSAI principally recommends such a step if it is considered appropriate by the SAI^{iv}.

Some scientific studies suggest that parliamentary pressure can play a crucial role in the implementation of audit recommendations by increasing pressure on the auditee and the government, although others have found the impact to be rather marginal^v. Probably different paths that effect impact should act together to increase the impact^{vi}. For instance, media coverage on contentious issues is expected to have an impact on legislature as well, especially if the relevant legislative body chooses not to implement the SAI's recommendation for political reasons^{vii}.

26 of 33 respondents confirm that their respective legislative bodies play a role in the implementation of audit recommendations. The figure below shows the respective ratio on parliamentary involvement across all respondents.

Chart 16
Does parliament play a role in the implementation of recommendations?



Parliamentary involvement, however, varies considerably in respondents' countries. In some cases, it may be limited to the (regular) receipt of information, covering the level of compliance to the SAI's recommendations on the part of the auditee. We have, however, not always received sufficient information, in how far that information is relevant to subsequent parliamentary discussions and related decisions.

Some SAIs explicitly mention parliamentary (committee) hearings, mostly with the participation of the government or auditee and the SAI. The auditee is usually asked whether or not recommendations have been implemented, and, if not so, for the reasons for non-implementation. This parliamentary hearing normally takes place after the publication of the audit report. One SAI mentions an additional parliamentary hearing, as it proposes each year to parliament to organise specific follow-up debates on previous audit reports whose recommendations are not sufficiently implemented.

Whether or not those parliamentary sessions have consequences (e.g. government agreement to implement contentious recommendations or parliamentary directives) remains unclear as well. Some SAIs, however, state that parliamentary discussions lead to some level of parliamentary recommendations, endorsements or demands for the implementation of recommendations. Here, we could not always properly determine in how far those demands are binding for the auditee. Only in the minority of cases, respondents have explicitly stated that adherence to parliamentary committee resolutions or decisions are – in practice – binding for the auditee.

At one SAI, parliamentary involvement is more developed, in the sense that the parliamentary committee plays a more active role in the follow-up process. In this case, it is the Public Accounts Committee (PAC)'s role to ask the responsible minister to comment on the audit report, immediately following its publication. The minister communicates the planned measures both to the SAI and PAC, based on which the SAI investigates at a later stage whether all issues have been appropriately addressed or whether there are still outstanding matters for follow-up. A global report of aggregated follow-up results is drawn up by the PAC as well.

A different manner of parliamentary impact is mentioned by another SAI, where the auditee is expected to report to parliament on the degree of compliance to the SAI's recommendations as part of the process leading to the approval of its annual budget. Similarly, one SAI mentioned the possibility that, based on findings and recommendations from the annual report, parliament may respond by decreasing the budget of one or more budget users. Finally, the practice in one SAI where the ministers' yearly policy notes with

their response on the SAI's recommendations are submitted to parliament, may be seen as a combined engagement of both auditee and parliament.

On the one hand, binding parliamentary decisions or resolutions may be the most effective instrument to guarantee implementation of SAI recommendations. Nevertheless, non-binding recommendations, discussions or even pure reporting-mechanisms may also have a considerable effect, especially if such communication is made public. Parliamentary discussions and media attention may work hand in hand to facilitate the implementation of audit recommendations. Auditees may principally wish to avoid this level of attention⁷.

In summary, if national regulations permit so, the involvement of parliament may be a powerful tool to enhance the effectiveness of audits. This works especially well if combined with an efficient reporting mechanism that communicates issues to the wider group of stakeholders. This aspect is further addressed in the next chapter.

3.5. Report the results of the follow-up system

Report the results of the follow-up system, preferably in an aggregated way by publishing a global report or database on the follow-up results during a specific period.

A clear and effective communication of audit results is essential for a SAI to fulfil its mandate. Stakeholders or audiences of audit information, however, are to be found beyond the auditee - which is usually part of government or its wider administration - itself. Parliament or specific committees thereof are also crucial recipients of audit information. The media, NGOs and the general public form part of the wider group of stakeholders.

Consequently, according to INTOSAI, the results of SAIs' follow-up exercises should be communicated publicly, unless regulations stipulate otherwise^{viii}. ISSAI 3000 promotes an appropriate reporting mechanism including the support of all SAI stakeholders^{ix}.

In light of the above, a communication or reporting system on the results of the follow-up of audit recommendations may fulfil various purposes, such as:

- Internal aggregation of information on follow-up results, e.g. for risk assessments and/or audit planning.
- External presentation of information on follow-up results to various stakeholders, e.g. parliamentarians, journalists or the broader public, either for transparency reasons or to raise the pressure on the auditee.
- Assessment of the SAI's performance and accountability-reporting towards the SAI's stakeholders.

Almost every respondent indicates some method of communication of follow-up results, although in some cases, this is limited to the reporting of follow-up audits. The communication of the results of follow-up activities can be addressed to the auditee itself, but various SAIs share these results with other parts of the respective department or to related government bodies. In some cases, parliament receives individual reports on a regular basis. Furthermore, relevant information may be made public on SAIs' websites. Respondents' individual approaches vary considerably, also depending on the audit subject (e. g. financial, compliance or performance audit).

A substantial number of respondents have specific reporting mechanisms in place that go beyond the distribution of individual reports related to the follow-up of audit recommendations.

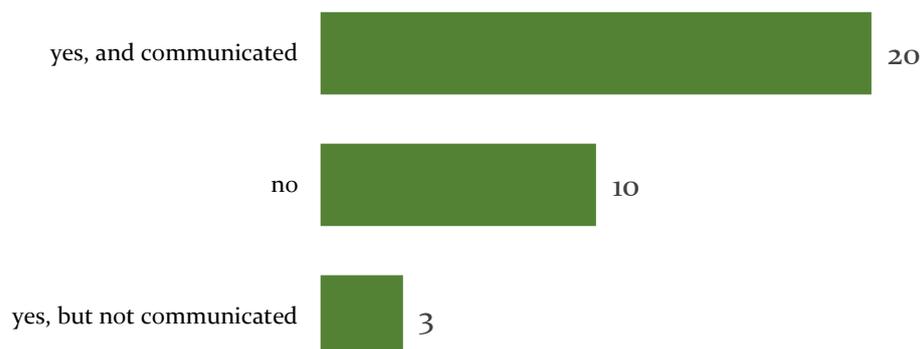
⁷ At the same time, publishing positive follow-up results rewards the well-performing auditees (see chapter 2.1).

The figure below shows the spread across all respondents regarding the availability of a ‘global report’ that is either used for the internal or external presentation of follow-up activities or results. For the purposes of this document, a ‘global report’ constitutes some form of aggregation (either online or in print) of relevant information covering a specific time frame (e.g. within a calendar year).

Chart 17

Does your SAI make a global report on the follow-up of recommendations/reports and is it communicated to external stakeholders?

Total respondents: 33

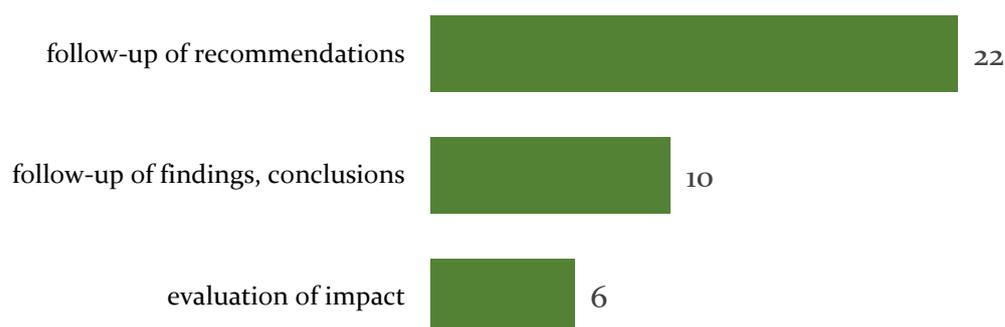


The level of information contained in these reports may vary. The figure below shows the type of information covered in respondents’ global reports. Various SAIs selected more than one option. As expected, most of the SAIs report on the follow-up of recommendations. Some reports also include information on the follow-up of the audit findings or a further evaluation of the impact.

Chart 18

What kind of information does this report contain?

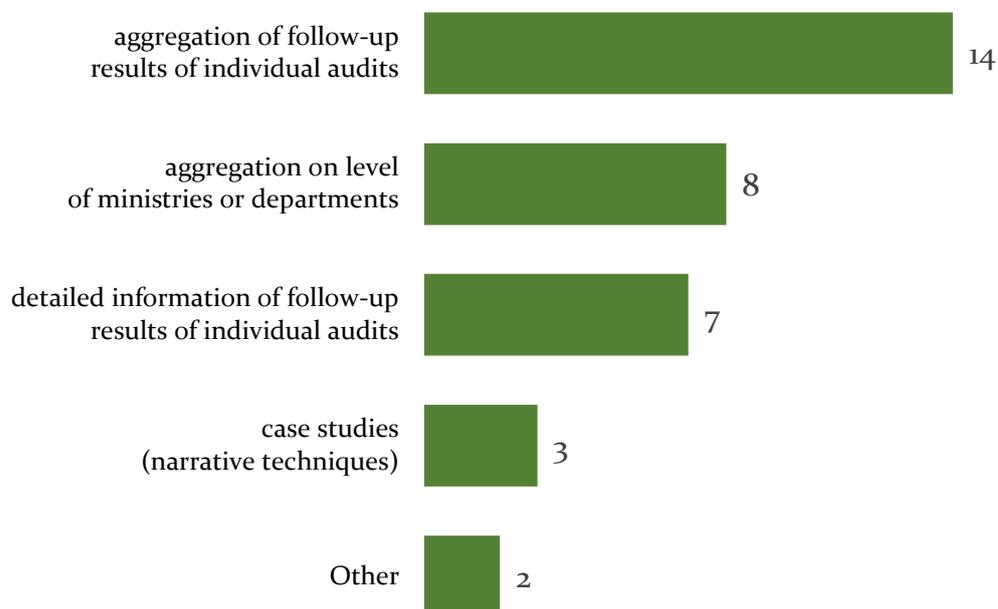
Total respondents: 33, multiple answers possible, distribution per category



The figure below shows the manner in which information is presented. Multiple selections were possible. Most SAIs use an aggregation of the follow-up results. Some SAIs complement this with an aggregation on the level of ministries or departments or provide additional detailed information of follow-up results of individual audits. The qualitative technique of case studies, where examples of follow-up results of individual audits are described, is rather rarely applied.

Chart 19**How is this report presented?**

Total respondents: 33, multiple answers possible



Good practice in this field mainly depends on the potential ‘range of influence’: a broader distribution of information on the implementation of audit recommendations is to be preferred over a sole internal use or a smaller distribution of information. As demonstrated in the figure above, 20 of 33 respondents communicate their global report externally. This is usually done by putting this report on the website, or by including the follow-up information in the SAI’s annual activity report. Some respondents also refer to a database used by the auditee in order to report on the fulfilment of the recommendations. One SAI answered that it had recently developed a database that is accessible to the auditee. The database builds on the action plans and the corresponding deadlines. The reporting of the auditee on the fulfilment of recommendations, including the uploading of audit evidence and documentation, is done via the database system. Deadlines trigger automatic notifications that are sent to auditees. The analysed data are then published online.

Good practices are also defined by the type of information presented. While most SAIs follow either a quantitative approach, by presenting an aggregation of the follow-up results as a number or percentage of implemented recommendations, or a qualitative approach, by providing detailed information of the follow-up results in a descriptive way, one SAI answers that its annual public report combines both approaches: The report provides a general statistical presentation on the implementation of all recommendations, based on a rating mechanism designed to assess the degree of implementation⁸, as well as an in-depth analysis of the implementation status of certain selected recommendations.

The level of detail presented may also vary. One SAI for example, describes the selected recommendations of the individual audit reports followed up. The SAI provides an assessment on the extent of implementation of these recommendations and a short explanation supporting the audit team’s judgment. A final conclusion for each audited entity on the overall progress in implementing the recommendations is also issued.

Summing up, an adequate communication or reporting on audit recommendations and its implementation supports SAIs’ justification and effectiveness. SAIs may wish to consider a combination

⁸ Completely implemented, implementation in progress, implementation incomplete, no implementation, no longer applicable, refusal to implement.

of a qualitative and quantitative approach. The further utility (e.g. for risk assessments) of information on the implementation of audit recommendations is discussed in the next chapter.

3.6. Use of follow-up results for performance monitoring and risk assessment

Use the results of the follow-up system as a performance monitoring system and for risk assessment.

- *Use for performance monitoring system*

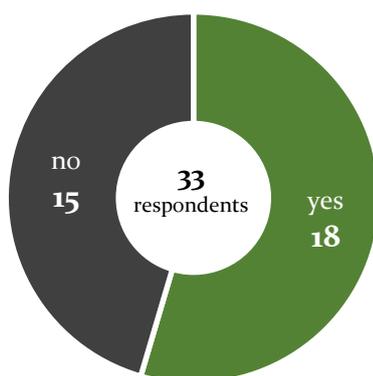
According to the INTOSAI-P 20 *Principles of Transparency and Accountability*, SAIs may use performance indicators to assess the value of audit work for parliament, citizens and other stakeholders.

Regarding the topic of follow-up, ISSAI 3000 states that following up on recommendations may serve the evaluation of SAI performance⁹. Also, the INTOSAI guide *Supreme Audit Institutions: Performance Measurement Framework*⁸ mentions that, 'if data regarding the implementation of the SAI's recommendations is available, the proportion of the recommendations that are partially or fully implemented by the audited bodies would be an interesting figure to take into consideration to assess the credibility and legitimacy of the SAI within its broader institutional environment'. Furthermore, as these follow-up results are easy to understand for stakeholders (parliament, society), this type of indicator seems to be an adequate instrument for SAIs to report on performance evaluation⁹. Of course, SAIs' performance cannot be assessed by implementation rates only, and must be evaluated by a large set of indicators in different domains.

Regarding the question if SAIs use the results of follow-up in their performance monitoring system, the survey answers show a divided reality, as 18 SAIs answered 'yes' and 15 answered 'no'. Concerning those who answered 'no', respondents did not give the reasons for this answer¹⁰.

Chart 20

Does the performance monitoring system of your SAI use the results of follow-ups?



Some of the SAIs who answered 'yes' gave additional information that can be used as examples of good practices.

⁹ This may, however, lead to undesirable side effects, as auditors could focus on recommendations related to easy-to-fix problems ('low-hanging-fruit'), only to raise the SAI's performance rate.

¹⁰ There might be no performance monitoring system at all, or this system might not take into account the follow-up results.

SAIs mention indicators as *statistics on fulfilled/unfulfilled measures, the recovery of damages, changes or legal improvement, organisational measures, and administrative and disciplinary measures*. Another SAI does not specify the use of follow-up results for performance monitoring, but the statistical presentation on the implementation of recommendations in its annual report, with different categories on the degree of implementation (see chapter 3.5), already provides useful performance indicators.

One SAI uses a target value for performance indicators: *90% of all unresolved issues¹¹ in our major studies are addressed by the responsible minister within three years*. These targets are also published on their website and annual activity report.

- *Use for risk assessment*

According to ISSAI 300^{xii}, ‘auditors should select audit topics through the SAI’s strategic planning process by analysing potential topics and conducting research to identify risks and problems. [...] Formal techniques to prepare the strategic planning process, such as risk analysis or problem assessments, can help structure the process but need to be complemented by professional judgement to avoid one-sided assessments’.

At this strategic level SAIs want to maximise their value for society by helping to create good public governance, by limiting negative financial and societal impacts of bad governance, and by stressing compliance of public sector officials with laws and regulations^{xiii}. In this regard, audit reports should help to improve governance, and an effective measure to value this impact is the degree of implementation of recommendations, checked through the follow-up procedure. The results of these follow-ups are therefore an important element for the risk assessment of SAIs: Do the recommendations and other results generally lead to changes in public governance and if so to what degree? Do global results point to specific problematic areas (for example lack of IT security), or more systemic risks (for example, absence of internal controls)? If the degree of changes is not sufficient, this means that there are shortcomings in the progress towards good governance. These shortcomings could be addressed in the strategic planning of audit subjects^{xiv}.

Not implementing recommendations also constitutes the basis for other risks at strategic level, as it can alter the image of the SAI in a negative way: the confidence of organisations and the public in the SAI could diminish, or the audited organisations could be reluctant to work together with the SAI as they see that the SAI lacks authority to impose its recommendations.

Besides this strategic risk assessment, operational plans with audit subjects¹² should also be based on a risk assessment. In this context, the fact that recommendations have not been implemented forms a risk towards the audited organisation. On the other hand, in case of implementation, the SAI could lower the risk factor for that organisation and focus its resources on others.

So, one survey question asks if the results of the follow-up procedures form a part of the risk assessment of the SAI, and, if they do, if they impact risk assessment at strategic level and/or operational level.

Regarding the first question, 28 SAIs use the results of follow-ups for risk assessment, although for 7 of them this use is not systematic.

¹¹ Issues are considered unresolved if the measures implemented by the minister were not considered satisfactory by the Auditor General.

¹² The INTOSAI Global Stocktaking Report 2017 reveals that most SAI draw up operational (or annual) plans <https://www.idi.no/en/all-news/idi-news/item/128-global-sai-stocktaking-report-2017>.

Chart 21
Do the results of the follow-up procedures form a part of the risk assessment of the SAI in the following years?

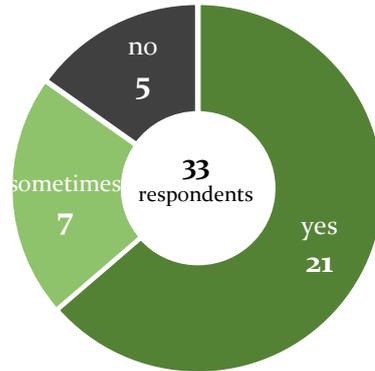
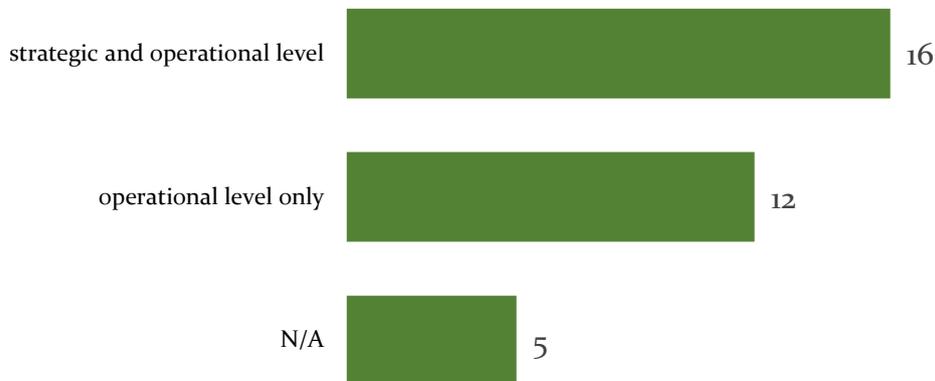


Chart 22
In case the results are used for risk assessment: do they impact risk assessment at strategic level and/or operational level?
 Total respondents: 33



All 28 use the results at the operational level, 16 of them also use them at the strategic level.

As the survey did not ask for a description of the risk assessment, and the role of follow-ups in it, no further information is available on this. Only one SAI indicates explicitly that it applies a particular methodology of risk assessment based on all follow-up results. Moreover, many SAIs’ responses to other questions illustrate that follow-up procedures may result in follow-up audits. Where it is not clear if this process is included in an official (operational) risk assessment that leads to an operational plan, it still shows an implicit use of follow-up results for operational planning.

In summary of the above, we can conclude that the use of the follow-up results as a performance measure for the SAI’s action is not very widespread, even if this type of measurement is easy to understand for the general public. The use of the results of follow-up as an input for risk assessment is more general, certainly at an operational level. As ISSAI 300 *Performance Audit Principles* refers on this matter to strategic planning, progress should be made by SAIs to adhere to this principle.

4. Closing remarks

It might be possible that some aspects of good practices proposed here are difficult to adapt or implement for individual SAIs. This may especially be true if national legislation does not permit, e.g., a stronger involvement of parliament. Existing processes may be established in detailed procedures, from which SAIs are not allowed to deviate. They may also be limited in their ability to communicate audit results to a broader audience, as audit data can be classified or confidential by national regulations. Furthermore, SAIs may wish to maintain good relationships and promote an atmosphere of trust with the auditee, and therefore want to avoid exposing follow-up results that could be harmful for the reputation of the auditee.

Notwithstanding the above, the authors of this report are convinced that the results of this survey offer many ideas and starting points for SAIs to learn from each other, and to move towards an efficient and effective follow-up system that increases the impact of audit reports. An important lesson to be learned is that such a follow-up system should go beyond the existence of a follow-up procedure and is related to the whole audit process, from the drafting of the audit report to the use of the follow-up results in the context of a risk assessment. Similarly, SAIs should not act alone and must engage their stakeholders in this process: the auditee, parliament, media and the general public.

The results of the survey obviously describe a snapshot of the current situation and various areas relevant for the follow-up of audit recommendations remain in continuous change. This is particularly true for those good practices involving modern information technology. Here, it will be interesting to observe the evolution of SAIs' reporting mechanisms or auditees' self-reporting tools. Likewise, scientific research on impact of audit reports will lead to further insights, as some aspects should be further investigated¹³. So, future studies and surveys within EUROSAI will be necessary to pick up on interesting ideas and practices among the EUROSAI members. It would be recommended that EUROSAI should launch further studies and activities in this area so that SAIs would have more possibilities to increase the impact on their governments and society.

¹³ Current research hardly addresses various causal paths that can lead to impact. For example, is a certain factor (a constructive relationship between auditor and auditee; pressure from the media) a necessary condition (along with other factors) for impact, or is it only a contributing factor? (PUT V., *The Impact of Performance Auditing – a practice friendly review*, 2018).

Annex 1: survey**Survey on follow-up of audit recommendations**

1. *Identification: SAI of*
Country:
Email:

A. Nature of recommendations

2. Do your SAI's audit reports contain recommendations (as meant in ISSAI level 2: ISSAI 10 & 12)?
 Yes Some reports No

If answer is no: go to question 16

3. Are the recommendations related to a certain kind of audit (as meant in ISSAI level 3: ISSAI 100-400)? *[multiple answers possible]*

Performance audit Compliance audit
 Financial audit All

Remarks:

4. Has your SAI a manual/guideline for formulating recommendations (*style of writing, content, max. number of recommendations,...*)?

Yes (explain) No

Explanation:

5. Are the recommendations based on a dialogue with the auditee?

Yes No

Remarks:

6. Is the auditee asked or expected to accept the recommendations?

Yes (explain) No

Explanation:

7. If the auditee is asked or expected to accept the recommendations: what are the consequences in case of non-acceptation?

Explanation:

8. Are the recommendations specific (*recommendation limited to one or more concrete aspects, ex.: an IT-tool for project management should be implemented, a specific procedure must be adapted*) or more general (ex.: project management should be implemented, procedures should be implemented)?

Specific General Combination of both

Remarks:

9. Are the recommendations directed at the audited administration (*ministry, agency, governing board,...*), the government (*minister(s), cabinet member, collegium of ministers*) or Parliament (*plenary of commission*)?

Administration Government Other (explain)
 Parliament Multiple recipients (explain)

Explanation:

10. Is there a classification of the recommendations (*ex: high/medium/low; short term/medium term/long term*)?

Yes (explain) No

Explanation:

11. Are there legal requirements for implementing the recommendations?

Yes (explain) No

Explanation:

12. Does your SAI ask the auditee for an "action plan" that specifies the measures to implement the recommendations?

Yes Sometimes No

If yes or sometimes, what should be included (actions, persons in charge, deadlines, ...):

13. Are there deadlines set for the implementation of recommendations?

Yes (explain) Sometimes (explain) No

Explanation:

14. If there are deadlines: they are determined by

SAI Auditee SAI and auditee (by agreement)

Regulation Other (explain) Not applicable

Explanation:

15. Does parliament play a role in the implementation of recommendations?

Yes (explain) Sometimes (explain) No

Explanation (ex. *In case of non-implementation the status is brought to the attention of Parliament, Parliament has the possibility to endorse recommendations,...*):

Go to question 17

B. Follow-up system for individual audits

B.1 Follow-up system

16. (*if question 2 answers no*) Does your SAI follow up audit reports (findings, conclusions, ...)? (*note: this question concerns the follow-up of the content of the report, not the wider impact*)

Yes (explain) Sometimes (explain) No

Explanation:

If answer is no: end of survey

If answer is yes or sometimes: go to question 19, then continue from B.3 (questions 32 through 33)

17. Does your SAI follow up audit recommendations?

Yes Sometimes (explain) No

Explanation:

If answer is no: B.2 (questions 20 through 31) can be skipped

18. Does your SAI follow up audit reports *besides* the implementation of its recommendations (findings, conclusions, ...)? (*note: this question concerns the follow-up of the content of the report, not the wider impact*)

Yes

No

Sometimes (explain)

Remarks:

If answer is no AND answer on question 17 is no: end of survey

19. Is there a formal policy or procedure for follow-up?

Yes No

Remarks:

B.2 Follow-up of audit recommendations

20. Which recommendations of an audit report are followed up?

- All
- Sample basis (explain)
- Determined on case by case basis (explain)
- Other methods (explain)

Explanation:

21. What is the information about the implementation of recommendations in audit reports based upon?

- Notice taken of response by auditee (ex. action plan by auditee, questionnaire reply by auditee,)
- Limited review of response by auditee or documentation
- Follow-up audit
- Other (explain)

Explanation:

22. At what time the follow-up of the recommendations is carried out?

- Fixed time scale (explain)
- Ad hoc (explain)
- Based upon the deadlines (cf. question 13)
- Other (explain)

Explanation:

23. How often is the follow-up of recommendations carried out?

- Once
- Repeatedly (explain)
- Decided on case by case basis (explain)
- Other (explain)

Explanation:

24. Does your SAI carry out the follow-up of recommendations in individual reports in a quantitative or qualitative manner?

- Quantitative (*consists of displaying a number or percentage*) (**go to questions 25 – 27**)
- Qualitative (*presents the information in a descriptive way*) (**go to question 28**)
- Combination of both (explain) (**continue**)

Remarks:

25. In case of a quantitative manner, does it consist of: [*multiple answers possible*]

- Statistics on audit recommendations (*number of implemented recommendations*)
- Statistics on audit recommendations (*percentage of implemented recommendations compared to total of recommendations*)
- Financial impact estimates (*ex. Calculation of total savings and additional revenues or ratio of estimated savings and additional revenues vs. the cost of audit operation or cost of implementing the recommendations*)
- Other (explain):

Explanation:

26. In case of a financial impact estimation (cf. question 25), does your SAI have a special methodology for evaluating or measuring this impact?

- Yes (explain) No Not applicable

Explanation:

27. In case of a quantitative manner, does it take into account the different types of recommendations and does it distinguish the significant and less significant ones?

- Yes (explain) No

Explanation:

28. In case of a qualitative manner:

- Description of the (non-)implemented recommendations
- Evaluation of causal connection between the audit recommendations and the actions planned or taken by the auditee
- Evaluation of the long-term outcomes of the audit report
- Other: explain
- Not applicable

Explanation:

29. In case of an evaluation of the causal connection or the long-term outcomes (cf. question 28), does your SAI have a special methodology for the evaluation?

- Yes (explain) No Not applicable

Explanation:

30. Does your SAI take action if the SAI assesses that there is no adequate implementation of the recommendations (auditee has not taken appropriate or enough action)?

- Yes (explain)
- Decided on case by case basis (explain)
- No

Explanation:

31. Is your SAI legally required to take action in case there is no adequate implementation of recommendations?

- Yes (explain) No

Explanation:

B.3 Communication of follow-up (of recommendations and/or content)

32. Are the results of the follow-up of individual audits communicated?

- Yes Sometimes (explain) No

Explanation:

33. To whom are the results communicated?

- Internally (explain) Externally (explain) Not applicable

Explanation:

C. Follow-up system in general

These questions are for SAI's who follow up recommendations as well SAI's who follow up the content of reports (findings, conclusions,...). Therefore the words 'recommendations/reports' are used in these questions.

34. Who is responsible for the overall process of the follow-up of recommendations/reports and summarizing the global information?

- Special department in the SAI
- Appointed auditor or other employee
- Other (explain)

Explanation:

35. Does your SAI make a global report (all or part of follow-ups during a specific period) on the follow-up of recommendations/reports?

Yes

No

Remarks:

36. In case of a global report: is this report communicated outside the SAI?

Yes

No

Not applicable

If yes: to whom?

37. In case of a global report: what kind of information does this report contain? [*multiple answers possible*]

Follow-up of recommendations

Follow-up of findings, conclusions

Evaluation of impact

Not applicable

Remarks:

38. In case of a global report: how is this report presented? [*multiple answers possible*]

Aggregation of follow-up results of individual audits

Aggregation on level of ministries or departments

Detailed information of follow-up results of individual audits

Case studies (narrative techniques)

Other (explain)

Not applicable

Remarks:

39. Does the performance monitoring system of your SAI uses the results of follow-ups?

Yes (explain)

No

Explanation:

40. Is the follow-up system evaluated (as part of the evaluation of the quality system of the SAI)?

Often and/or periodically

Rarely and/or not periodically

Never

Remarks:

41. In case of evaluation, did it lead to major changes in the system or will major changes be implemented in the near future?

Yes (explain)

No

Not applicable

Explanation:

42. Do the results of the follow-up procedures form a part of the risk assessment of the SAI in the following years?

Yes

No

Sometimes

Remarks:

43. In case the results are used for risk assessment: do they impact risk assessment at strategic level (*goals and planning at SAI level*) and/or operational level (*determining audit subjects for specific matters*)?

Risk assessment at strategic level

Risk assessment at operational level

Both

Not applicable

Remarks:

44. Are there best practices on follow-up on audit reports your SAI would like to share (which could be useful to other SAI's)?

Remarks:

45. Are there any other aspects concerning the topic of this survey your SAI would like to share?

Remarks:

Annex 2: survey answers

<i>Survey Question</i>	<i>Answers with number of SAIs</i>	
<i>Do your SAI's audit reports contain recommendations?</i>	YES	28
	SOME REPORTS	5
	NO	0
<i>Are the recommendations related to a certain kind of audit?</i>	ALL AUDITS	26
	PERFORMANCE	2
	PERFORMANCE AND COMPLIANCE	2
	PERFORMANCE AND FINANCIAL	3
<i>Has your SAI a manual/guideline for formulating recommendations?</i>	YES	26
	NO	7
<i>Are the recommendations based on a dialogue with the auditee?</i>	YES	27
	NO	6
<i>Is the auditee asked or expected to accept the recommendations?</i>	YES	23
	NO	10
<i>Are the recommendations specific or more general?</i>	BOTH	29
	GENERAL	3
	SPECIFIC	1
<i>Are the recommendations directed at the audited administration, the government or Parliament?</i>	ADMINISTRATION/GOVERNMENT	17
	ADMINISTRATION/GOVERNMENT/ PARLIAMENT	3
	MULTIPLE RECIPIENTS	13
<i>Is there a classification of the recommendations?</i>	YES	6
	NO	27
<i>Are there legal requirements for implementing the recommendations?</i>	YES	8
	NO	25
<i>Does your SAI ask the auditee for an action plan?</i>	YES	11
	SOMETIMES	9
	NO	13

<i>Are there deadlines set for the implementation of recommendations?</i>	YES	13
	SOMETIMES	6
	NO	14
<i>If there are deadlines, they are determined by</i>	SAI AND AUDITEE	9
	SAI	6
	AUDITEE	3
	PARLIAMENT (PAC)	1
<i>Does parliament play a role in the implementation of recommendations?</i>	YES	13
	SOMETIMES	13
	NO	7
<i>Does your SAI follow up audit recommendations?</i>	YES	31
	SOMETIMES	2
	NO	0
<i>Does your SAI follow up audit reports besides the implementation of its recommendations?</i>	YES	10
	SOMETIMES	10
	NO	13
<i>Is there a formal policy or procedure for follow-up?</i>	YES	30
	NO	3
<i>Which recommendations of an audit are followed up?</i>	ALL	24
	CASE BY CASE	4
	OTHER METHODS	5
<i>What is the information about the implementation based upon?</i>	NOTICE TAKEN OF RESPONSE BY AUDITEE	0
	LIMITED REVIEW OF RESPONSE	7
	FOLLOW-UP AUDIT	3
	LIMITED REVIEW + FOLLOW-UP AUDIT	23
<i>At what time the follow-up of the recommendations is carried out?</i>	FIXED TIME SCALE	17
	BASED UPON DEADLINES	9
	AD HOC	7

<i>How often is the follow-up of recommendations carried out?</i>	REPEATEDLY	16
	CASE BY CASE	11
	ONCE	6
<i>Does your SAI carry out the follow-up in individual reports in a quantitative or qualitative way?</i>	QUANTITATIVE	1
	QUALITATIVE	11
	BOTH	21
<i>In case of a quantitative manner, does it consist of (multiple answers possible)</i>	NUMBER OF IMPLEMENTED RECOMMENDATIONS	17
	PERCENTAGE OF IMPLEMENTED RECOMMENDATIONS	17
	FINANCIAL IMPACT ESTIMATION	3
	OTHER	4
<i>In case of a financial impact estimation, does your SAI have a special methodology?</i>	YES	4
	NO/N-A	29
<i>In case of a quantitative manner, does it distinguish the significant and less significant ones?</i>	YES	6
	NO/N-A	27
<i>In case of a qualitative manner, does it consist of (multiple answers possible)</i>	DESCRIPTION OF IMPLEMENTED RECOMMENDATIONS	27
	EVALUATION OF CAUSAL CONNECTION	16
	EVALUATION OF LONG-TERM OUTCOMES	11
	OTHER	3
<i>In case of an evaluation of the causal connection or the long-term outcomes, does your SAI have a special methodology?</i>	YES	2
	NO/N-A	31
<i>Does your SAI take action if the SAI assesses that there is no adequate implementation of the recommendations?</i>	YES	17
	CASE BY CASE	10
	NO	6
<i>Is your SAI legally required to take action in case there is no adequate implementation of recommendations?</i>	YES	8
	NO	25

<i>Are the results of the follow-up of individual audits communicated?</i>	YES	26
	SOMETIMES	7
	NO	0
<i>To whom are the results communicated?</i>	INTERNALLY	2
	EXTERNALLY	31
<i>Who is responsible for the overall process of the follow-up of recommendations?</i>	SPECIAL DEPARTMENT	10
	APPOINTED AUDITOR	13
	OTHER	10
<i>Does your SAI make a global report on the follow-up of recommendations?</i>	YES	23
	NO	10
<i>In case of a global report: is this report communicated outside the SAI?</i>	YES	20
	NO	3
	N/A	10
<i>In case of a global report: what kind of information does this report contain? (multiple answers possible)</i>	FOLLOW-UP OF RECOMMENDATIONS	22
	FOLLOW-UP OF FINDINGS, CONCLUSIONS	10
	EVALUATION OF IMPACT	6
	N/A	10
<i>In case of a global report: how is this report presented? (multiple answers possible)</i>	AGGREGATION OF FOLLOW-UP RESULTS OF INDIVIDUAL AUDITS	14
	AGGREGATION ON LEVEL OF MINISTRIES OR DEPARTMENTS	8
	DETAILED INFORMATION OF FOLLOW-UP RESULTS OF INDIVIDUAL AUDITS	7
	CASE STUDIES	3
	OTHER	2
<i>Does the performance monitoring system of your SAI use the results of follow-up?</i>	YES	18
	NO	15
<i>Is the follow-up system evaluated (as part of the evaluation of the quality system of the SAI)?</i>	OFTEN	15
	RARELY	14
	NEVER	4
<i>In case of evaluation, did it lead to major changes in the system or will major changes be implemented?</i>	YES	12
	NO	17
	N/A	4

<i>Do the results of the follow-up procedures form a part of the risk assessment of the SAI?</i>	YES	21
	SOMETIMES	7
	NO	5

<i>In case the results are used for risk assessment, do they impact risk at strategic or operational level?</i>	STRATEGIC LEVEL	0
	OPERATIONAL LEVEL	12
	BOTH	16
	N/A	5

REFERENCES

-
- i Canadian Audit & Accountability Foundation (2019). *The impact of performance audits: defining, measuring and reporting impact, a discussion paper*.
- ii Van Loocke, E. & Put, V. (2011). *The impact of performance audits: a review of the existing evidence*. In J. Lonsdale, P. Wilkins & T. Ling (Red.), *Performance Auditing. Contributing to Accountability in Democratic Government* (pp. 175-208). Cheltenham, UK – Northampton, MA, USA: Edward Elgar.
- iii Van Loocke, E. & Put, V. (2011). Put V. (2018). *The impact of Performance Auditing – a Practice Friendly review* (<http://intosaijournal.org/the-impact-of-performance-auditing-a-practice-friendly-review/>)
- iv INTOSAI Capacity Building Committee (CBC) (2010). *How to increase the use and impact of audit reports, A guide for Supreme Audit Institutions*.
- v Canadian Audit & Accountability Foundation (2019). *The impact of performance audits: defining, measuring and reporting impact, a discussion paper*. Van Acker, W. & Bouckaert, G. (2018). *The Impact of Supreme Audit Institutions and Ombudsmen in Belgium and The Netherlands*, John Wiley & Sons Ltd.
- vi Put, V. (2018). *The impact of Performance Auditing – a Practice Friendly review*.
- vii Canadian Audit & Accountability Foundation (2019). *The impact of performance audits: defining, measuring and reporting impact, a discussion paper*.
- viii INTOSAI Capacity Building Committee (CBC) (2010). *How to increase the use and impact of audit reports, A guide for Supreme Audit Institutions*.
- ix ISSAI 3000 *Performance Audit Standards*, par. 138.
- x ISSAI 3000 *Performance Audit Standards*, par. 137.
- xi INTOSAI Development Initiative (IDI) (2016). *Supreme Audit Institutions Performance Measurement Framework*.
- xii ISSAI 300, par. 36.
- xiii Dimitrova, D. (2019). *Not failing to prepare: supporting strategic management in SAI towards stronger performance*. EUROSAI Magazine no. 25, 2019, p 88.
- xiv INTOSAI, *Paper on a Risk-Assessment Framework for SAIs to Incorporate Relevant SDGs Related Programs in their Annual Audit Plans* https://www.intosaicomunity.net/document/exposure_draft/11_Paper_on_SDGs_23nov18.pdf
AFROSAI, *Risk management guidelines for SAI*, https://afrosai-e.org.za/wp-content/uploads/2019/04/Risk-Management-Guideline-for-SAIs1_00.pdf; OECD, *Using Risk Assessment in Multi-year Performance Audit Planning*, <https://www.oecd.org/gov/ethics/using-risk-assessment.pdf>.