| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
| --- | --- | --- | --- |
| **Audit Procedure** | **Inquiry:** Inquiry consists of seeking information of knowledgeable persons within the entity or outside the entity |
| **Evidence Type** | **Testimonial Evidence:** obtained from others through oral or written statements in response to auditors’ enquiries. In general it is often considered less reliable than documentary evidence. |
| **Meetings and Interviews:** Oral statements in response to questions probing perceptions and attitudes and events.Interviews can be structured and unstructured | * Provides leads for further or deeper enquiry
* Immediate follow-up to new information and new leads
* Easy to begin and stop
 | * Less reliable than documentary evidence
* Needs corroboration to provide assurance
* Subject to inaccuracies and biases of interviewer and/ or interviewee
* May elicit speculation or information outside scope of audit
* Communication barriers limit information quality
 | * In the planning phase to obtain documents and to understand the entity and identify potential issues
* In the examination phase to confirm information and understanding of facts
* Interview summaries signed by the interviewee when we want to use as evidence
* Interviewees need to be selected carefully to be useful
* Interviews can be structured or unstructured
* Auditors must appear neutral and avoid tendency to confer judgment
 |
| **Focus groups:** Interviews of a group of people all at once | * May quickly flag issues and their impact
* Useful source to understand and corroborate evidence
* Group dynamics may highlight issues relevant to the topic discussed
 | * Opinionated participants may sway results
* Sessions can affect employer-employee relations
* Sessions may affect auditor-auditee relations
* Limited range of topics
 | * In the planning phase, to define problems, test questionnaires or other communication tools for later phases
* In the examination phase, to collect qualitative information and better understand repercussions of possible solutions
* Useful when topic is new, complex or involves many third parties
* Requires strong and effective moderator
* Requires strict and extensive planning
 |
| **Surveys:** Questions asked systematically of a large set of respondents (written or interview based) | * Limits researcher bias
* Gathers large volume of information consistently
 | * Refusal rates may be high
* May be time consuming
 | * To collect specific quantitative or qualitative information from a large number of individuals, typically in the examination phase
* Requires careful questionnaire design and validation (questions can be ambiguous or have unintended bias; order can influence responses)
* Typically, Office surveys are treated as a census. If a survey is meant to conclude in a representative manner, careful consideration must be given to the sampling design and to the assessment of non-respondents.
 |
| **Expert Opinion** Review or gathering of evidence by skilled and knowledgeable expert. | * Adds weight to evidence and audit conclusions
* More persuasive than mass of weak evidence
 | * Opinion can be disputed by other experts
* Credentials of expert can be challenged
 | * To provide the team needed knowledge about a new or highly technical subject
* To judge whether a criterion is met when only a professional discipline is qualified to perform that assessment [for example lawyers to interpret laws; actuaries to interpret the viability of insurance plans]
* Useful when it is the only source of evidence for highly technical topics
* Expert must be chosen through transparent process and defensible
* Expert must be assessed for integrity, knowledge, objectivity and independence
* Most effective as corroboration–can add strength and legitimacy to audit evidence and conclusions
* Refer to [OAG Audit 2070 Use of Experts](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/manual/2070.shtm) for detailed requirements when using an expert.
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| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
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| **Audit Procedure** | **Observation:** It consists of looking at a process or procedure being performed by others. |
| **Evidence Type** | **Physical Evidence:** obtained by auditor’s direct observation |
| **Observation** Directly seeing, listening, and observing done first hand by the auditor. For example: video, photos shot by the auditor; work shadowing; mystery shopping; or silent observer. | * Good evidence to verify the existence and condition of physical assets
* Good for describing systems and processes
* Presents systems as they operate in real life for actual clients (i.e. to test whether a service is being done in the way it is supposed to be done or to the acceptable standard)
* Provides facts, behaviours and attitudes on the job
* Gives auditors a much greater technical understanding of a process or activity and any audit issues to support other evidence (such as file review and interviews)
* Best used in combination with other audit evidence (i.e. with document review as part of a “system walk-through”)
* Good to provide understanding of topics and activities when service to the public or inspection / enforcement are major activities
* Good opportunity to identify unanticipated outcomes (i.e. it allows auditor to learn about things staff may be unaware of or may be unwilling or unable to discuss in an interview)
 | * May be expensive and time consuming (i.e. travel and site visits if operations are spread out)
* Subject to management manipulation – auditors may only see an artificial construct as staff is often aware of the observer and is on their best behaviour
* Used alone can be viewed as anecdotal evidence
* No proof of consistent application
* Observer’s presence may alter what occurs in the setting and thus this form of evidence may be less valid
* Observer bias can distort what is perceived and recorded
 | * A good technique for planning phase to enter into and understand the situation or context
* To provide understanding of topics and activities when service to the public or inspection / enforcement are major activities (i.e. observing processes such as customs inspections, fishery patrols)
* Good evidence to verify the existence and condition of physical assets or whether a service is being done in the way it is supposed to be done or to the acceptable standard (i.e. inspecting assets to establish their existence and condition)
* An observational audit program should be developed that includes a checklist of key features that need to be observed
* Auditors need to make every attempt to remain neutral and unbiased
* Auditors must ensure that the privacy rights of individuals being observed are not violated
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| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
| --- | --- | --- | --- |
| **Audit Procedure** | **Inspection:** Inspection involves examining records or documents, whether internal or external, in paper form, electronic form, or other media, or a physical examination of an asset. |
| **Evidence Type** | **Documentary Evidence:** obtained from information and data found in documents or databases. Obtaining documentary evidence is unobtrusive and emphasis is placed on its interpretation. |
| **Review of departmental documents:** records created by departments are examined and used by the auditor. Can include memos, performance reports, business plans, committee minutes, routine records, policies, procures, etc. | * Low cost to review readily accessible documents
* May identify areas where the auditor should concentrate
* May include data on delivery impact and performance
* Entities have detailed information on their operations
 | * Information housed on websites can be overwritten, incomplete or for promotional purposes
* Corroboration often needed for context
* Sampling of large number of files may be needed for effective analysis
* Files can be voluminous or scattered
 | * In planning, to identify issues and understand the subject matter
* In examination, to assess the situation and establish facts
* Emails and other documents that contain personal opinions may be more testimonial and documentary in nature
 |
| **File review:** structured type of document examination. | * Provides a high level of assurance to support audit findings and conclusions
* Quick and low cost if files are readily accessible.
* May be useful for quantitative summaries
* Statistically representative sampling strengthens results.
 | * Information in files may not support audit purposes
* File information may change over time, complicating interpretation and trend identification
* Requires a significant amount of up-front work
 | * Examination phase—good way to gather concrete evidence in Examination phase
* Work should start early in planning phase
* Try testing the file review work program in advance
* Use a sampling approach when it is not practical to examine everything
 |
| **Review of departmental Databases:** Financial, operation and performance data maintained by the departments are examined and used by the auditor. Can include departmental spreadsheets. | * Often the basis for analytical evidence
* May produce strong quantitative results
 | * Large databases may need to be sampled
* Not useful unless auditor is sure of its relevance as well as its accuracy and completeness (i.e. reliability)
 | * Good way to gather concrete evidence to support analytical review in the examination phase, but you should start the work in the planning phase.
* Need a good understanding of the information and information system that produces and maintains it
* While the data dictionary will list what information may be available, it does not mean that complete and valid data exists
 |
| **Review of internal audits and evaluations:**Reports prepared by the entity’s internal audit and/or evaluation function. | * Provides additional information relevant to the audit
* May provide valuable evidence
* May significantly reduce audit time and cost
* May help identify issues relevant to Parliament
 | * Scope must be relevant, methodology appropriate and audit function and auditor capability verified
* Can be challenged as evidence if scope, etc., not appropriate
* Needs corroboration unless the auditor confirms the work was done to “audit level “ assurance
 | * Auditors can use the information in many different ways to support the audit strategy and approach
* May be used as corroborating evidence or as direct evidence (i.e. if the auditor relies on it) in the examination phase
* Should be considered in preliminary planning phase
* Work should be current and align with audit’s objectives
* Must evaluate the internal audit or evaluation function as well as the work of the specific report if you plan to rely on it
* Audit standards require us to consider this work in planning an audit
 |
| **Other internal and external reports:** consultants’ and task force reports commissioned by the entity and/or those external to entity such as other jurisdictions (provinces, universities, think tanks, private sector) | * May be helpful to identify issues relevant to Parliament
* Peer review processes can add credibility for external studies
* Valid comparisons support key messages around cause or impact of findings
* May help interpret audit findings and understand context
 | * Varying levels of credibility
* Corroboration of consultants’ work is necessary to support subjective findings and conclusions
* Peer review process not an infallible test of rigour or integrity
* Academics and think tanks may have biases, which need to be identified to properly assess the study
 | * To identify potential issues in the preliminary planning phase
* To corroborate evidence in the examination phase
* Should have sound methodology and be conducted by independent, unbiased, competent personnel
* Needs corroboration unless the auditor can confirm the work was done to “audit level “ assurance
* Can use authors from external organizations for expert opinions
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| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
| **Audit Procedure** | **Recalculation:** Checking the mathematical accuracy of documents or records |
| **Evidence Type** | **Documentary Evidence:** obtained from information and data found in documents or databases. Obtaining documentary evidence is unobtrusive and emphasis is placed on its interpretation. |
| **Re-performance**: the auditor's independent execution of procedures or controls. | * Excellent way to validate a calculation
* Computation or recalculation provides a high level of assurance regarding arithmetical accuracy.
 | * Some procedures may require a very high audit effort
 | * Typically done in examination phase
* Good option when calculations are involved
* Verifying the mathematical accuracy of calculations on reports or other documents to be used as audit evidence.
* To examine how well the action/activity/calculation is done as opposed to just whether it was done
* Recalculation can be performed manually or electronically.
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| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
| **Audit Procedure** | **Reperformance:** The auditor's independent execution of procedures or controls that were originally performed as part of the entity’s internal control. |
| **Evidence Type** | **Documentary Evidence:** obtained from information and data found in documents or databases. Obtaining documentary evidence is unobtrusive and emphasis is placed on its interpretation. |
| **Recalculation:**checking the mathematical accuracy of documents or records | * Excellent way to validate a process. Reperformance provides a high level of assurance regarding arithmetical accuracy.
 | * Some procedures may require a very high audit effort
 | * Typically done in examination phase
* To examine how well the action/activity/adjudication is done as opposed to just whether it was done
* Often involves multiple sources of evidence (documentary and inquiry) and therefor is more reliable.
* Reperformance can be performed manually or electronically.
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| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
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| **Audit Procedure** | **Analytical Procedures:** Analytical procedures consist of evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. |
| **Evidence Type** | **Analytical Evidence:** obtained by manipulating other types of evidence through computations, comparisons, or content analysis of qualitative data. The auditor adds meaning or new information to the original source of evidence. |
| **Data/statistical analysis:** A set of procedures and tools used to extract meaning from sets of data. | * One of the strongest forms of evidence
* Can be performed over entire populations
* Often corroborates other testimonial evidence
 | * May be costly and time consuming to do
* May be complex
 | * Best used in examination phase but need to plan at start of audit to ensure information availability and quality (i.e. relevance and reliability)
* A good understanding of the source information and information systems is required early in planning
* Underlying data must be reliable. That is, the data must be accurate and complete for the analysis to be used as audit evidence. Analysis cannot compensate for poor or unreliable data
* Refer to [OAG Audit 6020 Assessing the Reliability of Data](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/manual/6020.shtm)
 |
| **Case studies**: Documentation or analysis a self-contained stories that illustrates how the actual events have transpired | * An excellent technique to clarify how a system or process works in the real world
* Useful with the final audit report to illustrate to parliamentarians what actually occurs Parliamentary interest is heightened due to their narrative nature
* Adds clarity to a complex issue
* Because they tend to rely on multiple lines and types of evidence, they tend to be more reliable than one type of evidence used on its own
* May offer very credible evidence of extreme cases
 | * May be time consuming and costly to adequately research (i.e. especially if site visits are required)
* Best used in corroboration with other documented evidence
 | * To explore incidents, events, transactions to identify key questions or areas of further examination
* To highlight poor performance or good performance—a review of exceptional cases can signal reasons for success or failure and can reveal program flaws or strengths
* To illustrate consequences (so what).
* Illustrate a typical process and reveal information about the program as a whole.
* To examine unusual cases that show how a program/entity operates under stress and/or causes of failure
* Need to be clearly and carefully selected
* Must be placed in context
* Be careful not to over infer
 |
| **Benchmarking and use of comparisons:** auditee process or performance level is compared to a similar situation in another environment. | * Produces comparable relevant information from other jurisdictions that may shed light on the quality of the auditee approach or level of performance
* Best used with other forms of documented evidence
* May add credibility to audit conclusions
* Provides an outside perspective
* Pushes best practices
 | * Takes some expertise to do properly
* High risk of drawing faulty conclusions without expert advice
* May be expensive if needed data is not readily available from reliable sources
* Full benchmarking is complex and may not be role of auditor
 | * To provide an objective review of critical processes, practices and systems
* To develop criteria
* To identify potentially betters ways of operating
* To lend more credibility to audit recommendations
* To present a common target for improvement
* Danger of comparing apples to oranges – comparisons must be valid
* There are many good organizations in some things but relatively few are word-class
 |
| **Simulation and modelling**: A mathematical or statistical model is created with input data from actual performance sources to mimic or copy a real life system or situation (e.g. regression analysis). | * A strong tool to provide convincing evidence in support of testimonial and documented evidence
* Provides auditor with the ability to ask “what if” questions, form a hypothesis and adjust known factors to view or forecast potential risks and their impact
 | * Complex and prone to technical difficulties
* May be expensive and time consuming – may not always be successful
* May attract a high level of auditee challenge
 | * To project both impacts and causes
* It needs expert assistance to design and develop the model
* Requires an in-depth understanding of the underlying situation and variables.
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| **Technique** | **Strengths** | **Weaknesses** | **How to use** |
| **Audit Procedure** | **External Confirmation:** An external confirmation represents audit evidence obtained by the auditor as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium. |
| **Evidence Type** | **Testimonial Evidence:** obtained from others through oral or written statements in response to auditors’ enquiries. In general it is often considered less reliable than documentary evidence. |
| **External confirmation:** Written response to the auditor by an independent third party. | * Excellent source for corroboration of high-risk areas
* Often combines documentary and testimony evidence
* Very reliable if properly conducted
 | * Third party may introduce bias
* May be time consuming
* Request may be misinterpreted
 | * To confirm tangible information, such as existence of assets
* Ability and knowledge of expert must be evaluated
* Third party must be willing
 |