**Solution to Exercise 1.2**

Following checks and balances are required to be in place in SAI for ensuring transparency, accountably, ethical standards and quality control:-

1. **SAI shall make public its mandate, mission and responsibilities.**

The mandate, mission and responsibilities of SAI India shall be in public domain.

1. **SAI shall adopt audit standards, processes and methods that are objective and transparent.**

The standards and methodologies adopted by SAI India shall be consistent with the fundamental auditing principles elaborated under the International Standards of Supreme Audit Institutions (ISSAIs) of International Organisation of Supreme Audit Institutions (INTOSAI). While conducting its audits, SAI India shall communicate the criteria on which opinions would be based to the auditable entities and keep them informed about the audit objectives, methodology and findings. SAI India shall also communicate the scope of audits undertaken as part of the reporting process. Its audit findings and recommendations shall be subject to procedures of comment, discussion and responses from the audited entity.

1. **SAI shall manage its operations economically, efficiently, effectively and in accordance with laws and regulations and report publicly on these matters.**

SAI India shall employ sound management practices including appropriate internal controls over its financial management and performance and reports on all areas of performance including various audits carried out covering compliance, performance and financial audits. SAI India’s financial statements are open to Parliamentary review and its budget, financial resources and use of resources are in the public domain.

1. **SAI shall report publicly on the results of audits and on conclusions regarding overall public sector activities**

The audit reports of SAI India that include its conclusions and recommendations resulting from its audits shall be tabled in the concerned Legislature or presented to the audited entity’s governing body as required and shall thereafter be in the public domain.

1. **SAI shall communicate timely and widely on its activities and audit results through the website, media and other means.**

Once the Audit Reports are tabled in the concerned legislature, SAI India shall communicate audit results through website and other means and may communicate with the media or other stakeholders on matters included in the reports thereby enhancing transparency and accountability of the audit work. Public and academic interest in important conclusions shall be encouraged. Its reports shall be made understandable to the wide public through various means e.g. summaries, graphics, video presentations and press releases.

1. **SAI shall apply high standards of integrity and ethics for staff of all levels.**

SAI India shall have a Code of Ethics that is aligned with the Code of Ethics (ISSAI 30) elaborated under the ISSAIs. The fundamental principles of ethics are integrity, independence, objectivity and impartiality, confidentiality and competence. SAI India shall ensure transparency and legality of its operations and actively promotes ethical behaviour throughout the organisation.

1. **Quality Assurance and Quality Control**

As an over-riding objective SAI India shall consider the risks to the quality of its work and establish a system of quality control that is designed to mitigate such identified risks. The risks to quality control depend upon the mandate and functions, conditions and environment under which it operates.

1. **SAI shall establish policies and procedures designed to promote an internal culture recognising that quality is essential in performing all of its work. The Head of SAI shall retain overall responsibility for the system of quality control.**

SAI India shall strive to achieve a culture that recognises and rewards high quality work throughout the SAI. It shall ensure that sufficient resources are available within the organisation to maintain the system of quality control.

1. **SAI shall establish policies and procedures designed to provide it with reasonable assurance that the SAI, including all personnel and any parties contracted to carry out work for the SAI comply with the relevant ethical requirements.**
2. SAI India shall recognize the importance of meeting relevant ethical requirements in carrying out its work. Policies and procedures shall be in place to reinforce the fundamental principles of ethics as defined in the code of ethics including rotation of key audit personnel to reduce the risk of familiarity with the entity being audited and to ensure that they remain and appear to remain objective obviating any possibility of conflict of interests. All personnel of SAI India and any parties engaged to carry out any task for the SAI shall have to demonstrate appropriate ethical behaviour.
3. **SAI shall establish policies and procedures designed to provide reasonable assurance that its audits and other work are carried out in accordance with relevant standards, applicable legal and regulatory requirements, that SAI issues reports that are appropriate in the circumstances and that it has sufficient resources with the competence, capabilities and commitment to ethical principles as required to carry out its range of work.**

SAI India shall have an Audit Quality Management Framework that establishes appropriate quality control policies and procedures such as supervision and review responsibilities and ensures tools such as audit methodologies for all work carried out. It shall ensure that applicable standards are followed in all work carried out and if any requirement in a standard is not followed, the reasons are appropriately documented, approved and reported.

SAI India may draw on a number of different sources to ensure that it has the necessary skills and expertise to carry out its range of work. It may collaborate with academic/ research institutions in order to avail of the experienced members of the profession at large and may enter into formal relationships with professional bodies provided the relationships do not inhibit its independence and objectivity. As resources are limited, SAI India may prioritise its work in a manner that takes into account the need to maintain quality.

1. **SAI shall establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant and adequate and is operating effectively.**

SAI India shall ensure that its quality control system includes independent monitoring of the range of controls within the SAI.

SAI India may invite external independent assessment of its activities and implementation of standards through a peer review. Where appropriate, SAI India may consider other means of monitoring the quality of its work which may include but not be limited to independent academic review, stakeholder surveys and follow up reviews of recommendations or feedback from audited entities. There are procedures for dealing with complaints about the quality of work performed by SAI