



Executive Summary of the QAR of SAI Algeria

Background

The ISSAI 140 points out that the main challenge facing SAIs is the commitment to delivering high-quality audit services. The quality of the work carried out by SAIs directly affects their reputation and credibility, as well as their ability to fulfill their mandate. From this perspective, the (ARABOSAI) has been keen to strengthen the professionalism of SAIs in Arab countries by assisting member institutions in conducting quality assurance reviews of their audit work.

In this context, a peer review of the quality assurance system at the SAI of Algeria was conducted and the final report was delivered in 2021. The review was carried out by a regional review team of ARABOSAI, in accordance with ISSAI 130 and ISSAI 140, and in line with the best practices followed in this field. The objective was to provide an independent opinion on the effectiveness and efficiency of the quality assurance system.

ARABOSAI GS reiterate its gratitude to SAI Algeria who accepted to collaborate, this is emphasized the SAI Algeria's commitment to developing and improving its quality system and to be an institution who led by example.

1. Scope of the Quality Assurance Review

The QA review covered three main components:

1. **Institutional level.**
2. **Compliance Audit engagement.**
3. **Performance Audit engagement.**

2. Strengths

- A formally adopted **Code of Ethics**.
- Existence of an **Annual Audit Plan**.
- An approved **Quality Assurance Manual** (though it requires updating and full implementation).
- Documented procedures in some areas of planning and execution.



3. Key Deficiencies

1. Weak embodiment of a **culture of quality** by top leadership; no regular messages or incentives linked to quality.
2. Absence of a clear **policy on delegation of authority**, and no established **whistleblowing mechanism** with protection for whistleblowers.
3. **Declarations of independence** are not documented; no central **register of conflicts of interest**; no **rotation policy** for audit teams.
4. Lack of a **strategic HR plan** and absence of a **centralized staff skills database**.
5. **Audit manuals** not updated (especially for compliance audit); weak mechanisms for **Engagement Quality Control Review (EQCR)** and no documented **dispute resolution procedures**.
6. In planning, execution, and reporting:
 - Audit documentation does not clearly identify **intended users** and the **responsible party**.
 - **Audit criteria** and **materiality** are not consistently defined.
 - Communication with audited entities is insufficiently documented.
7. **Monitoring**: The QA Manual is not updated in line with ISSAI 140; no systematic follow-up of QA reviews.

Implementation Plan

Phase A: Quick Wins

- Issue a **directive** affirming leadership's responsibility for embedding a **culture of quality**.
- Roll out templates for **Declarations of Independence**, **Conflict of Interest Register**, and **Register of Gifts & Hospitality**.
- Enforce a **Supervision Checklist** for all phases (planning, execution, reporting, follow-up).
- Introduce mandatory **EQCR** for high-risk audits.



Phase B: Foundation

- Update the **Compliance Audit Manual** to include: intended users, responsible party, criteria, level of assurance, materiality, communication, and audit documentation.
- Develop a **linkage matrix** aligning: audit objectives, audit questions, criteria, procedures, evidence, findings, conclusions, recommendations.
- Establish a **whistleblowing mechanism** with confidentiality and protection measures.
- Adopt a **rotation policy** for audit teams.

Phase C: Consolidation

- Update the **QA Manual** in full compliance with ISSAI 140.
- Implement annual **QA Monitoring**, reviewing at least one file per engagement leader and reporting results to top management.
- Approve a **3-year Strategic Audit Plan** (priorities, capacity, performance indicators, risk management).
- Deliver focused training on: **Materiality, Criteria setting, designing sufficient and appropriate procedures, and drafting Performance Audit reports.**

Key Performance Indicators

- 100% of audit team members sign **Declarations of Independence** before starting an engagement.
- 100% of high-risk audits undergo **EQCR** prior to issuance.
- Updated **Compliance Audit Manual** and **QA Manual** approved within 90 days.
- 100% of audit engagements document communication with the auditee in the working papers.