

Quality Management System Guide

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ACRONYMS

QA	Quality assurance
QC	Quality control
CoARM	Court of Accounts of the Republic of Moldova
DCA	Decision of the Court of Accounts
SAI	Supreme Audit Institution
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
ISSAI 130	International Auditing Standard "Code of Ethics"
ISSAI 140	International Auditing Standard "Quality Control for Supreme Audit Institutions"
ISSAI 150	
HRM	Human resources management
HRS	Human resources strategy

DESCRIPTION OF THE QUALITY MANAGEMENT SYSTEM

The document represents the formalization of the quality management system in the sense stipulated by ISSAI 140 "Quality Control for Supreme Audit Institutions" and aims:

- the institutionalization of existing practices within the Court of Accounts for compliance with the requirements of ISSAI 140;
- establishing the evaluation criteria of the quality management system; and
- ensuring the effectiveness of the institution's activity by improving the entire quality management system, including the quality of audits and other related activities.

The Court of Accounts of the Republic of Moldova (CoARM) is responsible for the quality of audit reports and, in this sense, develops and implements a quality management system based on international best practices, INTOSAI Framework of professional pronouncements¹, including ISSAI 140 „Quality Control for Supreme Audit Institutions”, ISSAI 130 „Code of Ethics”, ISSAI 150 „Auditor Competence” and the requirements of national and internal regulatory acts of the CoARM.

According to the INTOSAI Framework of professional pronouncements, any institution must implement and maintain a quality system to provide reasonable assurance that:

- *it, as well as its staff, fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory provisions and perform audits according to these standards and regulations; and*
- *the reports developed are appropriate in the given context.*

Quality management system within the Court of Accounts – a set of interconnected elements, which interact and allow directing and controlling the activities of the Court of Accounts of the Republic of Moldova on the quality of audits and other related activities.

Elements of the quality management system

ISSAI 140 "Quality Control for Supreme Audit Institutions" describes the quality control system through 6 elements. The elements of the quality control system according to ISSAI 140 are set out in the Annex no. 1.

The quality management system within the Court of Accounts consists of the following **6 elements**²:

- Management responsibilities regarding quality at the institution level (*Management/Leadership*);
- Compliance with ethical requirements (*Ethical values*);
- Strategic and operational planning (*Acceptance and continuing*);
- Human resources;
- Carrying out audits and other related activities;
- Quality assurance (*Monitoring*).

The element ***Responsibilities of management regarding quality at the institution level*** defines the position, role and responsibility of the president and the members of the Court of Accounts in ensuring the good functioning of the quality management system.

¹ Approved throughout the Decision of the Court of Accounts no.2 from 24.01.2020.

² In parentheses are the equivalents of the names of the elements in ISSAI 140, which, in essence, are similar.

The element *Compliance with ethical requirements* defines the policies and procedures for their promotion and compliance with ethical requirements within the Court of Accounts.

The elements that provide guarantees for the process of organizing and providing the Court of Accounts with the necessary resources to carry out quality audits and other related activities are *Strategic and Operational Planning* and *Human Resources*.

The elements that ensure the continuous improvement and efficiency of the external public audit carried out by the CoARM are *Carrying out audits and other related activities* and *Quality assurance*, which allow the quality level to be analyzed and updates to be made in the quality management system.

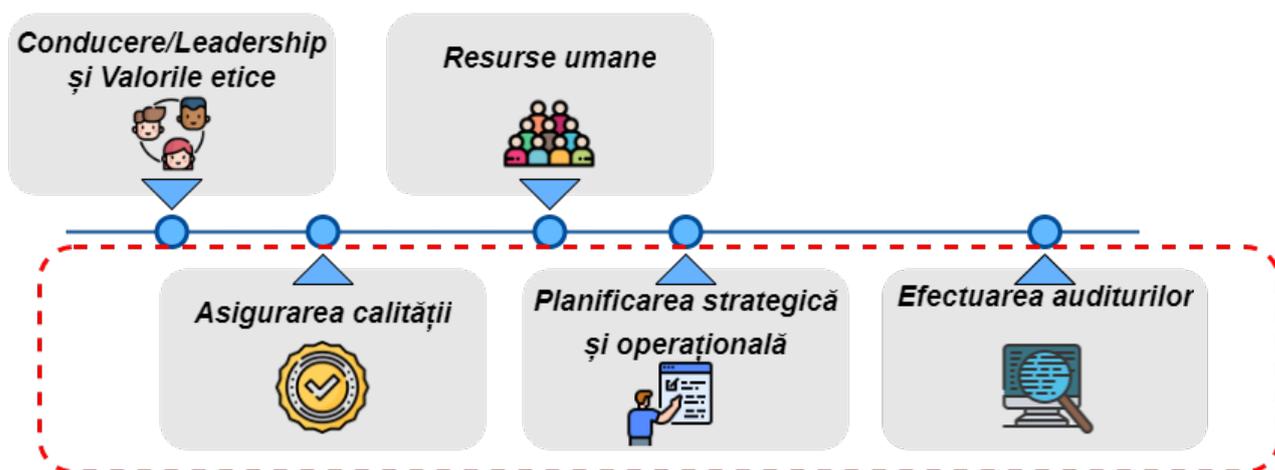


Figure no. 1. Quality management system within the CoARM.

Ensuring continuous improvement of the entire quality system is achieved by focusing system management on achieving the following *objectives*:

- effective implementation of the continuous quality improvement system and development of ethical values;
- timely provision of sufficient competent human resources;
- carrying out audits in full compliance with the INTOSAI Framework of professional Pronouncements, the policies and procedures described in the internal regulatory framework of the Court of Accounts.

The system is managed through effective communication, cooperation and interaction of the President and Members of the Court of Accounts with the person in charge of the quality management system (Elements 1-6).

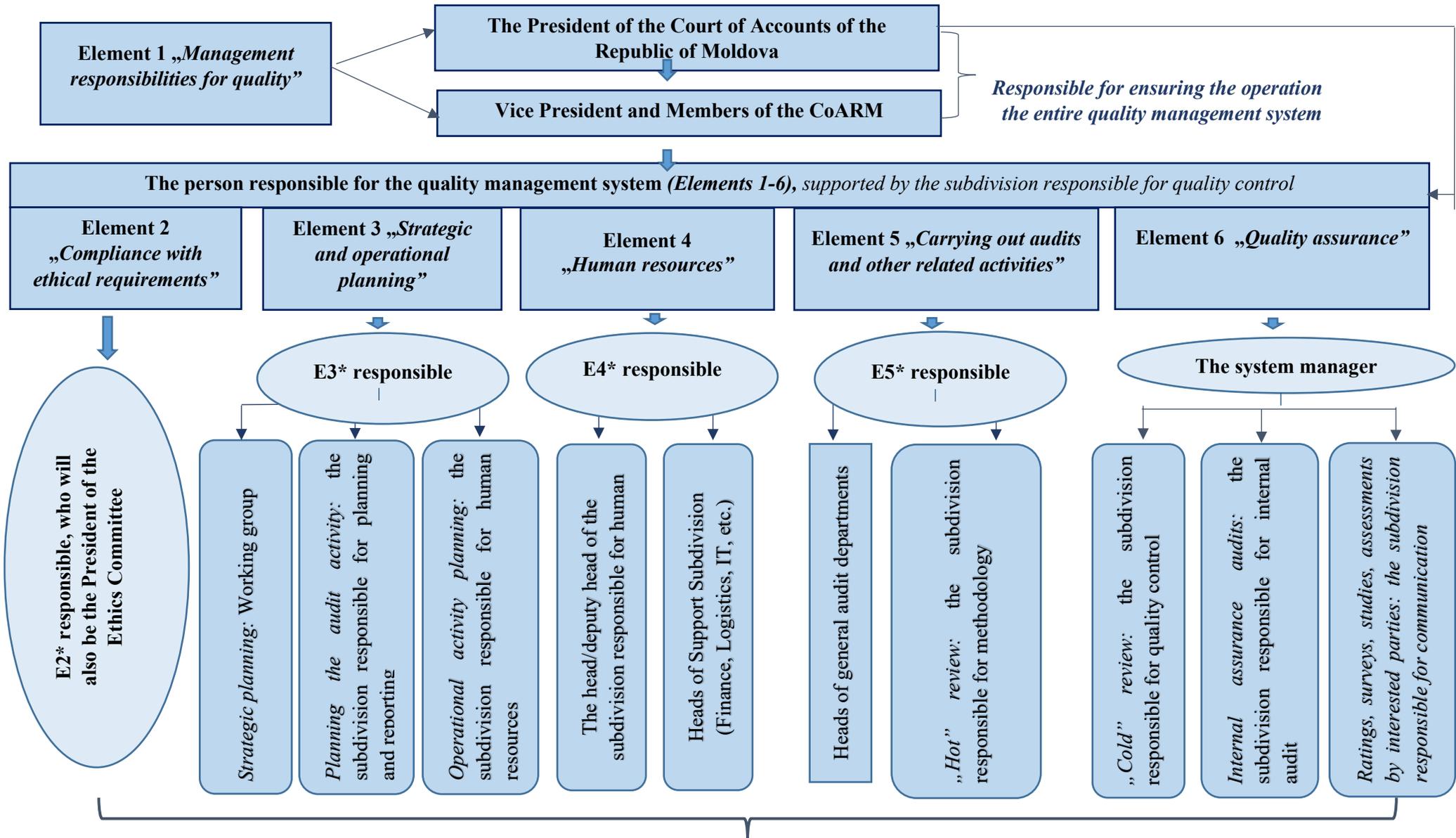
The names, status, functions of persons and delegated responsibilities regarding the management and supervision of the entire quality management system and each separate element shall be established throughout **internal administrative act, signed by the President of the Court of Accounts**. At the same time, the delegated responsibilities will be described in the Regulations on the organization and operation of the subdivisions and within the Job Description of the delegated staff with the respective responsibilities (assignments).

Information on how to approach the establishment of a quality management system, its organizational structure, roles and responsibilities in its management, the main organizational documents that determine it, the principles of its operation, the approach to evaluating the results of

the quality management system are published on the official website of the CoARM (www.ccrm.md) and on Intranet.

Those responsible for the quality management system are schematically presented in Figure no. 2.

Figure no. 2. The quality management system within the Court of Accounts and the parties involved



* The member of the Court of Accounts, the head of the Apparatus, the deputy head of the Apparatus or a person/group of persons with experience and sufficient authority within the institution can be designated as responsible for an element

Difference between quality control and quality assurance

The Court of Accounts establishes and maintains a quality management system capable of providing reasonable assurance that audits comply with professional standards, applicable legal and regulatory requirements, and that the audit reports issued by the Court of Accounts are appropriate and impactful.

The quality management system includes quality control and quality assurance.

The **Quality control** is carried out mainly through the activities presented in *elements 1-5* of the quality management system, provided by ISSAI 140.

The Law on the organization and operation of the Court of Accounts³ defines quality control as all the measures and procedures carried out within the audit process, which aim to guarantee the quality of the auditor's activity and the auditor's report, as well as the development of professional and statutory relations, while maintaining the institution's independence.

Quality control is carried out throughout the audit process, from planning to monitoring the implementation of recommendations and consists of ensuring compliance with ethical requirements, guiding, consulting and informing the auditors, supervising the activity related to the audit process and the review performed by both the team leader and the audit manager, as well as the specialized subdivisions (*legal, methodological, quality control, communication, internal audit, "hot" review group*).

Quality control requires a clear understanding of who is responsible for certain decisions made during the audit. Everyone involved in the audit should identify and understand their responsibility. Quality control processes must be performed and documented in a prescribed manner using checklists and other template documents (notes, minutes, etc.).

The Court of Accounts establishes quality control mechanisms as a line function for this purpose, and the audit report must be approved and issued after it has passed through the quality control process.

At the same time, the specialized subdivisions indirectly participate in the consolidation of the quality management system, contributing to the quality of the basic activity of the Court of Accounts. Within the processes carried out by the specialized subdivisions, control procedures on the management and minimization of risks must be established. The control activities in order to manage and minimize the risks related to each element will be described in the internal regulations (procedures).

This Guide currently focuses on audit activity (Element 5).

Quality assurance – a monitoring process designed to provide the Court of Accounts with reasonable assurance that the policies and procedures relating to the quality management system are relevant, appropriate, and operating effectively. The monitoring process includes the assessment of the quality management system (elements 1-5), including the periodic review of completed audits, which is carried out after the final audit report is issued. The periodic review consists in the examination of a sample of audits completed and reported by the subdivision responsible for quality

³ Law no.260 from 07.12.2017 on the organization and functioning of the Court of Accounts of the Republic of Moldova, Art.2.

control, a subdivision directly subordinated to the president of the Court of Accounts, based on a methodology (guideline) approved by the Decision of the Court of Accounts.

To enhance quality assurance, the Court of Accounts communicates the general quality control policies and procedures to its staff in a manner that provides reasonable assurance that staff have understood and implemented the policies to the appropriate level.

ELEMENT 1: MANAGEMENT’S RESPONSIBILITIES REGARDING QUALITY C

„The SAI will develop policies and procedures designed to promote an internal culture based on the recognition that, in carrying out all its activities, quality is essential. Such policies and procedures shall be established by the head of the SAI, who shall have full responsibility for the quality control system.”

[ISSAI 140, Element 1: Management’s responsibilities concerning quality]

The management of the Court of Accounts sets the "tone from the top" and promotes (throughout its own example) an internal culture that emphasizes the importance of quality in the whole activity of the Court of Accounts. This culture is ensured through internal policies and procedures, supported by clear and consistent actions taken at all levels of management, which ensure quality, both internally and externally.

The policies and procedures of the Court of Accounts regarding quality are provided in different types of documents and regulations such as: policies, strategies, annual programs (plans), etc. (*Annex no. 2*).

1.1. Responsibility for the quality management system

The President and the members of the Court of Accounts⁴ are responsible for the quality of the activity of the Court of Accounts and for ensuring the good functioning of the quality management system. The collegial body approves and makes available for the CoARM’s staff the policies and strategies in the field of external public audit and other internal regulations aimed at good governance, as well as makes decisions that are required as a result of monitoring and evaluating the efficiency and effectiveness of quality management.



Figure no. 3. Responsibility for the quality management system within the CoARM

⁴ Art.11 para. (1), Art.13 para. (1) lit. a) and lit. f), art.15 and art. 35 of the Law no.260/2017.

The President of the Court of Accounts can delegate the management responsibility of the quality management system to a person (*responsible for the entire quality management system*) with experience and with sufficient authority within the institution, by approving **an internal administrative act** in this context. That person will be assisted by the subdivision responsible for quality control.

At the same time, by the same provision or by a separate provision, the President of the Court of Accounts may delegate the quality control responsibility for each individual element to a person with experience and sufficient authority within the institution, from among the Members of the Court of Accounts or employees with a management position (*responsible for quality control on each element of the system*). One person may be responsible for one or more elements of the quality management system.

The reporting lines regarding the quality management system are presented in Figure no.4.

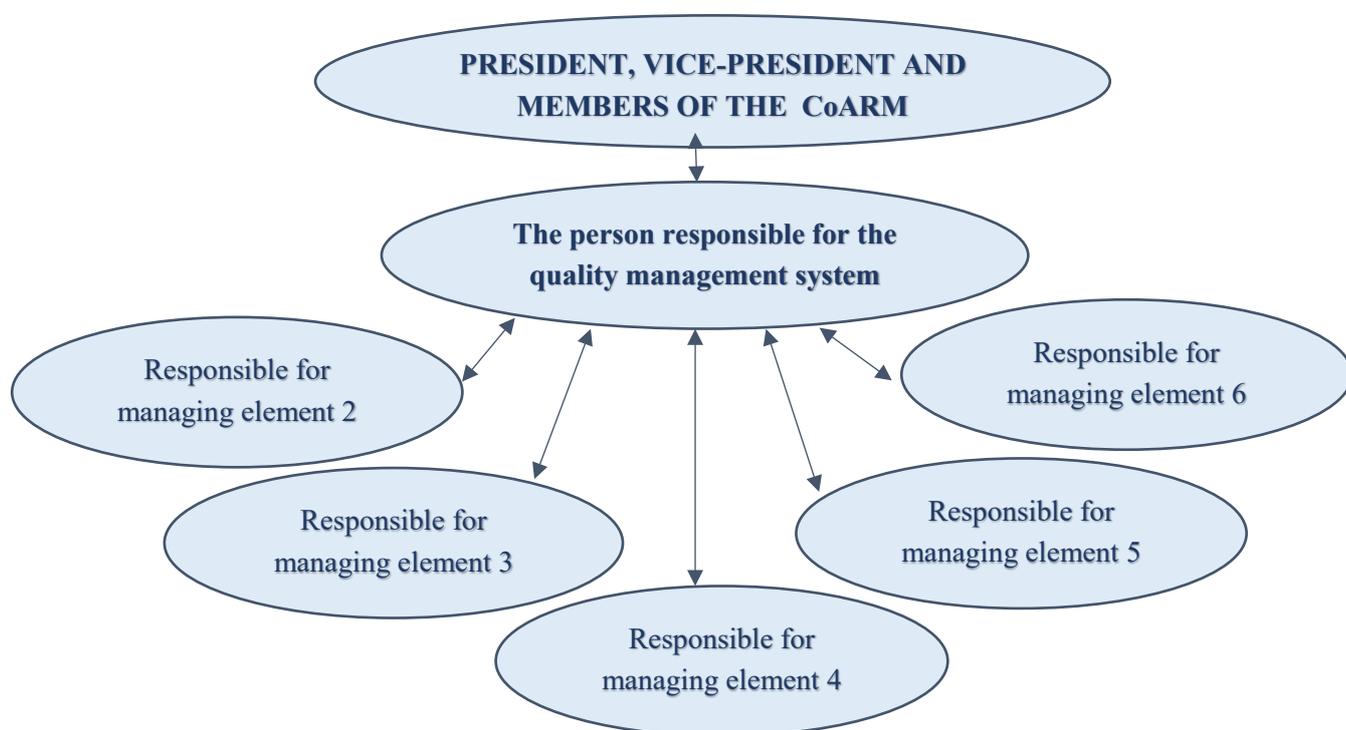


Figure no.4. Reporting lines.

In order to ensure continuous improvement of the quality management system, the overall system manager, supported by the sub-division responsible for quality control, is delegated the following **responsibilities:**

- ➔ granting, upon request, the consultation on the Quality Management System;
- ➔ collecting information on the elements of the system from each responsible
- ➔ examination, evaluation and generalization of information on the components of the Quality Management System (Elements 1-6);
- ➔ elaboration of the report on the evaluation of the quality management system;
- ➔ submitting recommendations for improving the efficiency and effectiveness of the quality management system in a report submitted to management, in coordination with the persons in charge of each of the system elements;

- if necessary, submission of proposals regarding the updating and improvement of the *Guide on the quality management system* coordinated with those responsible for controlling each of the system elements;
- monitoring and reporting of activities undertaken to improve the system under an Action Plan.

Those responsible for the control of each element of the system present, at the request of the person in charge of the entire quality management system, the relevant information regarding the operation of the element they manage.

The head of the quality management system is assisted by the subdivision responsible for quality control, which ensures the request for information on the operation of all elements of the system (Elements 1-5), their examination and synthesis.

The results of the monitoring, evaluation and management of the quality management system will be systematized annually, by October 15⁵, in a report, which is used to analyze and evaluate the operation of all elements of the system and to submit recommendations for improvement.

In the process of evaluating and monitoring the quality management system, the subdivision responsible for quality control is entitled to use various survey tools: surveys sent to all employees, interviews etc.

The report is presented to the President and Members of the Court of Accounts, for information, analysis and decision-making, in order to strengthen the quality management system.

Each subdivision has its responsibilities in the quality management system, established throughout the order of the President of the Court of Accounts and transposed in the Regulations for the organization and operation of the subdivisions and in the job descriptions.

The President and the Members of the Court of Accounts ensure the final management of the quality of the audit activity, by offering consultations during the audit process and discussions during the preliminary meetings⁶ for examining the draft audit reports, as well as during the meetings to examine the results of the audits, according to the procedures established by the internal regulatory framework of the Court of Accounts⁷.

The way to evaluate and report each element is described in Section 6.3. "Assessment and reporting of the quality management system within the CoARM".

Quality management approach and model

The President and the Members of the Court of Accounts carry out quality management, and the Quality and Ethics Responsible evaluates such management and provides recommendations for its improvement according to the legislation in force of the Republic of Moldova, the Framework of Professional Pronouncements of INTOSAI for supreme audit bodies, the regulations and internal organizational documents of the Court of Accounts.

The President and the Members of the Court of Accounts exercise their **responsibilities** for the quality management system through:

⁵ The first evaluation of the quality management system will be carried out in 2024.

⁶ Regulation on the activities related to the conduct of audit engagements.

⁷ Regulation on the organization and conduct of the meetings of the Court of Accounts, approved throughout the CoA's Decision no. 31 from 19.06.2018.

- 1) The establishment and implementation of the quality management system, aimed at improving the quality of the audits carried out by the Court of Accounts, through:
 - monitoring, strengthening and developing the quality management system, ensuring the implementation of improvement recommendations, submitted as a result of its evaluation;
 - compliance with the provisions of the Code of Ethics and the implementation of the control system regarding its compliance within the institution, through the establishment of the Ethics Committee, which will evaluate and decide on situations of non-compliance with ethical requirements (*see Element 2*);
 - ensuring audit engagements with qualified personnel, meeting the collective competences, and effective annual planning of the Court of Accounts' activity, taking into account the available resources (*see Elements 3 and 4*);
 - implementing quality control at all stages of audits by the Court of Accounts by providing guidance, supervision (supervision) and review, as well as by verifying completed audits (*see Elements 5 and 6*).
- 2) Creating a favorable institutional climate and providing the Court of Accounts with the necessary resources for the efficient performance of the activity.
- 3) Organization and division of roles and responsibilities of structural subdivisions that assist the quality management system manager in monitoring the effectiveness of adaptation and periodic updating of system related policies.

The President of the CoARM organizes the efficient operation of the internal managerial control system, which is directly related to the quality management system and compliance with ethical requirements.

ELEMENT 2: COMPLIANCE WITH ETHICAL REQUIREMENTS

„The SAI will develop policies and procedures designed to provide reasonable assurance that the SAI, including its staff and all parties contracted to carry out work for it, comply with relevant ethical requirements.”

[ISSAI 140, Element 2: Relevant ethical requirements]

„The SAI will implement an ethics monitoring system to identify and analyze ethical risks, mitigate them, maintain the ethical conduct and address any breaches of ethical values, including whistleblower protection.”

[ISSAI 130, Key-principles]

The purpose of the policy of adherence to ethical values is to ensure that the Court of Accounts of the Republic of Moldova and its staff, in fulfilling their professional duties, respect the ethical principles and values provided in ISSAI 130, ISSAI 140 and other related acts.

2.1. Ethical values management approach and model

The President and the Members of the CoARM ensure transparent, objective, professional, safe and effective communication at all organizational levels, the availability of constant information on the state of development of the ethical control system and the need for its updating.

The President and the Members of the CoARM are the persons responsible for defining and adapting the key ethical values and norms of the Court of Accounts in the decision-making process at all organizational levels and ensure their formalization in the Code of Ethics of the Court of Accounts.

The Code of Ethics of the Court of Accounts explains the essence of the principles through the lens of ethics and conduct commitments assumed by all employees of the institution. The provisions of the Code apply to the entire staff of the Court of Accounts, including the management, as well as the contracted staff (experts/other service providers). The President and the Members of the CoARM initiate and ensure the proper implementation of the Code of Ethics and the updating of the ethical control system.

The role and responsibilities of the CoARM's staff in the operation of the ethical control system are defined in the Code of Ethics approved by the Court. The code of ethics is placed on the INTRANET page, published on the official website of the CoARM and is subject to mandatory review by the Ethics Committee, the President and the Members of the CoARM as necessary, but no less often than once every 5 years.

The responsible one for the management of the Element 2 "Compliance with ethical requirements", approved throughout the President of the Court of Accounts' disposition, has the following responsibilities:

- setting objectives with the inclusion of indicators for alignment with established criteria
- taking actions to comply with the criteria of the element;

- monitoring and evaluating the situation on Element 2 "Ethical compliance", with documentation of results;
- reporting and presenting information on the state of play of the item on the basis of established criteria, annually and, where appropriate, upon request;
- submission of proposals to improve the functioning of the element and, where appropriate, proposals for adjustment of internal rules.

The way to evaluate and report the item is described in Section 6.3. "Assessment and reporting of the quality management system within CoARM".

2.2. Ethical infrastructure

The CoARM's ethical infrastructure corresponds to the good practices implemented by the supreme audit institutions and consists of 3 components:

- Ethical guidance (Policies);
- Ethical management;
- Ethical control.

1) Ethical guidance

The Court of Accounts has and applies the Code of Ethics developed according to the Professional Declarations Framework of INTOSAI. The ethical code is the strategic document of the CoARM in which the requirements regarding the ethics and conduct of the institution's members and employees are set forth.

The Ethics Committee has a proactive role in promoting values and standards of behavior, analyzing ethical dilemmas and solving them by offering training and professional consultations.

For more details, see **Section 2.4. Fundamental ethical values.**

2) Ethical management

The Court of Accounts has a set of internal documents that regulate the processes of declaring gifts, declaring conflicts of interest, declaring independence, the procedure for submitting and verifying warnings and applying protective measures, the procedure for communicating and recording improper influences etc. Disciplinary conflicts are examined by a special committee, which operates according to well-established rules within a separate regulation.

3) Ethical control

The Court of Accounts applies ethical control mechanisms related to compliance with the processes and procedures established in the internal acts that regulate the ethics and professional conduct of employees. The control actions carried out are documented and fixed in registers, slips, minutes, etc..

One of the most important mechanisms is the mechanism for analyzing the risks of integrity, corruption and security of employees, carried out by a person trained in the field within the institution. Its basic task consists in preventing the mentioned phenomena by excluding the generative premises, investigating the cases already consumed, elucidating the circumstances that favored the Committee of the violations and undertaking the necessary countermeasures.

Throughout the mechanism of risk analysis are achieved:

- ➔ verification, monitoring of public auditors in the process of carrying out audits within audited entities: employee actions, requested materials, compliance with public auditor ethics and deontology, possible violations of labor discipline;
- ➔ providing support to audits by providing information about the subject of the audit, possible violations committed by the entity, gaps in activity etc.

2.3. Elements of the ethics control system

The ethical control system consists of the following elements:

- The code of ethics;
- Leadership (*Managers and other staff with pronounced leadership capabilities*);
- Ethical recommendations;
- Adaptation/incorporation of ethical principles in the decision-making system and monitoring.

The main objectives of the ethical control system are:

- ➔ identification, analysis of ethical risks (threats) and their mitigation;
- ➔ elimination of any violation of ethical values;
- ➔ the protection of those who report alleged violations of established ethical norms.

There are strong links between the components of the ethical infrastructure and each element of the ethical control system. The correlation between them, as well as the control actions of the CoARM with the identification of the proof of the implementation/existence/documentation of the ethical control are shown in Table no. 1.

Table no. 1

The correlation between the elements of the ethical control system and the ethical infrastructure

No.	The elements of the ethical control system	Ethical infrastructure			Control actions (evidence)
		Management (policies)/Ethical guidance	Ethical management	Ethical control	
1.	The code of ethics	Statement of ethical values, principles, and commitment to making them known and understood.	Adoption of management strategies and practices that promote and respect the stated values and principles.	Methods of establishing accountability mechanisms and procedures for monitoring adherence to stated and expected values and principles.	Code of ethics (CoE): - made public (<i>publication in the O.M and the website www.ccrm.md</i>); - explained and brought to the attention of all employees (<i>statement regarding the understanding and assumption of ethical values by the employee</i>); CoE's values and principles promoted permanently (<i>minutes of: management working meetings with managers and audit initiation meetings</i>).
2.	Leadership (<i>Managers and other staff with pronounced leadership capabilities</i>)	Ethics policies recognize and describe the importance of the role of the leader and the example set by the leader in promoting the principles of good morals within the organization.	HRS, Competence Framework and other internal documents promote and use "Leadership" in the processes of developing and strengthening HRM. Formal/informal methods of involving leaders in training processes, knowledge transfer/collegial encouragement through their own example of active, dedicated and responsible involvement in the institution's activities.	Record of actions and monitoring of changes in the development and strengthening of the professional capacities of the audit staff and other categories of staff.	Lead by example (Leadership); Impeccable daily behavior of operational managers/leaders serves as a model of professional conduct for employees. (<i>Performance evaluation sheet; non-financial motivation decision, etc.</i>); Training and knowledge transfer (<i>agenda and lists of training participants; evaluation lists, etc.</i>); Stakeholder satisfaction surveys regarding the conduct of audit teams and audit work. Internal surveys.
3.	Ethical recommendations	Policies for providing advice and recommendations on sensitive ethical issues. Education, training and mentoring provided in ethics policies.	Implementation in practice of policies for providing advice and recommendations from the Ethics Committee or other staff specialized and trained in advising employees and managers on ethical dilemmas and ethical conduct. Providing recommendations and/or training, mentoring to strengthen ethical values and minimize risk factors in the activity of the institution's staff.	Case records and monitoring: - of providing advice and support requested by audit staff and other categories of staff; - of breach of discipline, non-respect of ethical values and professional conduct.	Planned training and on-demand support/assistance provided by the Ethics Committee (<i>The Committee's annual activity plan, addressing employees; agenda and lists of participants etc.</i>); Examination of cases of violation of discipline and ethical norms (<i>Minutes of the meeting of the Disciplinary Committee, Reports of the person specialized in analyzing and verifying the risks of integrity, corruption and employee security etc.</i>)
4.	Adaptation/incorporation of ethical principles in the decision-making system and monitoring	Responsibility, procedures and leadership style of decision-making are in accordance with normative acts, good governance practices and institutional ethical principles.	Decision-making practices and policies respect all 7 core ethical values of the CoARM, consider pluralism of opinions and provide employees with the right to free expression, and dignity, along with other ethical principles and criteria, is used in the daily practice of personnel policy management (<i>selection, performance evaluation, continuous training and staff turnover</i>).	Effective accountability mechanisms and monitoring of the decision-making system.	All daily decisions made by the leadership, operational managers, Boards and specialized Committees etc. meet the institutional ethical requirements, are coordinated/approved in accordance with the provisions of national legislation and internal regulations of the CoARM. (<i>Orders and dispositions of the President; CoARM's decisions; The minutes of the meetings: of the Advisory Council, the Ethics Committee, the Disciplinary Committee,</i>

					<i>the Competition Committee, etc.; Service notes, Circulars, Resolutions, Requests, etc.).</i>
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2.4. Fundamental ethical values

Fundamental ethical values – the general and special requirements (principles) of professional ethics of employees that must be respected during the performance of duties, as well as outside the activity of the Court of Accounts, according to the principles of ISSAI 130, ISSAI 140, INTOSAI-P 12, INTOSAI-P 20, the current legislation of the Republic of Moldova and the Internal Regulations of the Court of Accounts.

The ethical code of the Court of Accounts addresses the following 7 fundamental ethical values promoted internationally by INTOSAI through the general principles and specific requirements of the INTOSAI Framework of professional Pronouncements, at the same time these are also found in the normative acts of the Republic of Moldova and the internal norms of the CoARM:

- integrity;
- independence and objectivity;
- competence;
- confidentiality and transparency;
- professional behavior.

The ethical code explains the essence of the principles through the ethics and conduct commitments assumed by all employees of the institution. The ethical guidelines are an integral part of the Code and come with clear requirements and explanations for each principle.

The Court of Accounts identifies and monitors the main **categories of risks** that may prevent compliance with the fundamental ethical values of the institution, in accordance with the good practices of the INTOSAI partner - International Federation of Accountants (www.ifac.org):

- personal gain;
- self-evaluation of the work performed;
- blackmail;
- long and close relationship with the audited entity;
- patronage (protection/help).

The Court of Accounts has ***tools for preventing and managing these risks***:

- policies and procedures for offering/providing advice and recommendations, the operation of a mechanism for reporting threats and violations of ethical values;
- confirmation from each employee of the fact that they adhere to the ethical values of the Court of Accounts by signing the confirmatory document according to the procedure established in the Annex of the Code of Ethics;
- policies and procedures for rotation of key audit personnel;
- carrying out trainings on ethical issues (*see section 2.6*).

These policies and procedures are set out in the following Internal Regulations:

- *Regulation regarding the record of cases of undue influence*⁸, which establishes the procedure for communicating and recording cases of undue influence exerted on the CoARM's officials.

⁸ Approved throughout the Decision of the CoA no. 52 from 17.11.2014

- *Regulation regarding integrity whistleblowers within the Court of Accounts*⁹, which establishes the procedure for the submission and verification of potential illegal activities committed within the CoARM, as well as the measures to protect people who raise concerns voluntarily, in good faith and in the public interest.
- *Regulation regarding the record, evaluation, preservation, use and redemption of symbolic gifts, those offered as a courtesy or on the occasion of certain protocol actions*¹⁰, which establishes the mode of activity of the Committee for evaluating and recording gifts, as well as the mode of recording, evaluating, keeping, using and redeeming symbolic gifts, those offered out of courtesy or on the occasion of certain protocol actions to the Members and employees of the Court of Accounts.
- *Regulation on the Disciplinary Committee of the Court of Accounts*¹¹, which establishes the establishment, composition, mandate, attributions and competence of the Committee; the manner of notifying the Committee; investigating disciplinary violations; disciplinary sanctions and appeals, etc.

There are risk prevention and management tools throughout policies and procedures set out in several internal documents: Code of ethics, Human resources strategy, Regulations on the organization and operation of the structural subdivisions of the Court of Accounts, Audit manuals etc.

2.5. Ethical requirements for conducting audits

The Court of Accounts ensures compliance with the ethical requirements for conducting audits.

The ethical requirements for the CoARM's audits are governed by the Code of Ethics and defined within the **Element 2 of this Guide**. In particular, it is stipulated that the CoARM's employees, first and foremost, are honest, incorruptible and impartial, free from improper influences, protect the public interest, they strictly respect the Constitution and legislation of the Republic of Moldova, are faithful to their professional commitments, the basic principles of the institution and have an impeccable reputation.

To confirm that the audit team, the audit responsible and the CoARM's Member sponsoring the subdivision responsible for carrying out the audit engagement have no potential or actual conflict of interest that would prevent it from performing the engagement due to a possible threat to independence, objectivity and impartiality, each person involved directly or collaterally in the performance, monitoring, quality control of the audit must personally complete and sign the Declaration of Independence¹².

***Declaration of independence** – signed by the employees, members of the Court of Accounts regarding the presence or absence of private interests in the audit field, which may affect the objectivity or impartiality of its decisions, or the commission or failure to act in the exercise of its duties (ISSAI 130 „Code of ethics”).*

⁹ Approved throughout the Decision of the CoA no. 19 from 01.04.2014.

¹⁰ Approved throughout the Decision of the CoA no. 33 from 21.06.2018

¹¹ Approved throughout the Decision of the CoA no. 8 from 15.03.2017.

¹² The Declarations of Independence's forms for the CoARM's Members and for employees with audit duties are attached to the Related Activities Regulation and the Code of Ethics

The declaration of independence signed by the employees with audit duties also provides for the assurance of:

- ✓ holding the necessary qualification for conducting and monitoring the audit mission in accordance with professional standards, with the applicable legal and regulatory requirements provided by the internal regulatory framework;
- ✓ preserving the confidentiality of the information obtained in the exercise of the function throughout the audit and after its completion; and
- ✓ declaration of real or potential conflict of interest.

If the employee involved in the audit justifiably refuses to sign the Declaration of Independence or agrees to sign it with comments on one or more of the aspects provided for in the Declaration, the head of the audit team and the person responsible for this audit, discusses with the employee, determining whether there are good reasons for accepting the subordinate's comments.

In the case of acknowledging and accepting the arguments of the comments, the engagement partner will find suitable solutions to remedy the situation. A solution may be to include the employee in question in another audit team (known domain/simpler entity), in which he will be delegated the appropriate task according to his competence and professional training.

Such a document is completed and signed by all specialists involved in the audit, including experts/other auditors who may be contracted by the CoARM to perform certain audit tasks on a contract basis.

2.6. Ethics committee

To ensure the proper functioning of the ethics control system, the CoARM's President establishes the **Ethics Committee** - a collegial body. In its activity, the Ethics Committee collaborates with the Discipline Committee, focusing mainly on monitoring compliance with the Code of Ethics of the Court of Accounts, providing recommendations and training staff on sensitive topics.

The Ethics Committee operates according to the Code of Ethics and the *Regulation on the Ethics Committee of the Court of Accounts*.

The ethics committee is made up of:

- members elected from among the staff of the Court of Accounts;
- an external member independent of the Court of Accounts, from the academia or the civil society. This member will be chosen and approved by the President of the Court of Accounts and will have an impeccable reputation and relevant professional experience; and
- is supported by a secretary with functional duties provided in the job description.

The Ethics Committee has the right:

- to make suggestions and recommendations for the development of the ethics control system;
- to initiate a meeting with the responsible persons;
- to communicate directly with the President and other Members of the CoARM.

The main responsibilities of the Ethics Committee are:

- to provide recommendations for improving the Code of Ethics;
- to carry out consultations regarding compliance with the ethical values of the Court of Accounts, resolving ethical issues at all organizational levels;
- to offer recommendations to ensure a favorable internal climate;

- ➔ to examine appeals regarding the violation of ethical values by the staff of the Court of Accounts received from other employees, audited entities and other interested parties;
- ➔ to inform the person responsible for the prevention of corruption within the Court of Accounts regarding the facts of violation of the anti-corruption legislation;
- ➔ to inform all the interested parties about the general development plan of the ethics control system, the Code of Ethics, the rules and procedures regarding the publication of this information on the official website of the CoARM;
- ➔ to organize and hold CoARM's staff training sessions on sensitive topics regarding the resolution of ethical dilemmas; to inform all interested parties about the general development plan of the ethical control system, updating of the Code of Ethics, the rules and procedures of the Ethics Committee by publishing this information on the official website of the CoARM.

If employees are aware of violations of ethical values by the members of the Ethics Committee, employees can directly contact the President of the Court of Accounts.

The Ethics Committee prepares an annual report and presents it to the president of the Court of Accounts and the Members of the CoARM for the analysis and evaluation of the operation of the ethics control system at all organizational levels for the reporting period. Such a report must indicate cases of violation of ethical norms and provide recommendations for their elimination.

ELEMENT 3: STRATEGIC PLANNING AND OPERATIONAL PLANNING

„ The SAI will develop policies and procedures designed to provide reasonable assurance that it will only conduct audit or other activities in which it: a) has the competence to carry out the audit or other activity and has the capacity, including the necessary time and resources, for this purpose; b) can comply with relevant ethical requirements; and c) analyzed the integrity of the audited entity and considered how to address the risk that might arise regarding the quality.

The policies and procedures will need to reflect the scope of work carried out by each SAI.

The SAI generally carries out 3 categories of activity:

- activities provided for by their mandate and status and which they have the obligation to carry out;

- activities they can choose to perform;

- activities provided for by their mandate, but regarding which they have options regarding the timing, scope and nature of each of them.”

[ISSAI 140, Element 3: Acceptance and continuing]

To the person responsible for the management of Element 3 "Strategic planning and operational planning", approved throughout disposition of the president of the CoARM, the following responsibilities are delegated:

- ➔ setting objectives with the inclusion of indicators for alignment with established criteria;
- ➔ taking actions to comply with the criteria of the element;
- ➔ monitoring and assessing the situation on Element 3 'Strategic planning and operational planning' with documentation of results;
- ➔ reporting and presenting information on the state of play of the item on the basis of established criteria, annually and, where appropriate, upon request;
- ➔ submission of proposals to improve the functioning of the element and, where appropriate, proposals for adjustment of internal rules.

The way to evaluate and report each element is described in Section 6.3. "Assessment and reporting of the quality management system within the CoARM".

The Court of Accounts ensures the competence and ability to fulfill the legal tasks and attributions within the limits of the necessary time and resources. The CoARM's activities are ensured through the implementation of strategic and operational planning.

The objectives of the planning policy are:

- ➔ directing the activities of the Court of Accounts towards the fulfillment of the basic activity (external public audit, emphasizing mandatory audits);
- ➔ promoting the implementation of good governance in the Republic of Moldova as a basis for the sustainable development of the country;
- ➔ contributing to the improvement of citizens' lives by conducting an independent external public audit of public financial resources and public patrimony and submitting recommendations for effective decision-making by management, their use by public

authorities/institutions, as well as reliable and objective information to society and stakeholders.

3.1. Strategic planning

Development strategy

The Court of Accounts' strategic planning is based on a needs assessment that covers key aspects of the institution and identifies "gaps, vulnerabilities or areas" that need improvement. The results of the evaluation are the basis for the elaboration of the Development Strategy of the Court of Accounts, which addresses the institutional "mission, vision, values, goals and objectives". The main strategic planning document identifies the CoARM's intentions and areas for improvement; demonstrates the efforts of the CoARM's management to determine the overall performance indicators for the confident implementation of planned activities and the achievement of results. The CoARM's management monitors the implementation of the Strategy by analyzing the semi-annual and annual report on its implementation based on an action plan for the implementation of the Strategy.

The annual action plan regarding the implementation of the Development Strategy of the Court of Auditors integrates the annual Programs of "hot" and "cold" reviews.

The development strategy covers a period of 5 years¹³ and sets the path to be followed by the CoARM for: (1) to strengthen and professionalize the institution; (2) to support the audited entities in remedying the existing deficiencies and achieving the individual performance of public authorities; (3) to intelligently plan the audit activities taking into account the Government's priorities and actions, thus contributing to the good governance of the public sector.

The development strategy confirms the CoARM's adherence to the trends of the international community and the intention to strengthen our role in the public sector. Reassessing strategic intentions once every 5 years helps the institution to remain alert to challenges from the internal and external environment, to focus on sensitive issues for the citizens of the Republic of Moldova.

Multiannual audit strategy

The multiannual audit strategy¹⁴ is developed in correlation with the Development Strategy and constitutes a point of reference for the coherent preparation of annual audit programs, taking into account the trends and changes that may intervene in the decisions of state institutions. The role of the Audit Strategy is to prioritize the audit activities of the Court of Accounts in a 3-year perspective..

The audit strategy is developed on the basis of:

- ➔ the mandate of the Court of Accounts, according to the legal framework;
- ➔ the resources available for carrying out the audit activity;
- ➔ the priorities in the audit activity;
- ➔ how to implement and monitor the strategy;
- ➔ the expected impact of the implementation of the multi-annual Program of audit activity/Audit Strategy.

¹³ The development strategy of the Court of Accounts for 2021-2025, approved throughout the Decision of the CoA no. 61 from 10.12.2020.

¹⁴ The audit strategy of the Court of Accounts for the years 2022-2024, approved throughout the Decision of the CoA no. 70 from 14.12.2021

The strategic planning requirements stipulate that the Court of Accounts must implement an effective annual planning process, which consists of:

- ➔ preparing the strategic assessment of the audit areas;
- ➔ preparation and prioritization of audit subjects;
- ➔ elaboration of the annual Program of the audit activity;
- ➔ updating and monitoring the implementation of the Annual Audit Activity Program.

If the resources are insufficient and this poses a risk to quality, the Court of Accounts uses procedures to minimize this risk. If such a risk arises, the institution shall identify and document how it intends to address the risk and ensure the conduct of the audit process.

The Court of Accounts has mechanisms and procedures described in detail in the *Regulation on the annual and multiannual planning of the audit activity of the Court of Accounts*¹⁵, used in the development, modification and monitoring of the achievement of the multi-year audit strategy and the annual program of the audit activity of the Court of Accounts, which take into account the risks related to quality. According to the mentioned regulation, the *subdivision responsible for planning* is responsible for organizing and coordinating the planning process of the audit activity in order to ensure control for the prioritization of the institution's commitments.

3.2. The logical connection between strategic planning and operational planning (annual)

The planning process within the Court of Accounts is carried out at the level of strategic planning and annual (operational) planning. Such a comprehensive approach to the planning of all activities of the Court of Accounts ensures a high level of quality of tasks. Between strategic planning and operational (annual) planning there is a logical connection based on the following:

- ➔ The Court of Accounts clearly defines the responsibilities, actions and timing of the plans;
- ➔ The President, the Members and Head of the CoARM's Apparatus are involved in and responsible for the planning process, but at the same time all the CoARM's employees are given the opportunity to contribute to strategic and operational planning;
- ➔ The CoARM's Members provide proposals for planning audits only taking into account the actual capabilities of the CoARM, including the numerical availability of personnel with the necessary qualifications, as well as the budgets (time, finance) for scheduled audits;
- ➔ All officials and structural subdivisions involved in the planning process clearly know how and when the individual planning stages are carried out, what input is expected from them and understand the interaction between the phases of the entire planning process;
- ➔ Processes are developed and implemented to monitor progress on strategic and annual work plans;
- ➔ Stakeholders (the Parliament and the Government of the Republic of Moldova, ministries and agencies, relevant NGOs, etc.) are regularly consulted on strategic areas of the Court of Accounts, on areas and audit topics of public importance, and citizens can contribute to these processes through the tool provided on the CoARM's website¹⁶.

¹⁵ Approved throughout the Decision of the CoA no.19 from 01.06.2020.

¹⁶ Link: https://www.ccrm.md/ro/propose_audit.

The Court of Accounts must take into account the tasks planned in the Strategic and Annual Work Plans and compare these tasks with the available resources at its disposal for their implementation and with the expected level of quality.

For this purpose, the Court of Accounts has a system for establishing priorities for its activity. The main tool applied by the Court of Accounts is the system for prioritizing audits based on areas of increased risk and interest for interested parties. The Court of Accounts has established a comprehensive process of formulating, selecting, planning and approving audit topics, which ensures the development of an annual audit program that is efficient, timely and relevant to the expectations of the general public.

The priorities of the Court of Accounts, according to ISSAI 140 and the Regulation on the annual and multiannual planning of the audit activity of the Court of Accounts, are defined in the following *principles*:

- ➔ The annual audit activity program of the Court of Accounts includes mandatory audits according to the mandate and transitory audits;
- ➔ New audit topics for the Court of Accounts' multiannual audit strategy are selected based on the analysis of Government's objectives and priorities, national strategies and programs, other relevant materials in order to determine priority areas, the entities and topics subject to audit by the *subdivision responsible for planning*. The purpose of the analysis is to identify risks, prioritize audits and possible audit subjects.
- ➔ The multi-annual program of the audit activity/Audit Strategy includes tasks related to the achievement of the strategic objectives of the Court of Accounts, as well as tasks related to ensuring the activities of the Court of Accounts;
- ➔ When planning resources for the audits, the *subdivision responsible for planning* together with the *audit subdivisions* evaluate all available resources (days/man per audit) according to the minimum and maximum deadlines for carrying out the audits provided in *Annex no. 7 to the Regulation on the annual and multi-annual planning of the audit activity of the Court of Accounts*. First, the resources required for training, monitoring of recommendations and the involvement of auditors in other tasks (hot reviews) are taken into account. At the same time, in the process of examining the presentation sheets of the audit proposal, the type of audit is also analyzed (financial, compliance, performance or follow-up), the complexity of the audited entities, the appropriateness of the audit period and the deadline for the audit;
- ➔ During the operational (annual) planning of the available resources, the *Professional Competence Framework within the Court of Accounts* is taken into account;
- ➔ When drawing up the annual Audit Activity Programs of the Court of Accounts for each audit, the terms and resources necessary for its implementation are indicated.

Established policies and processes provide appropriate competencies for the audit activity and relevant opportunities, including time and resources. The strategic and annual planning system includes an assessment of the risks that arise as a result of the activity and could affect the timely completion of the planned audit activities.

In order to manage the risks, the Court of Accounts implements **policies** aimed at institutional strengthening and raising the level of responsibility and professionalism of its employees, through:

- conforming the audit activity to international standards and best practices on financial, compliance and performance audits;
- compliance with the provisions of the internal normative-methodological acts related to the audit activity;
- implementing and ensuring, for all types of audit, the quality control;
- continuous development and strengthening of the professional skills of staff with audit duties;
- fruitful and continuous collaboration with experts who provide assistance in institutional development projects;
- strengthening cooperation with law enforcement bodies, by informing and remitting audit materials containing information on suspected fraud, the examination of which is within the competence of these bodies;
- developing relations with the relevant parliamentary committee and other parliamentary committees.

3.3. Operational planning (annual)

*The annual program of the audit activity of the Court of Accounts*¹⁷ is developed in correlation with the multi-annual audit strategy. When developing the Program, the criteria of legal obligation and reality, significance, periodicity, compliance with international commitments, other criteria (continuity, opportunity, etc.) are respected.

The annual program is elaborated on the basis of:

- the selection of the audit topics;
- the identification of auditable entities;
- determining the type of audit;
- available resources and capabilities.

A tool used in scoping during the planning stage is the Audit Engagement Proposal Presentation Sheet for the Annual Audit Activity Program. The audit engagement proposal presentation sheet is completed by the audit manager and contains: the name of the audit engagement; the problem addressed; the purpose of the audit; audited entities; audited period; the audit criteria; the deadlines for carrying out the audit; the estimated cost of the audit; audit risks; previous audits; the expected impact of the audit; proposals received.

The schedule contains two components: (1) Audit Activity Annual Program and (2) List of Optional Audits.

The audit activity annual program of the Court of Accounts consists of two parts:

- The concept of the annual program; and
- List of audits.

The Program Concept communicates to the stakeholders how the CoARM will fulfill its expanded mandate in a given year within the limits of available human resources, disclosing which audits are mandatory and audited annually; which areas/entities are subject to different types of audit, selected

¹⁷ Drafted according to the procedure of the Regulation on the annual and multi-year planning of the audit activity of the Court of Accounts, approved throughout the Decision of the CoARM no. 19 from 01.06.2020.

based on risk assessment and application of relevant criteria etc. The concept is published on the official page of the CoARM¹⁸. Part 2 of the Annual Audit Activity Program contains the name of the audits, the type of audit, the entities to be audited, the audited period, the deadlines for carrying out the audit, the responsible subdivision and the resources needed to carry out the audit.

Component 2 of the Annual Audit Program represents the *List of optional audits* that was formed based on the proposals of interested parties, but which, at the time of the Program's approval, cannot be covered with the resources necessary for completion in the planned period.

By approving the Audit Program it is confirmed that, on the one hand, the Court of Accounts has the necessary resources to carry out the basic activity, and on the other hand, that the audit team, collectively and individually, has the appropriate competence and capabilities to perform the audit engagement according to auditing standards.

Quality requirements for the annual planning of the audit engagement

Time and human resources are planned according to the type and complexity of the audit, the audited period and the deadline for the completion of the audit, calculated in days/man per engagement according to the deadlines for the completion of the audits provided in *Annex no. 7 to the Regulation on the annual and multi-annual planning of the audit activity of the Court of Accounts*¹⁹, as well as the **risk of the integrity of the audited entity**.

When planning audits, the auditors are appointed per audit according to the **collective competence** of the members of the audit team, taking into account the **principle of periodicity**.

When **establishing the collective competence of the audit team** several factors are relevant, including the public auditor certification system and training, the rotation policy and the need to ensure that each auditor does not stay too long in the same audited area, in order to eliminate any perceived risks to the auditor's objectivity and independence. The basic principle regarding the competences required to carry out the audit is: „ *the level of competence of each team member does not prevail, the collective (cumulative) competence of the audit team being important*”.

The audit responsible prepares *communication note on the competences of the members of the audit team*, confirming that the audit team, collectively and individually, has the appropriate competence and capabilities to perform the audit engagement according to the auditing standards, with the procedure and model presented in the Regulation on the activities related to the conduct of audits. This document is a component part of the audit file.

When appointing members of the audit team, the audit responsible will consider the following **criteria**:

- ➔ the possession by the members of the audit team of the competences stipulated in the competence framework for the type of audit carried out;
- ➔ the individual level of professional training, so that there is a balance between the collective competence of the audit team and the complexity/difficulty of the audit activity to be performed;

¹⁸ Link <https://www.ccrm.md/ro/program-de-audit-38.html>.

¹⁹ Approved throughout the Decision of the CoARM no.19 from 01.06.2020.

- ➔ practical experience as a result of participation in audit assignments of similar nature and complexity, skills, technical experience, including in information technologies;
- ➔ combining experiences, skills and specializations (as appropriate, accounting, procurement, law, IT, economics), including experienced and inexperienced auditors, to ensure their effective and efficient integration;
- ➔ appointing more experienced auditors for entities with increased integrity risk to ensure a high level of professional skepticism;
- ➔ staff training and specialization according to the type of audit;
- ➔ ensuring the compatibility of auditors in the team, to ensure an optimal level of team homogeneity, so that the activity carried out and the results obtained reach the expected quality level.

When selecting the **head of the audit team** in addition to the basic competencies of the external public auditor²⁰, the following **criteria** will be taken into account:

- ➔ certified public auditor;
- ➔ work experience within the CoA of at least 2 years;
- ➔ independence and objectivity towards the audited entity (field);
- ➔ meets the requirements established in the competence profile according to the type of audit performed.

The audit team is formed according to the complexity and type of the audit. At the same time, this, as a rule, consists of at least 2 public auditors, of which at least one is certified. The persons who provide consultations (support) within the scope of the audit engagement **are not part of the audit team**.

3.4. Analiza integrității entităților auditate

When planning the annual audit activities, the Court of Accounts takes into account the integrity analysis and the presence of any risks within the audited entities, which would compromise the quality of the audit.

If the integrity of the audited entity is in doubt²¹, the Court of Accounts addresses the risks arising from the capacity of the staff, the level of resources and the ethical issues that may arise from the audited entity. In this case, an additional 50% days per man will be allocated to the formation of the audit team.

²⁰ The basic (transversal) competencies of the external public auditor are applicable to all external public auditors, regardless of the type or specifics of the activity carried out.

²¹ Institutional integrity assessment reports can be found on the official NAC's website (www.ena.md), section Institutional integrity assessment/Assessment reports

ELEMENT 4: HUMAN RESOURCES

„The SAI will need to develop policies and procedures designed to provide reasonable assurance that there are sufficient resources (personnel and, where appropriate, parties contracted to carry out activities for it) with the competence, capacity and commitment to comply the ethical principles necessary to: a) perform their duties according to the relevant and applicable standards and legal and regulatory requirements; and b) enable the SAI to produce reports that are appropriate in the given circumstances”.

[ISSAI 140, Element 4: Human resources]

According to the Law no.260 from 07.12.2017²², the Court of Accounts carries out its activity through public audit staff, specialist staff and technical staff. The staff with public audit duties and the specialized staff fall under the scope of the *Law no. 158 from 04.07.2008 regarding the public office and the status of civil servants*. The specialized staff provides assistance to the staff with public audit duties in exercising the powers of the Court of Accounts.

4.1. Approach and assurance model with sufficient resources and competence

To the person responsible for the management of Element 4 "Human resources", approved throughout the disposition of the President of the CoARM, is delegated with the following responsibilities:

- ➔ setting objectives with the inclusion of indicators for alignment with established criteria;
- ➔ taking actions to comply with the criteria of the element;
- ➔ monitoring and evaluating the situation on Element 4 "Human resources", documenting the results;
- ➔ reporting and presenting information on the state of play of the item on the basis of established criteria, annually and, where appropriate, upon request;
- ➔ submission of proposals to improve the functioning of the element and, where appropriate, proposals for adjustment of internal rules.

How to evaluate and report each element is described in Section 6.3. "Assessment and reporting of the quality management system within the CoARM".

In order to ensure efficient institutional and administrative management in the management of human resources, the Court of Accounts must:

- ➔ to assess the need for competent human resources to cover the activities, taking into account the risk of insufficiency of competent staff (of various specialties) to ensure different types and areas of audit, as well as staff turnover;
- ➔ to establish the list of necessary skills (profile of the public auditor) by audit types, taking into account the risk of insufficient skills for the public audit, with an impact on the quality of audit reports. The requirements, principles and guidelines regarding the competence of public sector

²² Art. 23 of Law no. 260 from 07.12.2017 on the organization and functioning of the Court of Accounts of the Republic of Moldova.

auditors are defined in the competence standards, being transposed in the internal institutional framework through the Professional Competence Framework;

- ➔ to ensure a clear division of responsibilities for all activities carried out within the institution.

The Court of Accounts ensures a clear division of responsibilities for everything done within the institution. The division of responsibilities, subordination and functionality of the CoARM's employees is defined in the *Regulation on the organization and functioning of the Apparatus of the Court of Accounts*. The documents that regulate the competences and determine the division of responsibilities between the employees of the Court of Accounts are:

- ➔ job descriptions;
- ➔ the regulations regarding the organization and operation of the structural subdivisions;
- ➔ process description;
- ➔ staffing and competences framework.

The Court of Accounts manages human resources in accordance with the provisions of the national legislation regulating the public office and the status of civil servants, international standards ISSAI 130 "Code of Ethics", ISSAI 140 "Quality control", ISSAI 150 "Competence of the auditor" etc. Compliance with the requirements of these documents allows taking into account the differences in approaches to audits of different types: financial, compliance and performance, taking into account the structure and the competence of the auditors involved.

The Court of Accounts ensures that personnel management policies and procedures pay due attention to the quality of work and commitment to the institution's ethical principles. In this sense, the Court of Accounts aligned itself with the trends and areas of interest stated by the INTOSAI community, through the development and implementation of the *Professional Competence Framework*²³ that has a strategic impact on the human resources management process within the institution. In terms of the basic activity of the Court of Accounts, this document is characterized as:

Professional competences framework – a conceptual model detailing and defining the ideal competencies expected of an individual auditor for a specific task and for a specific position within the Court of Accounts.

What do we mean by "Competence" and what are its components?

Competence – the measurable or observable personal knowledge, skills and abilities (qualities) essential for successful performance at work, where:

- **Professional knowledge** represent the practical or theoretical understanding of a subject;
- **Professional skills** represent the skills to perform specific tasks, developed through learning or experience; and
- **Personal abilities** represent a person's mentality, characteristics and traits.

²³ Approved throughout the Decision of the CoARM no. 61 from 13.12.2022

The professional competences framework represents a set of tools related to the management of human resources within the Court of Accounts, being applicable throughout the life cycle of an employee within the institution.

4.2. Personnel policy and personnel management procedures

Human resources policy and procedures are set out in the following internal documents:

- ➔ the Human resources management strategy;
- ➔ the Regulation on the management of human resources;
- ➔ the framework of professional competences within the Court of Accounts of the Republic of Moldova;
- ➔ the strategy for training and professional development of staff with public audit duties²⁴;
- ➔ the new employee's guide.

These internal documents establish a system of principles, values and rules that bring human resources in line with the requirements of the normative-methodological framework and with the management's expectations regarding the achievement of strategic/operational (annual) objectives and the provision of qualitative, objective, timely audit reports with an impact

The human resources management strategy describes, in general, the institutional policy and the necessary actions to achieve the results related to the 4 human resources management objectives, addressing the following processes (presented in **Figure no. 5**):

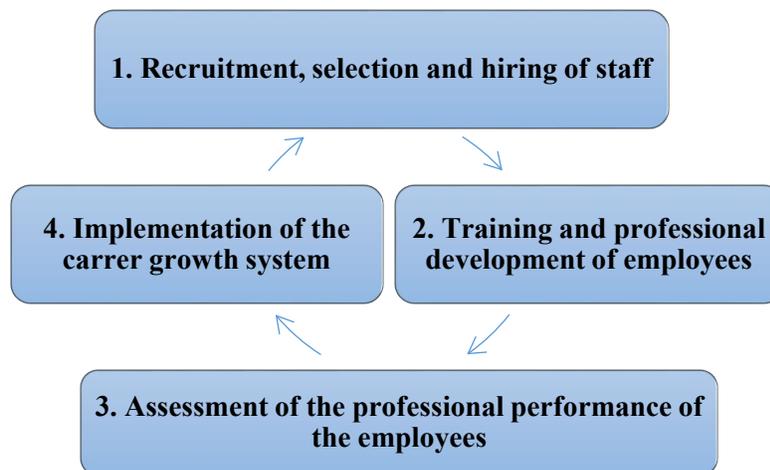


Figure no. 5. The cycle of human resources management within the Court of Accounts.

4.2.1. Recruitment, selection and hiring of staff

The requirements concerning the employees of the Court of Accounts as civil servants are defined by the *Law no. 158 from 04.07.2008 regarding the public office and the status of civil servants*.

The **recruitment** is the process of attracting candidates from the 'labor market' who have the professional knowledge, skills and competences necessary to fill the existing vacancies within the

²⁴ Approved throughout the Decision of the CoARM no. 33 from 22.06.2018

Court of Accounts and from which the most qualified candidates are to be selected for the positions put out to competition.

For high-quality recruitment for each position, a detailed description (job description) is developed with a list of technical and qualification requirements set out in the Professional Competence Framework. These documents are used to recruit staff for vacancies and are updated regularly so that they remain the basis for future planning and recruitment processes.

Selection and hiring of public audit staff and specialized staff it is carried out by **competition** or by **transfer** from other public entities, according to the legal provisions, on competence and skills criteria in order to ensure the proper and qualitative fulfillment of the tasks established for each vacant position.

Selection and hiring of technical staff it is carried out by the head of the subdivision in which there are vacant positions, following the examination of the personal files of the candidates in the sense of their correspondence to the functional requirements.

The integration of new employees into the activity of the Court of Accounts begins with employment within the institution and has as purpose:

- ➔ adapting the new employee to the specifics of the professional and institutional environment;
- ➔ familiarization with work tasks, responsibilities and requirements of institutional ethics and behavior;
- ➔ the successive accumulation of practical skills, to meet the requirements of the position in question.

This process aims to integrate the new employee into the team as quickly as possible through guidance and support. In order to ensure a quick integration into the day-to-day activity of the institution, the Court of Accounts has developed, approved and made available to new employees the *New Employee Guide*²⁵, which aims to support new employees, so that they become productive in the shortest possible time, adding more value to the institution.

4.2.2. Training and professional development of employees

The Court of Accounts encourages and stimulates the professional development processes of its employees. In the field of professional development, the main tools are training and knowledge transfer, development of individual skills according to the professional standards, by improving training programs and **implementing the annual training and professional development plan**, with the support of relevant internal and external trainers, with knowledge and qualification corresponding to the needs of the employees.

The Court of Accounts uses a combination of external and internal professional training to ensure the necessary level of training for employees, the latter being the most important, as often the Court of Accounts' own staff is involved as a trainer in providing the training sessions. The Court of Accounts supports and updates the skills of all employees by organizing training, workshops, information sessions and disseminating good practices.

²⁵ Approved throughout the Decision of the CoARM no.59 from 26.11.2021.

Developing the individual potential of the staff of the Court of Accounts and creating a culture of learning is based on:

- ➔ establishing clear and constant channels of communication with the employees regarding the Court of Accounts' expectations regarding skills and continuous self-development;
- ➔ ensuring employees have access to relevant training activities;
- ➔ providing specially structured opportunities for the accumulation or development of practical experience;
- ➔ providing access to manuals, guides, training materials, audit assignments that are recognized as examples of good practice (examples) in auditing according to the requirements of professional standards, approved policies and procedures etc.;
- ➔ providing on-the-job training opportunities and feedback mechanisms, including knowledge sharing.

The Court of Accounts invests the necessary resources (time, financial) in the employee training process, focusing on the following components:

- ➔ **introductory training**, it is intended to help new employees adapt as quickly as possible to the unique culture and working methods of the Court of Accounts (New Employee's Guide);
- ➔ **methodological training**, is intended for strengthening knowledge regarding the methodologies applied in the process of planning, execution and reporting of audits. An important technique is the development and dissemination of methodological bulletins and informative letters on various aspects (Regulation on methodological assistance in the audit process²⁶);
- ➔ **specialized training**, is intended to develop knowledge and skills on various aspects related to the core activity (such as information technologies, communication etc);
- ➔ **managerial training**, involves, in addition to basic technical knowledge, the development of managerial skills. The new skills required, such as operational and strategic planning, establishing time resources, conflict management, leadership, etc. for the performance of each activity, they become more and more evident as the employee is promoted on the hierarchical scale;
- ➔ **self-training**.

In order to increase the professional qualification of employees, the Court of Accounts subjects the staff with public audit duties to **certification**²⁷. The purpose of certifying public auditors is to strengthen and evaluate professional skills in order to ensure the performance of external public audits according to the professional standards and applicable legal and regulatory requirements.

4.2.3. Assessment of the professional performance of the employees

The Court of Accounts relies on the available human resources potential and continuously improves its organizational efficiency and effectiveness by adopting a strategic approach to the development and evaluation of employee performance, based on the application of the following core values:

- ➔ Independence, objectivity, integrity;
- ➔ Professional competence, professionalism;
- ➔ Internal cooperation and team spirit;

²⁶ Approved throughout the Decision of the CoARM no. 08 from 22.02.2022.

²⁷ Regulation on the certification of personnel with public audit duties, approved throughout the Decision of the CoARM no. 47 from 07/05/2018.

- ➔ Openness and respect;
- ➔ Privacy and responsibility;
- ➔ Professional skepticism;
- ➔ Professional conduct;
- ➔ Innovation.

In order to analyze and manage staff performance, the Court of Accounts has independent **evaluation and monitoring tools**, among them:

- ➔ workplace supervision by the manager;
- ➔ the system for evaluating the individual performance of employees;
- ➔ **Evaluation note**, in order to evaluate the quality of the audit carried out by the staff of the respective audit subdivision, *evaluating each public auditor within the designated team, as well as each audit action performed as a whole*;
- ➔ self-assessment of the audit process in the view of each member of the audit team.

The Court of Accounts takes into account the fact that the status of civil servants of its employees requires the application of the policy and the mandatory observance of the procedures regarding the evaluation of the performances of civil servants and the evaluation of individual professional performances for establishing the individual increase for performance, predetermined by:

- ➔ *The methodical guide regarding the evaluation of the professional performances of civil servants*. The document in question was developed by the State Chancellery of the Republic of Moldova in 2010 in order to ensure the implementation of the provisions of the Law no. 158-XVI from July 4, 2008 regarding the public function and the status of the public servant and the Regulation regarding the evaluation of the professional performance of the public servant²⁸.
- ➔ *Regulation on how to determine the increase for the performance of the staff of the Court of Accounts*²⁹, which establishes the general framework for the organization and evaluation of the individual professional performances of the staff of the Court of Accounts in relation to the requirements of the positions, based on the evaluation criteria, in order to stimulate the individual staff to achieve optimal results in the activity. This increase represents the variable part of the monthly salary of civil servants, including the employees of the Court of Accounts.

Remuneration of employees of the Court of Accounts for the work performed is carried out according to the *Law no. 270 from 23.11.2018 regarding the unitary salary system in the budgetary sector*.

At the same time, considering the peculiarities of the status of employees of the Court of Accounts (public auditors), The Court of Accounts also applies specific procedures regarding the evaluation of the professional skills of public auditors, in terms of their correspondence with the skills' profiles set out in the Annexes to the Professional Competences Framework. According to the established

²⁸ Annex no. 8 to the Government's Decision no. 201 from March 11, 2009 "Regarding the implementation of the provisions of the Law no. 158-XVI from July 4, 2008 regarding the public office and the status of civil servants"

²⁹ Approved throughout the DCA no.104 from 21.12.2018. Developed pursuant to the Law on the organization and operation of the Court of Accounts of the Republic of Moldova no. 260 from 07.12.2017, the Law on the unitary salary system in the budgetary sector no. 270 from 23.11.2018, the Law on the public office and the status of civil servants no. 158-XVI from 04.07.2008, of the Labor Code of the Republic of Moldova no. 154-XV from 28.03.2003, the Government's Decision no. 1231 from 12.12.2018 "For the implementation of the provisions of Law no. 270/2018 regarding the unitary salary system in the budgetary sector".

policies, these evaluation procedures are synchronized in time with the *performance evaluation exercise of civil servants* and are documented by including rigorous comments in the Civil Servants' Performance Evaluation Sheets.

Combining those procedures avoids duplication of tasks and inefficient use of managers' work time. At the same time, this approach ensures the compliance of the human resources management processes with the requirements of the national normative framework, as well as with the rigors of the international standards of the supreme audit institutions applicable to the Court of Accounts of the Republic of Moldova.

Performance evaluation is carried out to identify both the strengths and weaknesses of the employee of the Court of Accounts. As a result, the training needs of the staff are identified, which are reflected in the annual training and professional development plan. The plan is drawn up by the subdivision responsible for ensuring the process of professional training of employees and emphasizes personal development and knowledge transfer, motivation for personal growth, as well as strengthening their authority among peers and management.

4.2.4. Implementation of the career growth system

Career growth, or promotion in position, is carried out in accordance with the legal norms applicable to employees of the Court of Accounts. The promotion procedure must take into account the knowledge, skills and attitudes of employees. The evaluation of promotion candidates is carried out objectively and correctly.

The basic principles on which career growth should be based are:

- ➔ equal opportunities (non-discrimination on any principle);
- ➔ full promotion opportunity (open system);
- ➔ taking into account the ambitions, individual wishes of the employee;
- ➔ objective assessment of skills;
- ➔ transparency - the promotion procedure is transparent and fair, and employees are informed about each promotion decision, as well as the promotion criteria and procedure.

Promotion procedures involve identifying talented, dedicated and successful employees as well as making the right use of skills by providing opportunities for career growth. This allows building a career planning system so that the potential of each employee can be used correctly and efficiently.

The qualities of the employee, evaluated in the context of examining the possibility of growth (promotion) in the career are:

- ➔ performance and productivity;
- ➔ efforts, participation in work processes, attitude towards work;
- ➔ interpersonal skills, leadership qualities;
- ➔ the results of the test procedures;
- ➔ the opinions of experienced people, colleagues;
- ➔ professional experience;
- ➔ education, knowledge and professional skills.

4.3. Specialized subdivisions involved in ensuring the operation of the Quality Management System

Ensuring an efficient quality management system is also achieved through the contribution of specialized subdivisions (human resources, finance, logistics, IT, etc.).

In order to ensure the new employee with those necessary for carrying out the activity, the subdivision responsible for human resources sends the employment order to the specialized subdivisions, which undertake the necessary actions.

The subdivision responsible for finance ensures that the necessary documents are drawn up for the necessary remuneration and taxation, etc.

The subdivision responsible for logistics provides the employment with the work space and the office supplies necessary for carrying out the activity, etc..

The subdivision responsible for information technologies ensures:

- ➔ creation of accounts;
- ➔ internet access, data, information;
- ➔ necessary equipment – computers, notebooks, etc.;
- ➔ assistance in the field of information technologies;
- ➔ training and providing support for the use of information systems, with the provision of access to national databases;
- ➔ inclusion in the lists of access to the information systems of the State Tax Service, the Customs Service and the Agency for Land Relations and Cadaster and the annual updating of the respective lists; as well as the immediate updating of the lists for new employees and those dismissed from office during the year; etc..

The role, attributions, organization of the activity of each subdivision are described in the Regulation on the organization and operation of the subdivision. At the same time, the duties can also be found in the job description, and the instruments (procedures) to control the quality of the activities carried out by the specialized subdivisions can be found in the internal regulations that directly target the field, the respective process.

4.4. Rotation of key audit staff

In order to ensure independence in external public audit activity and to mitigate the risk of proximity with the audited entity, the Court of Accounts applies the rotation policy provided for in the Human Resources Strategy. Thus, the rotation:

- ***of the Members of the CoARM*** regarding the patronage of the audit subdivisions will be done *once in the mandate*;
- ***of the operational managers responsible for the audit*** on fields of activity - *once every 7 years*;
- ***of the public auditors*** will be carried out so that they do not participate as team leader in *more than 5 consecutive audits within the same entity*.

The responsible for the audit must ensure the monitoring of the rotation process within the subdivision he leads. The rotation mechanism is applied by individuals (team leaders) rather than by the entire audit engagement team, although audit leaders may also apply rotation to other members of the audit teams, ensuring the presence of a solid collective competence and a favorable psychological climate for the qualitative performance of the audits he monitors.

ELEMENT 5: PERFORMING THE AUDIT AND OTHER RELATED ACTIVITIES

„ The SAI must establish policies and procedures designed to provide it with reasonable assurance that the engagements performed and other related activities are carried out according to the (relevant) professional standards and applicable legal and regulatory requirements, and that the SAI issues appropriate reports in the circumstances. Such policies and procedures should include: a) relevant aspects for promoting consistency in the quality of performing the engagements; b) supervisory responsibilities; and c) review responsibilities.”

[ISSAI 140, Element 5: Performing the audit and other related activities]

5.1. Quality control assurance approach and model

To the person responsible for the management of Element 5 "Performance of audits and other related activities", approved throughout an internal administrative act, signed by the President of the CoARM, is delegated with the following responsibilities:

- ➔ setting objectives with the inclusion of indicators for alignment with established criteria;
- ➔ taking actions to comply with the criteria of the element;
- ➔ monitoring and evaluating the situation on Element 5 'Carrying out audits and other related activities' with documentation of results;
- ➔ reporting and presenting information on the state of play of the item on the basis of established criteria, annually and, where appropriate, upon request;
- ➔ submission of proposals to improve the functioning of the element and, where appropriate, proposals for adjustment of internal rules.

The way to evaluate and report each element is described in Section 6.3. "Assessment and reporting of the quality management system within the CoARM".

The main activity of the Court of Accounts is auditing. The Court of Accounts performs the external public audit according to the International Standards of the Supreme Audit Institutions, being implemented *INTOSAI Framework of Professional Pronouncements*³⁰.

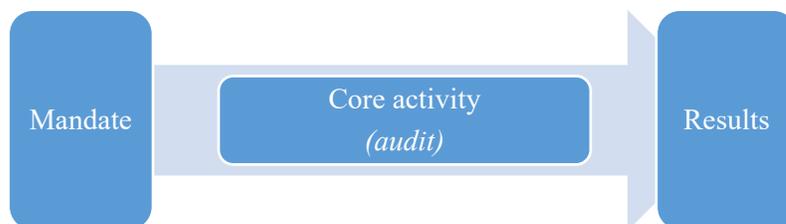


Figure no. 6. The activity of the Court of Accounts.

The Court of Accounts performs financial audit, compliance audit, performance audit according to the policies and procedures established and specified within *manuals, guides, regulations, the Code of Ethics* etc., developed by the Court of Accounts according to the requirements of the *INTOSAI*

³⁰ Approved throughout the Decision of the CoARM no.2 from 24.01.2020.

Framework of Professional Pronouncements and other good practices regarding external public audit and good governance.

The Court of Accounts implements policies and procedures that encourage high-quality work and discourage low-quality work. For the continuous improvement of the quality of the audits carried out, as well as for the professional development of employees and the improvement of their skills, the audits carried out by the Court of Accounts are evaluated.

Audit quality is the responsibility of *all external public auditors of the Court of Accounts* and is a continuous process, which ensures compliance of the audit activity with applicable legal requirements, international auditing standards³¹ and audit policies and manuals/guidelines, both during the organization and conduct of the audit process and after its completion.

The Court of Accounts' quality objective is to establish and maintain an audit quality system that provides assurance that:

- the Court of Accounts and its staff comply with professional standards and applicable legal and regulatory provisions;
- the audit reports issued by the Court of Accounts meet the objectives of the audits carried out.

Quality control in the audit process – the set of policies and procedures adopted by the Court of Accounts, intended to provide reasonable assurance regarding the fact that external public audits are carried out according to the approved professional standards and the applicable normative and regulatory framework, as well as that the Court of Accounts issues appropriate reports in the given circumstances.

The Court of Accounts performs audit quality control by implementing pre-established policies and procedures for each stage of the audit process, which include the following aspects:

- ➔ all stages of the audit are performed according to the professional standards and approved policies and procedures;
- ➔ audits are performed by competent personnel who have access to professional standards, policies and procedures, manuals, training materials, audits that are recognized as examples of good practice etc.;
- ➔ employees have the opportunity to receive appropriate advice on complex or controversial issues;
- ➔ the audit process is documented according to the professional standards and approved policies and procedures;
- ➔ audits are reviewed and supervised and the audit process is documented according to the professional standards and approved policies and procedures.

All 3 audit types focus on the main core process, which starts with organizing the audit and initiating the planning stage, then moves into the execution, reporting and then monitoring stages.

³¹ INTOSAI Framework of Professional Pronouncements, approved throughout the Decision of the CoARM no.2 from 24.01.2020.



Figure no. 7. Stages of the audit process.

The activities related to the conduct of audit engagements, including the procedures for completion, endorsing, circulation, registration of documents within them, for all types of audit are described within the *Regulation on the activities related to the conduct of audit engagements*³².

The audit engagements will be carried out and documented according to the procedures described in the audit manuals (guide) of the Court of Accounts, depending on the type of audit, within the *Regulation on the activities related to the conduct of audit engagements*, as well as in other relevant internal normative acts.

5.2. Levels of quality control in the audit process

The audit responsible and the audit team bear primary responsibility for the quality of the audit. Quality control in the audit activity within the Court of Accounts is carried out on **2 levels**:

- **I level control** – *head of the audit team*;
- **II level control** – *audit responsible (head of the General Audit Department)*.

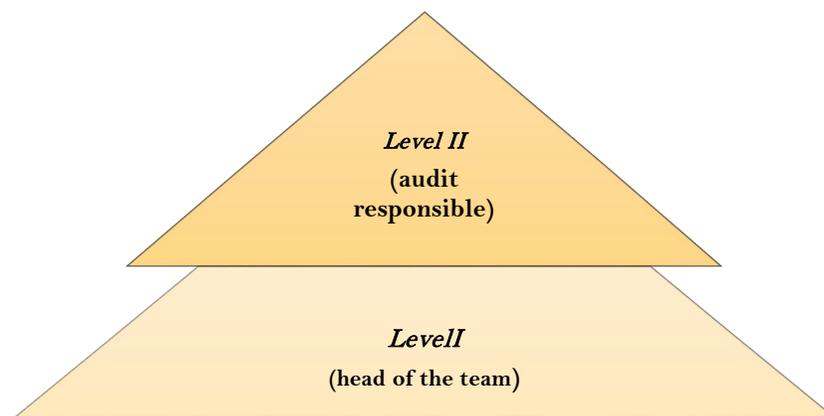


Figure no. 8. Levels of quality control in the audit process.

Control levels I (audit team leader) and control II (audit responsible) are *responsible for the quality of the audit, through application*:

- INTOSAI Framework of Professional Pronouncements;
- the normative-methodological framework related to the type of audit carried out (manuals, guides, regulations, instructions, guidelines, guidelines, methodological bulletins, etc.), as well as other internal normative acts that guide the activity of the employees of the Court of Accounts;
- quality control procedures established by this Guide – guidance, consultation, supervision and review (for more details see Section 5.4. Quality control procedures).

³² Approved throughout the Decision of the CoARM no. ___ from ___ December 2022.

Additional, **II control level** (audit responsible – head of the General Audit Department) is **responsible for planning and organizing the audit process, which entails:**

- strategic and annual planning of the audit activity;
- direct planning of all audit engagements;
- efficient management of resources through the formation of audit teams, taking into account the requirements of the *Professional Competence Framework* (Element 4 "Human Resources") and the *Quality Requirements for planning the audit engagements*, provided for in Element 3 "Strategic planning and operational planning" of this Guide;
- ensuring the consistency (single approach) of all audits, depending on their type, carried out within the subdivision;
- the quality of the reports issued by the subdivision.

The quality of audit responsible can be delegated to another person, appointed throughout a Disposition. At the same time, in case of delegation, the audit responsible will indicate, in a Register, the audit engagement in which the responsibilities as audit manager are delegated, the name of the delegated person and his signature. However, in the end, the responsibility for the quality of the audit rests with the head of the General Audit Department, a fact also mentioned in the Disposition.

The coordinating member of the Court of Accounts provides assurance:

- that the draft Audit Report submitted for approval corresponds to the quality requirements provided by the INTOSAI Framework of Professional Pronouncements and that, upon its finalization, the audit procedures established by the internal normative framework of the Court of Accounts were respected³³;
- that communication with the entity from the initiation of the audit until the approval of the Audit Report is effective;
- that it provides support in the process of solving potential impediments, in carrying out the audit engagement (intervenes in sensitive issues between the audited entity and the audit team);
- that the evidence for the most sensitive, contradictory, significant areas, aspects (findings, observations) are examined, communicated to the audited entity and supported;
- that the documented reaction (response) of the audited entity's management to the audit findings (observations), conclusions (opinion) and audit recommendations have been examined. In the case of supporting the position of the audit team by the Member, it is necessary to form a unique position of the Court of Accounts before the meeting. The entity's disagreement will be attached to the audit report;
- that the results of the "hot" review (Notes and checklists) have been reviewed and the recommendations made by the reviewers have been implemented until the approval of the Audit Report;
- etc. (for more details see Section Element 1).

If the institution remains, on a certain subject, in a different position than the audited entity, the coordinating Member of the Court of Accounts ensures that the draft report contains the information regarding the entity's opinion on the given subject.

³³ See Chapter 6. Quality assurance, Section 6.2., point 3. Review of disagreements and complaints regarding the quality of work performed).

5.3. Quality control procedures

The quality control of the audit activity is carried out through an interactive, open and reliable process. When conducting audits, regardless of the type of audit, the Court of Accounts is guided by the institutionalized **quality control procedures**.

Quality control procedures are interdependent and operate as a global and unified system to provide reasonable assurance that the work has been performed competently. The purpose of the procedures is to ensure the high quality of the audit and to avoid the occurrence of quality risk.

In Table no. 2 you can consult what are the differences between those responsible for different levels of control in the application of control procedures.

Table no.2

Differentiation of responsibilities of control levels in the application of control procedures

No.	QUALITY CONTROL PROCEDURES	Control level:	
		Head of the audit team (level I)	Audit responsible (level II)
	Countersigning the Disposition confirms the collective competence of the audit team	X	✓
1.	<i>Guiding (orienting, guiding)</i> members of the audit team at all stages of the audit, through timely and appropriate guidance in the process of carrying out the audit;	✓	✓
2.	<i>Consultation (support)</i> of the members of the audit team at all stages of the audit in order to resolve difficult or contradictory aspects in the application of manuals, guides and other internal normative-methodological acts of the Court of Accounts;	✓	✓
3.	<i>Supervision (oversight)</i> of the audit engagement through the daily, periodic management of the activity carried out by the audit team at all stages;	✓	✓
4.	<i>Review</i> at all stages of the <i>audit of each audit document</i> , prepared by members of the audit team, paying particular attention to audit findings, conclusions and recommendations, professional judgments, audit evidence;	✓	X
	<i>Review of the key-audit documents</i> related to the audit stages (ex.: <ul style="list-style-type: none"> ➔ <i>for the planning stage</i> – Audit Strategy, Audit Plan, Preliminary Study, Overall Audit Plan, Audit Programs, including significant areas and risks, and approach to audit; ➔ <i>for the execution stage</i> – working documents, including evidence for the most sensitive, contradictory, significant areas (aspects); ➔ <i>for the reporting stage:</i> <ul style="list-style-type: none"> ▪ the documented reaction (response) of the management of the audited entity regarding the audit findings (observations), conclusions (opinion) and audit recommendations; ▪ the draft Audit Report and, as the case may be, other documents related to the reporting stage (e.g. Letter to management etc.). 	X	✓
1-4	Documentation of the control procedures applied during the audit: <ul style="list-style-type: none"> ▪ <i>the meeting regarding the training of the audit team (e.g. minutes);</i> ▪ <i>the initiation meeting of the audit engagement (e.g. minutes);</i> ▪ <i>the meeting regarding the discussion and approval of the Audit Strategy, the Audit Plan, the Audit Program (e.g. minutes);</i> 	X	✓

	<ul style="list-style-type: none"> ▪ <i>revision of the working documents related to the execution stage for the most sensitive, contradictory, significant areas (aspects);</i> ▪ <i>reviewing the draft Report, in order to ensure its quality (e.g. copy of the email, Quality Checklist ³⁴, minutes, etc.);</i> ▪ <i>and, as appropriate, other priority aspects subject to control procedures.</i> 		
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In the following, is presented the manner of implementing quality control procedures through **quality control levels**, including through **subdivisions specialized in various fields**.

5.3.1. Guidance

Guidance – procedure carried out throughout the audit through the audit manager and the head of the audit team to orient in the right direction the people involved in the audit engagement and ensure compliance with professional standards. Through guidance, it is ensured that the members of the audit team understand very well what tasks they are to perform. This fact will ensure that the work is done efficiently and effectively.

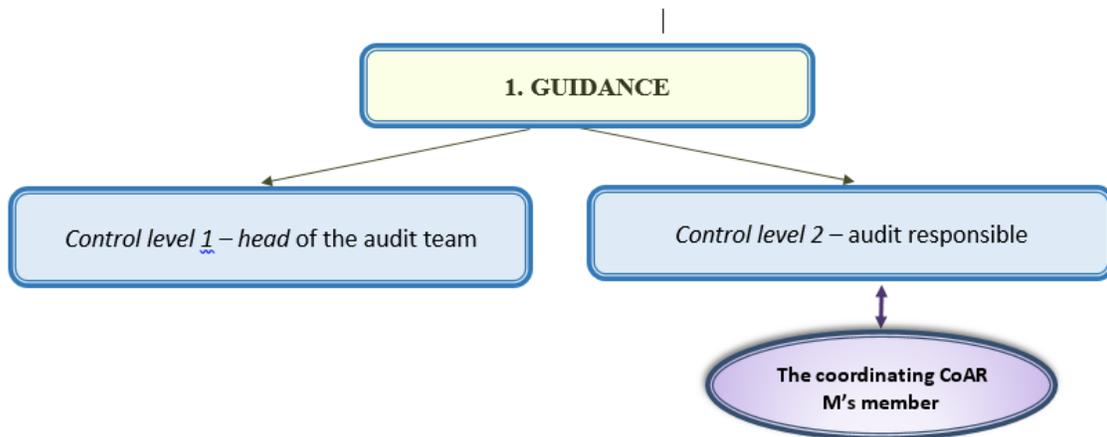


Figure no. 9. The audit quality control implementation system in the Court of Accounts through guidance.

During the performance of the audit activities, the external public auditors benefit from appropriate guidance. Both the audit manager and the head of the audit team perform this. In order to provide effective guidance, it is necessary that a number of **conditions** regarding:

- understanding and applying international auditing standards;

³⁴ Checklist for assessing compliance with the requirements regarding the structure and format of the Audit Report according to the Regulation on methodological assistance in the audit process; Quality checklists used in ‘hot’ or ‘cold’ quality reviews.

- knowledge and appropriate application of the national regulations regarding the subject (field) audited;
- learning the provisions of the procedure manuals applicable to the audited field;
- the application of audit techniques according to the nature of the audited activity and the time allocated to the engagement;
- understanding the specific aspects resulting from the audit activity.

The audit responsible provides guidance through:

- ➔ conducting and documenting audit team training;
- ➔ timely and appropriate orientation in the process of carrying out the engagement.

The head of the audit team provides guidance through timely and appropriate guidance in the process of carrying out the engagement.

The coordinating CoARM member, during the audit mission, can guide the audit team on certain aspects.

5.3.2. Consulting

Consulting (support) – procedure carried out during the audit engagement, both within the audit team and through specialized subdivisions in various fields to solve problems, difficulties identified on certain aspects (legal, methodological, quality, communication (editorial), internal managerial control, IT etc.). On specific issues, consultations can also be requested from external experts.

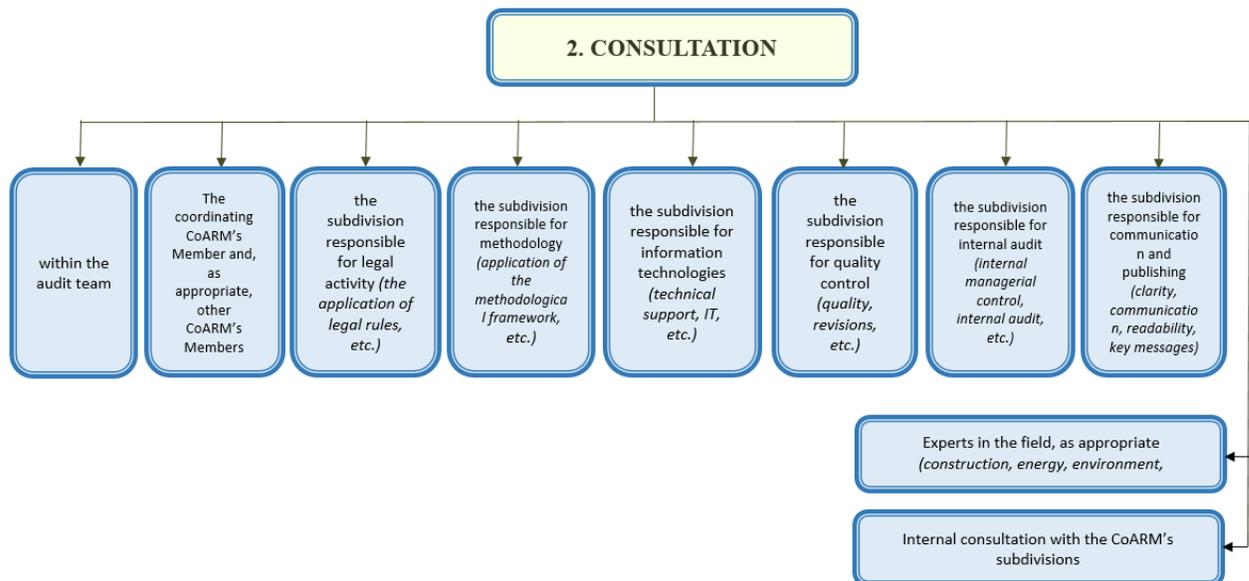


Figure no. 10. The audit quality control implementation system in the Court of Accounts through consultation.

During the course of the audit activity, consultations must take place with experienced persons, either inside or outside the institution (experts/specialists in narrow fields) or between auditors, audit teams, when:

- it is necessary to identify domains with a higher degree of specificity;
- it is necessary to identify the way of working in order to solve some complex or unusual problems (situations).
- ➔ ***Consulting within the audit team*** – During the audit, any member of the audit team who has identified problems (difficulties) initiates appropriate consultations with **the team leader** and **the audit responsible**. If the problem persists, the audit responsible together with the team leader, requests consultation from the specialized subdivision or from external experts who have the relevant knowledge and experience to resolve complex and/or controversial issues.

The Court of Accounts has delegated, through the internal regulations, the consultation (support) regarding the issues related to:

- ➔ ***Application of the methodological framework*** – the subdivision responsible for methodology³⁵;
- ➔ ***Legal norms*** – the subdivision responsible for legal activity;
- ➔ ***some specific topics (constructions, environment, health, etc.)*** – the subdivisions responsible for joint audit with the experts in the field.

At the same time, consultations and support may be requested from other structural subdivisions of the Court of Accounts on the following aspects:

- ➔ ***quality*** – the subdivision responsible for quality control;
- ➔ ***technical and IT support*** – the subdivision responsible for information technologies;
- ➔ ***internal managerial control, internal audit*** – the subdivision responsible for internal audit;
- ➔ ***clarity, communication, key messages*** – the subdivision responsible for communication and editors; §.a.

The consultation procedure and its documentation in the aspects listed above are described in the related internal regulations. At the same time, each subdivision that grants consultation keeps a Register of records of the consultations granted, according to the model in Annex no. 3 to this Guide.

The documentation of consultations is carried out according to the internal regulations mentioned above. This should be complete and detailed enough to understand:

- ➔ the issue on which consultation was required;
- ➔ the results of the consultation, including the decisions taken;
- ➔ the basis of such solutions and their application.

The consultations offered by each subdivision (legal, methodological, editorial, etc.) will be included in a register of the assistance provided. This register will be filled up to date.

Each subdivision that provides consultation, support (legal, methodological, editorial, etc.) must keep:

- ➔ own registry of these consultations;

³⁵ Regulation on methodological assistance in the audit process approved throughout the Decision of the CoA no. 08 from 22.02.2022

- a file (folder) for storing consulted audit documents (track-change, comments on the draft audit report etc.).
- ***Consulting the opinion of entities responsible for certain fields (finance, IT, procurement etc.)*** - the way of applying the normative, methodological framework specific to certain fields (Ministry of Finance, Ministry of Economy, National Center for Personal Data Protection, Electronic Government Agency, NIA etc.). As a rule, the procedure includes requests, steps to expose some situations or the way of applying the rules. The respective documents are attached to the audit file.

Additionally, the Court of Accounts institutes a new procedure:

- ***Internal consultation with the CoARM's subdivisions*** – procedure that is carried out in an internal meeting, in which the CoARM's employees, including management, can participate. The audit manager jointly with the audit team, organizes the meeting at the planning and reporting stages, in particular, within the performance and compliance audit, to bring added value to the audit. The invitation to participate in the internal consultation, indicating the date, time, location, is sent in electronic format, with the attachment of the document in question. Improvement proposals are discussed during the meeting or can be submitted in a written form.

During the *planning stage*, public consultation focuses on questions, criteria, audit approach, etc., during the *reporting stage* – public consultation focuses on preliminary audit findings, conclusions and recommendations.

Documentation of internal consultation with the CoARM's subdivisions is carried out by including the proposals in the minutes and, as the case may be, by attaching the improvement proposals received in written form. The documents regarding the consultations carried out will be included in the audit file.

The coordinating CoARM's member, during the audit, may consult the audit team on certain aspects.

5.3.3. *Supervision*

Supervision – supervisory procedure carried out through the audit manager and the head of the audit team, as well as, where appropriate, the engagement partner, to ensure that the audit is carried out according to the professional standards and that the stipulated deadlines and the limit of the allocated resources are respected. The supervision is carried out during the audit.

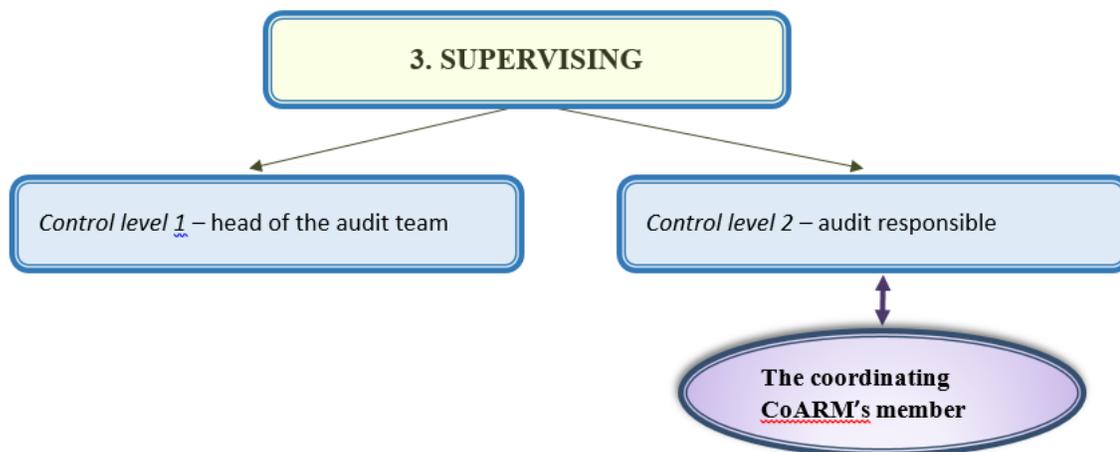


Figure no. 11. The audit quality control implementation system within the Court of Accounts through supervision.

Audit supervision ensures that all audit policies and procedures are followed throughout the audit process, audit objectives are met and the quality of audit work is maintained. The supervisor must have skills and knowledge in audit methodologies, planning and monitoring audit work, management, strategic thinking, forecasting and problem solving. The level of supervision provided depends on the professionalism and experience of the audit team and the complexity of the audit matter.

Supervision involves monitoring the way the audit mission is carried out and, in particular, addressing significant issues that arise during the audit, with the aim of ensuring that the objectives of the engagement have been established and fulfilled in quality conditions.

Supervision is carried out at the level of the *audit responsabile* and the *head of the audit team*, to ensure the fulfillment of the **supervisory tasks**:

- ➔ tracking audit progress:
 - *there is enough time, resources to achieve the set objectives or additional resources are needed;*
 - *members of the audit team understand the tasks, the objectives to be achieved and whether there is a need for additional instructions for a proper understanding of the audit tasks;*
 - *all audit objectives were carried out adequately, correctly, fully and within the established deadlines etc.;*
 - *the audit engagement is carried out according to the planned approach;*
 - *working papers are adequately and sufficiently completed, including whether their content is clearly and correctly set out and includes cross-references;*

- *documented information and observations, conclusions in the working papers are consistent and consequent;*
- *findings and conclusions, and audit evidence supports those conclusions and findings;*
- ➔ assessment of the audit according to the financial, compliance and/or performance audit processes approved by the Court of Accounts;
- ➔ identifying the need for consultation, support and/or review, both from the team leader and the audit manager, as appropriate, more experienced members of the audit team, and from other parties involved (*for example: other audit teams, methodological and legal support, communication, quality control, internal audit, IT support etc.*), including the resolution of differences of opinion between the participants in the audit process;
- ➔ addressing important issues and significant difficulties encountered during the audit, evaluating their importance and, as appropriate, submitting proposals for changing the way the audit is approached (*appropriate adjustment of the plan, audit programs*).

The **Documentation of supervision** is carried out through Notes, minutes, etc., depending on the supervision task.

The coordinating CoARM's member, during the audit, may supervise the progress of the audit engagement.

5.3.4. Review

Review – quality assessment procedure, carried out both within the audit team and by the specialized subdivisions (in the legal, methodological, communication fields), in order to improve the quality of the audit engagement, including the audit materials, by objectively evaluating the issues, identified risks, professional judgment applied and the conclusions drawn by the audit team. Such consultations contribute to the promotion of quality and improve the application of professional judgment as well as reducing the risk of error.

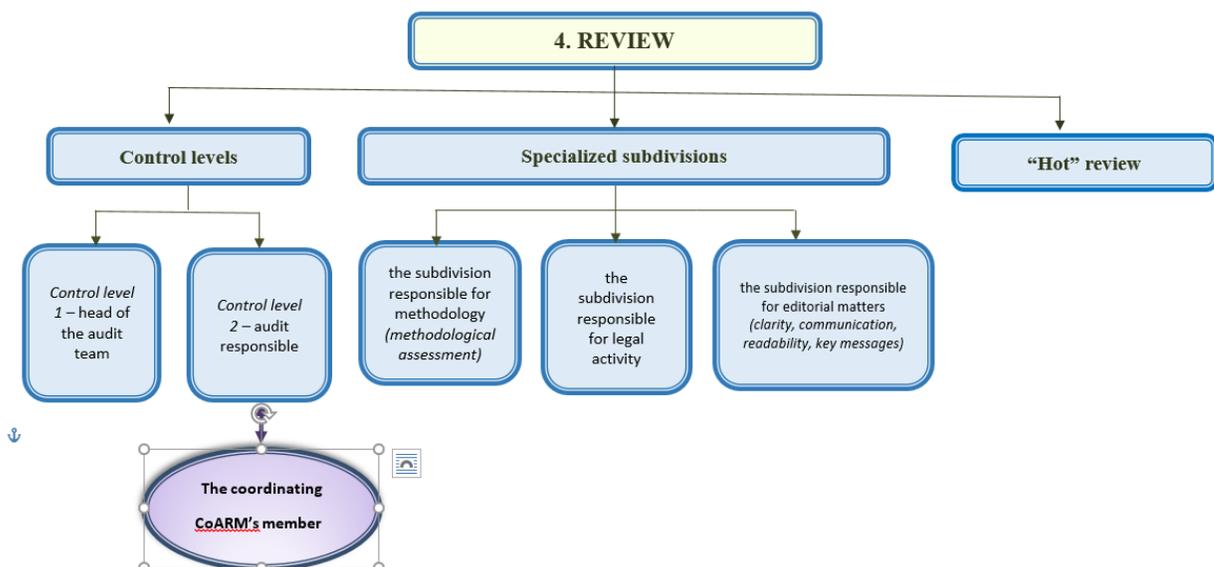


Figure no. 12. The audit quality control implementation system within the Court of Accounts

through revision.

The following **types of reviews** are used within the Court of Accounts:

1) Review by control levels:

- a) carried out by the head of the audit team* – to ensure that all audit documents prepared by other team members are free of errors or contradictions and meet quality requirements;
- b) carried out by the audit responsible* – to ensure that they are free of errors or contradictions and meet quality requirements:
 - ➔ the "key" audit documents from the planning stage drawn up by the head of the audit team are free of errors or contradictions and meet the quality requirements;
 - ➔ the audit documents related to the execution stage that target problematic, sensitive areas, including the audit evidence that supports the audit conclusions;
 - ➔ the documented reaction (response) of the management of the audited entity regarding the audit findings (observations), conclusions and recommendations, especially in case of disagreements;
 - ➔ the draft Audit Report and, as the case may be, other documents related to the reporting stage (e.g. Letter to the management etc.).

Documentation of reviews by control levels I and control level II is done by:

- signing of audit documents by the control levels, specifying the name, first name, position, signature and date of signing by the responsible person; and
- using one of the following forms of documentation: *email copy, Quality Checklist³⁶, minutes, notes etc.*

Regardless of the form of documentation selected, the audit file must be accompanied by evidence confirming that the control levels have applied the review procedure. At the same time, the revisions (adjustments) made will be stored in a file (folder) for their record.

2) The review by the specialized subdivisions is carried out based on the approved internal regulations.

a) review by the legal assistant – at the reporting stage, mandatorily, the person responsible for legal assistance analyzes the draft Audit Report and the decision of the Court of Accounts regarding its approval and verifies the compliance of the findings described with the applicable legal framework, as well as the correctness of the exposition of the legal norms in the footer of these documents. The procedure regarding legal assistance is carried out according to the process described in the *Regulation on legal assistance of the external public audit*;

The documentation of revisions is carried out, compulsorily, by keeping and completing a register regarding the granting of legal assistance. Each jurist must have his own registry for the provision of legal assistance and a file (folder, folder) for storing audit documents consulted, reviewed (track-change, comments on the draft audit report).

b) the review by the methodological assistant, called the methodological review – the assessment of audit materials in terms of their compliance with the approved audit methodologies, which aims to

³⁶ Checklist for assessing compliance with the requirements regarding the structure and format of the Audit Report according to the Regulation on methodological assistance in the audit process; Quality checklists used in "hot" or "cold" quality reviews.

contribute to the qualitative performance of the external public audit activity, with the improvement of the audit materials, before their approval. The methodological assessment procedure is carried out according to the process described in the *Regulation on methodological assistance in the audit process*³⁷;

For audit engagements that are included in the Annual Program of "hot" reviews of the quality of audits, the activities performed by the methodological assistant are limited only to consultations and methodological support, upon request.

The documentation of the review (methodological evaluation) is carried out by:

- completing the Checklist for assessing compliance with the requirements regarding the structure and format of the Audit Report according to the Regulation on methodological assistance in the audit process, and
- keeping and completing *a register regarding the granting of methodological assistance*.

Regardless of the form of documentation selected, the proof confirming the revision granted must be attached to the audit file.

3) Review by the communication assistant (editorial) – support in the planning and reporting stages, especially in performance and compliance audits, to ensure clarity and readability of audit reports. At the planning stage, support can be provided in formulating audit objectives, questions and sub-questions, identifying key messages, etc. At the reporting stage, support can be provided to review and improve the formulation of audit findings, conclusions and recommendations, integration of key messages into the draft Audit Report.

The documentation of the editorial review is carried out throughout:

- keeping and completing a record book regarding the granting of editorial assistance;
- storing the revised documents in electronic format (track-change, comments on the draft report, copy of the email etc).

Regardless of the form of documentation selected, the audit file must be accompanied by evidence confirming the revision granted.

5.4. "Hot" review

*The SAI ensures appropriate quality control policies and procedures (such as oversight and review responsibilities, as well as engagement quality control reviews - "hot" review) for all activities performed (including financial, performance and compliance audits). The SAI recognizes the importance of "hot" reviews of audit engagements and when performing them. **The identified quality issues must be resolved before issuing the Audit Report.***

[ISSAI 140, Element 5: Conducting audit and other related activities]

"Hot" review – procedure that contributes to audit quality and to the promotion of staff learning and development by objectively assessing compliance with quality control procedures and audit methodology (manuals, guides, regulations, etc.) related to the type of audit.

The "hot" review is an essential tool for ensuring the consistent quality of the audit work, which allows the Members of the Court of Accounts to obtain additional assurance that:

- ✓ the audit methodology related to the audit type is followed; and
- ✓ quality control procedures (guidance, consultation, supervision, review) operate adequately and effectively.

The Members of the Court of Accounts are presented with the *Notes and Checklists regarding the results of the "hot" review* simultaneously with the draft Report, for examination and ensuring that the implementation of the recommendations submitted by the reviewers is carried out until the approval of the Audit Report.

The purpose of the "hot" review is to contribute to the improvement of the quality of the final products of the audit activity (of the audit reports), through the objective, independent, competent evaluation of the reasoning and conclusions of the audit and the submission of timely proposals, in order to ensure the quality of the audit.

By conducting the quality control review of the audit engagement (the "hot" review), the problems, deficiencies noted, identified must be satisfactorily resolved before the CoARM issues/approves a report. The "Hot" review consists of ensuring the consistent quality of audit engagements by assessing audit engagement quality control.

The "hot" review procedure involves **3 parts**:

- 1) ***Subdivision responsible for methodology***, which provides overall management of the "hot" review process. Management involves:
 - ✓ annual planning through the development and coordination of the Annual Program of "hot" revisions and the Order on the establishment of the working group for conducting "hot" revisions
 - ✓ guiding the review teams;
 - ✓ consulting (supporting) review teams;
 - ✓ supervision (supervision, monitoring) of the activities of the Annual Program of "hot" revisions";
 - ✓ review of "hot" results at the selected project stage according to the criteria set out in the Guidance.
- 2) ***The working group for carrying out "hot" reviews, approved annually throughout the Order of the President of the Court of Accounts***, ensures the actual performance of the review activity. The working group consists of employees with audit duties, with relevant skills and independent of the engagement under review. The criteria and how to select the members of the review panel are described in the Guidance on the "hot" review procedure.
- 3) ***Subdivision responsible for quality control***, which ensures the generalization in a report of the results presented at the end of the review process based on the notes and checklists developed by the review teams.

The composition of the working group for conducting "hot" reviews and the annual Program of "hot" reviews of the quality of audit engagements are approved throughout the Order of the President of the Court of Accounts, according to the audit processes related to the audit types (financial, compliance, performance) approved by the Court of Accounts.

The annual program of "hot" reviews, approved by the President of the Court of Accounts, is integrated into the annual action plan regarding the implementation of the Development Strategy of the Court of Accounts.

The Working Group includes both employees from the subdivisions responsible for the methodology, as well as employees with audit duties, with the relevant skills and independent of the engagement under review.

Quality control "hot" review policies and procedures include the following:

- ➔ the nature, timing and extent of the audit quality control review;
- ➔ eligibility criteria for audit quality control reviewers;
- ➔ requirements for the documentation of the audit quality control review.

The following issues are examined during the "hot" review:

- ➔ procedures related to the audit process, depending on the type of audit;
- ➔ the significant risks identified during the audit and how to respond to these risks;
- ➔ the professional reasoning from the audit documents related to the stages subject to review;
- ➔ communication with audited entities;
- ➔ compliance of the audit report with the Methodological Norms³⁸.

The review team prepares the Note on the results of the "hot" review of the quality of the audit engagement and the Checklists related to the type of audit and the stage under review, presenting them for discussion to the team leader and the audit manager. In case of disagreement, the audit manager submits a Note to the President of the Optional Committee for a second opinion.

The audit team has the obligation to react quickly and remedy the problematic aspects attested following the review, with the subsequent presentation of the completed list and adjusted documents to the review team.

Any member of the audit team may consult with members of the review team conducting the review. Such consultations should not compromise the auditor's objectivity.

The "Hot" review is performed according to the procedure described in the *"Hot" Review Procedure Guide*.

Generalizing reports

The sub-division responsible for quality control summarizes the results of the reviews for both the planning stage and the reporting stage in summary reports containing the following aspects:

- ➔ the fields, aspects with good practices;
- ➔ systemic errors, findings and conclusions related to the review;
- ➔ the recommendations submitted to improve the problematic aspects;

³⁸ The methodological norms regarding the structure, content and format of the audit reports of the Court of Accounts, approved throughout the Decision of the Court of Accounts no. 13 from March 25, 2020 (*revised/amended and supplemented edition)

- implementing the recommendations submitted.

As a result of the examination and approval by the President, the generalizing reports are brought to the attention of all employees of the Court of Accounts, for information, guidance and use in the activity, as well as to ensure the transparency and effectiveness of the review process.

Impact of revisions

The solutions and improvements identified in the reviews contribute to:

- adjusting and developing internal policies, systems and procedures as a result of finding situations where they have proven to be ineffective and/or inapplicable;
- the development of a professional training program, oriented to the needs identified in the revisions;
- application and documentation in the audit process of control procedures (guidance, consultation, supervision, review);
- identifying audits that require repeated review in the following year;
- other measures to improve the audit process.

Audit quality control performed by "hot" review teams does not reduce the obligations of the audit manager, the audit team leader and other members of the audit team to implement quality control. For more details on the conduct of "hot" review activities, see the Guide concerning the "hot" review procedure.

The "Hot" review is performed according to the procedure described in the *"Hot" Review Procedure Guide*.

5.5. Divergence of opinions during the audit

During the audit, there may be differences of opinion between the members of the audit team, consultants and between the head of the audit team and/or the person checking the quality of the audit. The Court of Accounts encourages the detection of differences of opinion in the early stages of the audit and the provision of clear advice on the sequence of actions to be taken to resolve the differences and implement the solutions reached.

Differences of opinion that arise during an audit engagement must be identified and resolved in a timely manner. An audit report cannot be approved until all differences of opinion have been resolved. The decisions are documented and implemented.

Divergence of opinions within the audit team

If such a situation occurs, the team members first discuss the issue with the audit manager and directly resolve the conflict situations (disagreement/mismatch) during a joint meeting regarding the discussion of the points of divergence, and reaching a common denominator. The audit responsible may choose to seek advice from other structural divisions.

Divergence of opinions with other parties involved in the audit process

In the audit process, there may be times when disagreements arise between the audit team and those consulted (e.g. methodological, legal, editorial assistance) or quality reviewers (the "hot" review team or the subdivision responsible for quality control). If they cannot be resolved during joint

meetings, the differences of opinion are resolved by the optional Committee to provide a second opinion.

The optional committee for providing a second opinion

In order to ensure the proper functioning of the quality control system, the President jointly with the Head of the Apparatus of the Court of Accounts or another person appointed by him constitutes a committee, called the *Optional Committee for providing a second opinion*.

The optional committee operates according to the normative-methodological acts (manuals, guides, methodological norms, etc.) approved by the Court of Accounts.

The optional committee consists of:

- ➔ President – appointed by the President of the Court of Accounts;
- ➔ Members – persons who have appropriate knowledge, seniority and experience of the subject being examined, such as: *heads of audit subdivisions, representatives of the subdivision responsible for legal, methodological, communication, quality control, internal audit, except for those who participated in the audit process, including through consulting, support and review;*
- ➔ secretary – a person from the Committee.

Rights of the Optional Committee:

- ➔ to request from the auditor explanations and information regarding the matters of divergence;
- ➔ to initiate consultation meetings with the persons concerned on the subject of divergence;
- ➔ to make suggestions and recommendations regarding the subject being examined;
- ➔ to consult other parts relevant to the subject under examination.

Responsibilities of the Optional Committee:

- ➔ Commission);
- ➔ to examine the *Note* and the documents related to the examined subject;
- ➔ to draw up an *Opinion* on the examined issue;
- ➔ to inform the audit manager about the results of the examination (*Opinion*);
- ➔ to inform the members of the Court of Accounts about the Committee's *Opinion*, until the preliminary meeting to examine the draft Audit Report and, as the case may be, other interested parties.

The optional committee meets at the request of the audit manager, who prepares a *Note*, addressed to the president of the Committee, which will include:

- ➔ the problem's summary;
- ➔ the synthesis of the results of all previous consultations/opinions;
- ➔ explanations and arguments regarding the disagreement.

5.6. Audit documentation

The Court of Accounts ensures that the audit work is documented in a timely and appropriate manner. The audit documentation is the property of the Court of Accounts. Documentation is done both on paper and in electronic format.

Policies and procedures regarding the preparation of audit documents, including audit files; quality control of their perfection; submitting and keeping audit files in the archive of the Court of Accounts; their confidentiality, integrity and accessibility both for employees of the Court and for staff from outside the institution are established in the audit manuals specific to the type of audit performed, as well as in the *Instructions regarding the execution of secretarial work within the Court of Accounts*³⁹.

The audit file must contain substantial evidence of the quality control procedures performed, including guidance, consultation, supervision and quality review, in accordance with the procedures described in this Guide. Quality control procedures performed through guidance, consultation, supervision and review shall be documented. Such documents indicate that:

- ➔ all established procedures (guidance, consultation, supervision and review) are followed);
- ➔ the review and supervision are completed by the time of the examination of the draft Report in the meeting of the Court of Accounts;

The Court of Accounts offers to the audited entities the opportunity to come up with a response to the findings (observations), conclusion (opinion) and recommendations from the draft Audit Report.

The Court of Accounts ensures the confidentiality, preservation, integrity, intelligibility and reproducibility of the audit documentation. In this sense, appropriate control measures are implemented to ensure the integrity of the audit documentation:

- ➔ determining when and by whom the audit documentation was prepared, amended or revised;
- ➔ protection of the integrity of information at all stages of the audit, especially where members of the audit team exchange information or information is transmitted to third parties by email;
- ➔ preventing unauthorized changes to audit documentation;
- ➔ ensuring the access of the audit team and other authorized parties to the audit documentation necessary for the proper performance of their duties.

Such control measures, in particular, are:

- ➔ the use of passwords by members of the audit team to limit the number of people who can access electronic audit documentation by authorized users;
- ➔ backup of electronic audit documentation at the appropriate stages of the audit;
- ➔ the appropriate distribution among the members of the audit team, according to their competences, of the tasks of preparing the audit documentation, its processing during the audit and the efficiency at the end of the audit;
- ➔ restricting access and keeping audit documentation confidential through archiving;
- ➔ ensuring confidentiality by an independent consultant.

The Court of Accounts establishes policies and procedures for the retention of audit documentation for a period sufficient to meet the needs of the Court of Accounts itself or legislative and regulatory requirements⁴⁰. The deadline for temporary storage of documents in the archives of the Court of Accounts, established according to the legal provisions, is 15 years. The set deadlines are calculated from the year of the preparation/approval of the document/file. Upon its expiration, the documents

³⁹ Approved throughout the Order of the President of the Court of Accounts no. 227 from 14.12.2016

⁴⁰ Instructions regarding the execution of secretarial work within the Court of Accounts

from the Court of Accounts' archive are sent to the State Archival Fund for permanent preservation in the established manner.

ELEMENT 6: QUALITY ASSURANCE

„The SAI must establish a monitoring process designed to provide reasonable assurance that the policies and procedures relating to the quality control system are relevant, appropriate and operating effectively. This process must:

- to include a process of ongoing review and assessment of the quality control system at the level of the SAI, involving the review of a sample of completed activities from the entire scope of activities exercised by the SAI;
 - to dispose the responsibility for the monitoring process to be assigned to a person or persons with sufficient and relevant experience and authority within the SAI to undertake such responsibility;
 - to require that those performing the review are independent (i.e. they did not participate in the performance of the respective audit or in the review of the quality control of the activity).”
-

[ISSAI 140, Element 6: Monitoring; ISCQ 1, point 48]

Audit quality assurance – a set of measures including review and assessment of the quality management system, including periodic review of completed audits, to provide the Court of Auditors with reasonable assurance that its quality management system is operating effectively.

This guide mainly regulates the quality assurance of the financial audit, the compliance audit and the performance audit.

The Court of ACCOUNTS has established a systemic approach to the review and monitoring of the quality management system. This approach is a combination of different assessment activities, in order to obtain information and assurances that quality controls are carried out qualitatively, ensuring the quality of the final products – Audit Reports.

Those responsible for the control of the activities described in Sections 6.1. and 6.2. from Element 6 are:

- ”cold” reviews – *the subdivision responsible for quality control*;
- internal assurance audit engagements – *the subdivision responsible for internal audit*;
- surveys, studies, assessments from interested parties – *the subdivision responsible for communication*.

The following responsibilities are delegated to them:

- ➔ analysis, evaluation and permanent monitoring of the operation of each activity described in Sections 6.1. and 6.2.;
- ➔ presentation of information on the functioning of the respective activities to the person in charge of the quality management system, semiannually and/or at his request;
- ➔ developing and submitting recommendations aimed at improving the functioning of activities;
- ➔ evaluating and monitoring the effectiveness of the activities carried out in order to improve the functioning of the element;

as appropriate, submitting proposals for improving the internal normative acts related to the operation of the element, in coordination with the person in charge of the quality management system.

The way to evaluate and report each element is described in Section 6.3. "Assessment and reporting of the quality management system within the CoARM".

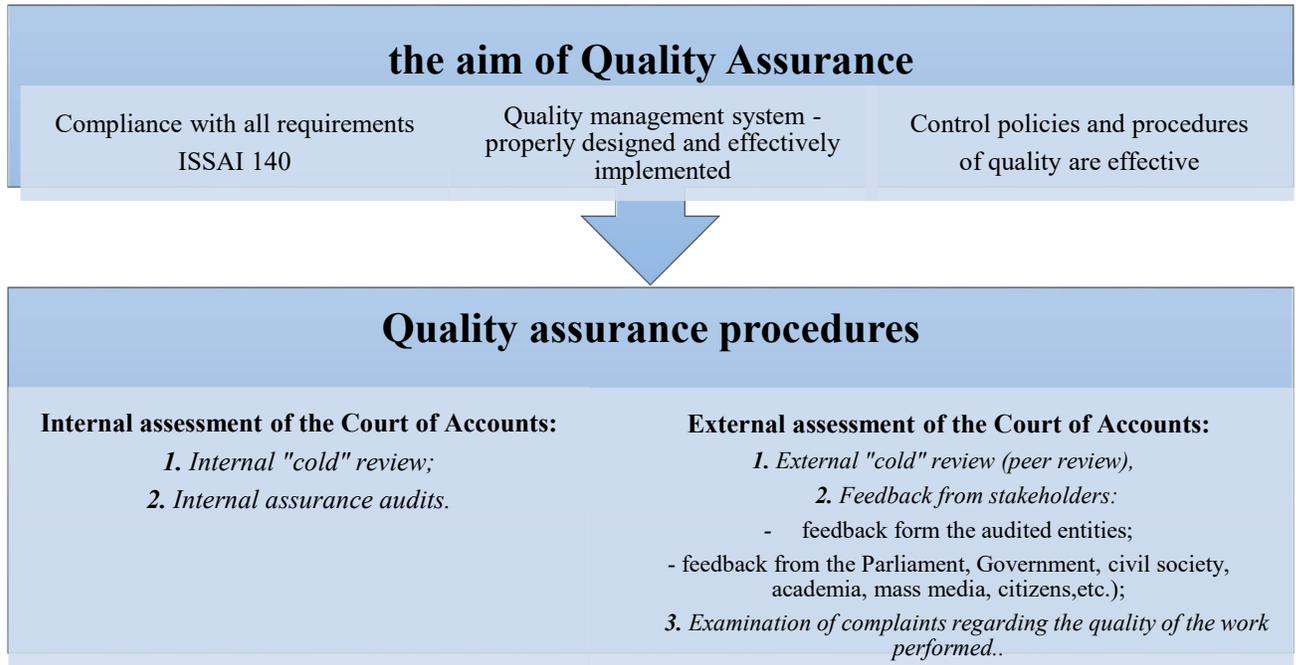


Figure no. 13. Quality assurance system.

The Court of Accounts uses the following **quality control methods** in its activity:

- 1) *internal "cold" reviews;*
- 2) *assurance and advisory internal audit assignments;*
- 3) *external "cold" reviews;*
- 4) *the feedback (response reaction) from the audited entity;*
- 5) *surveys, studies, assessments from interested parties (Parliament, Government, civil society, academia, mass media, citizens etc.).*

6.1. Internal evaluation of the activity of the Court of Accounts

Internal evaluation of the activity – measures that are carried out by the people within the Court of Accounts in order to evaluate the institution's activity to improve the quality control system.

1) "Cold" review

"Cold" review – procedure that is carried out to provide an objective assessment of whether completed audit assignments have been carried out in accordance with professional standards and the main requirements of the policies and procedures established by the Court of Accounts.

The "cold" quality review function is separate and independent from the audit process, guaranteeing an objective and detailed assessment of the way the audit process is organized and carried out and the verification of how the quality control was carried out by the control levels.

The "cold" review procedure is carried out according to the process described in the *Guidance on the "cold" review procedure* approved by the Court of Accounts.

The "cold" review is carried out by the subdivision responsible for quality control. The task of the subdivision is to analyze and evaluate the quality management system at the level of the audit activity, involving the review of a sample of completed external public audit engagements.

Completed audit engagements are reviewed *annually on a cyclical basis*, taking into account the criteria for selecting audits for review, set out in the Guidance.

Based on the results of the selection, the subdivision responsible for quality control together with the Head of the Apparatus prepares the draft of the annual program of "cold" revisions, which is submitted, for examination and approval, to the President of the Court of Accounts. The approved program is brought to the attention of the CoARM's employees.

The approved annual program of "cold" reviews is integrated into the annual Action Plan on the implementation of the Development Strategy of the Court of Accounts.

All stages of the audit are subject to the "cold" review.

Following the review, based on the *Checklists* related to the type of audit, a Report Note is drawn up and discussed with the team leader and the audit manager. In case of disagreement, the audit manager submits a Note to the president of the Optional Committee for a second opinion.

The audit responsible has the obligation to inform the employees in the subdivision about the problematic aspects attested as a result of the "cold" review and the recommendations submitted for subsequent audit engagements. He draws up an Action Plan regarding the implementation of the recommendations of the Note-report on the results of the "cold" review of the quality of the audit with the indication (identification) of the subsequent audit. The action plan is presented to the subdivision responsible for quality control, which ensures the monitoring of the implementation of the recommendations submitted from the previous year based on the examination of the confirmatory audit documents presented by the head of the audit team.

As a result, the audit team has the obligation to implement the recommendations submitted in subsequent audits related to the type of audit, with the subsequent presentation of audit documents confirming the level of their implementation to the subdivision responsible for quality control.

The general report

The sub-division responsible for quality control summarizes the results of the "cold" reviews in a general report, which contains the following aspects:

- ➔ the fields, aspects with good practices;
- ➔ typical, systemic errors, findings and conclusions related to the review;
- ➔ the recommendations submitted to improve the problematic aspects;
- ➔ implementing the recommendations submitted from the previous year.

As a result of the examination and approval by the President of the CoARM, the general report is brought to the attention of all employees of the Court of Accounts, for information and guidance in subsequent audit engagements, as well as to ensure the transparency and effectiveness of the review process.

Impact of reviews

The solutions and improvements identified in the reviews contribute to:

- ➔ adjusting and developing internal policies, systems and procedures as a result of finding situations where they have proven to be ineffective and/or inapplicable;
- ➔ the development of a professional training program, oriented to the needs identified in the revisions (sensitive areas/subjects);
- ➔ application and documentation in the audit process of control procedures (guidance, consultation, supervision, review);
- ➔ identifying audits that require repeated review in the following year;
- ➔ other measures to improve the audit process.

Audit quality control performed by "cold" review teams does not reduce the audit quality responsibilities of the audit responsible, the audit team leader and other members of the audit team.

For more details on the conduct of "hot" revision activities, see the *"Cold" review procedure guide*.

2) Internal audit engagements

Internal audit is a lever that contributes to the improvement of the quality management system by performing internal audits. Its activity is carried out in accordance with the National Internal Audit Standards⁴¹, the Internal Audit Book and other national regulations. The purpose of the internal audit is to independently and objectively evaluate the activity (systems, processes, areas) of the institution through assurance and advisory missions.

Assurance engagements are carried out through the following types of audit::

1) *the system audit*, in which the internal managerial control system is examined, in order to evaluate the efficiency of its operation;

2) *the compliance audit*, during which compliance with the regulatory framework and applied internal procedures is checked, as well as, as the case may be, the need to improve control activities, to ensure compliance;

3) *the financial audit*, in which the adequate and efficient functioning of the control activities related to the financial systems is evaluated;

4) *performance audit*, in which the use of resources within programs, activities, management systems is evaluated to determine whether resources are used economically, efficiently and effectively;

5) *information technology audit*, in which the effectiveness of control activities related to information systems is examined.

Advisory activities are carried out at the express request of the assignment beneficiary without the internal auditor assuming managerial responsibilities. These can be:

⁴¹ approved throughout Order of the Ministry of Finance no. 153 from 12.09.2018

1) *formalized advisory engagements*, which have a consultative nature and are carried out with the consent of the manager of the public entity;

2) *informal counseling*, which aims to promote, raise awareness and master the internal managerial control system, methodological and consultative assistance, including through participation in various committees/commissions with a fixed duration, within the limits provided by the normative framework.

6.2. External evaluation of the activity of the Court of Accounts

External evaluation of the activity – measures carried out in order to evaluate the activity of the Court of Accounts for the improvement of the quality management system.

1. External "cold" reviews (Peer review)

Post-audit quality reviews, carried out by people, experts from outside the Court of Accounts, also called *collegial reviews* or *peer reviews*⁴². If necessary, the Court of Accounts will consider the involvement of another Supreme Audit Institution, to carry out an independent assessment of the quality management system (for example, the assessment *peer review*⁴³), with a periodicity determined according to the assessed needs.

2. Regular reviews from stakeholders

The Court of Accounts has developed and maintains cooperation and communication relationships with a range of stakeholders in order to increase the relevance of its activity for society. In this context, the CoARM uses various tools to obtain feedback from stakeholders:

- 1) *The feedback (response reaction) from the audited entity* – requesting the opinion of the audited entity regarding the collaboration and communication with the audit team in the audit process, through various methods, such as: questionnaire, sounding, etc.;
- 2) *Feedback from other stakeholders such as: Parliament, civil society, academia, media, citizens, etc.*, through various methods, such as: questionnaire, survey, study, etc. regarding the activity, role and image of the Court of Accounts.

The results of periodic assessments are synthesized by the subdivision responsible for external communication, with the identification of actions to improve problematic aspects.

3. Review of disagreements and complaints regarding the quality of work performed

The Court of Accounts implements procedures for examining disagreements and complaints regarding various aspects of the quality assurance of its activity.

Complaints or statements regarding the quality of the audit work carried out, received from external actors (audited entity, civil society, mass media, citizens, etc.), as well as from the CoARM's employees, are analyzed, examined through the lens of compliance with quality requirements by the responsible persons, empowered to carry out these tasks, by the resolution of the CoARM's President.

⁴² INTOSAI Guidance (GUID 1900) – Peer Review Guidelines (peer review).

⁴³ The first peer review was carried out during 2020-2021, the results being presented in October 2022.

Those in charge take into account all external and internal complaints and accusations brought to the chapter of the quality of audit work, process them in the appropriate way and provide the appropriate response within the deadline set in the resolution of the President of the CoARM. The results of such examinations are brought to the attention of the body of auditors as part of internal training, to correct possible deficiencies in the audit process and to strengthen the control of the quality of the audit work.

6.3. Evaluation and reporting of the quality management system within the Court of Accounts

The person responsible for the entire quality management system (*hereafter – QMS Responsable*) must guarantee to the management of the Court of Accounts that the quality level of Elements 1-6 of the quality management system, provided by ISSAI 140, is **acceptable**.

The Court of Accounts carries out the evaluation in order to determine the functionality of the quality management system, to assess its degree of compliance with internal regulations, as well as to prepare the annual Report on the evaluation of the quality management system (*hereafter - Report*).

The President of the Court of Accounts appoints the QMS responsible and the managers of each component of the system (Element). The QMS responsible is responsible for coordinating the activities of organizing, maintaining and developing the quality management system within the Court of Accounts.

The QMS manager, supported by the subdivision responsible for quality control, is responsible for organizing and conducting the evaluation and reporting process of the quality management system.

At the same time, the person in charge of the quality management system, supported by the subdivision responsible for quality control, is delegated the following **responsibilities**:

- providing the necessary consultation to align the established criteria⁴⁴, upon request;
- requesting information on each individual item;
- examining, evaluating and generalizing information;
- drawing up the report on the quality management system;
- monitoring and reporting on the implementation of the recommendations in the Report.

Those responsible for controlling each element of the system presents, upon request, to the person in charge of the entire quality management system the relevant information regarding the operation of the element it manages.

In the process of monitoring, evaluating and managing the quality management system, the subdivision responsible for quality control, in coordination with the person responsible for the entire quality management system, is entitled to use various survey tools: surveys sent to all employees, interviews etc.

The QMS responsible, supported by the quality control sub-division, supports the organization of the QMS assessment process. At the same time, as the case may be, it provides the necessary assistance to those responsible for the component elements of the system when completing the Report.

The sub-division responsible for quality control may be engaged for consultation on aspects of the QMS assessment process.

⁴⁴ Annex no.3.

Those responsible for each element of the system, in cooperation with the relevant subdivisions, complete, record the results of the evaluation of the element they manage in the Annual Report on the QMS, according to the model shown in Annex no. 4⁴⁵ of this Guide.

The report on the assessment of the quality management system, which contains the results of the monitoring, evaluation and management of each element of the system, includes six chapters:

- 1) Management responsibilities regarding quality at institutional level;
- 2) Compliance with ethical requirements;
- 3) Strategic planning and operational planning;
- 4) Human resources;
- 5) Carrying out audits and other related activities;
- 6) Quality assurance.

The QMS responsible and the quality control sub-division verify the completeness and relevance of the information included in the Report, received from the element managers, and consolidate the results of the QMS assessment.

In order to confirm the information in the Reports, the QMS responsible and the subdivision responsible for quality control are entitled to request additional information from the managers of each component of the system.

The consolidated report is drawn up by generalizing the information received from those responsible for each element of the system, with the express indication of non-compliance aspects. The "Details" column in Annex no. 4 is strengthened by generalizing and combining problematic aspects (in the case of "No" or "Partial" answers).

The report will also contain a section on recommendations for eliminating deficiencies.

The report is drawn up annually, by October 15, by the QMS responsible, jointly with the subdivision responsible for quality control, working with the Managers of each element of the system.

The report is presented to the President and Members of the Court of Accounts, for information, analysis and decision-making in order to strengthen the quality management system. Later, the Annual Quality Management System Evaluation Report will be placed on the Intranet page, for information and guidance in the activity.

Quality assurance within the Court of Accounts is carried out on the principle of continuous development of the quality management system, including the following **aspects**:

- ➔ changes and additions to professional standards, legislative and regulatory requirements and their reflection, if applicable, in the policies and procedures of the Court of Accounts;
- ➔ continuous professional development of the staff, according to the needs identified as a result of the evaluation of the functioning of the quality management system;
- ➔ identifying the corrective actions and improvements needed to ensure the proper functioning of the system;

⁴⁵ Reference criteria for the annual evaluation of the quality management system. During the testing of this Guide, the criteria (questions) will, as appropriate, be adjusted, developed and/or included criteria etc..

- ➔ informing the key personnel of the Court of Accounts, involved in ensuring the operation of the quality management system, about the gaps identified, the level of understanding of the system and compliance with its requirements;
- ➔ taking measures by key staff of the Court of Accounts to implement in a timely manner the necessary changes in quality control policies and procedures.

After the assessment of the QMS, the System responsible, with the support of the subdivision responsible for quality control and in coordination with the element managers, develops *the Action Plan regarding the remediation of the identified deficiencies*. After that, the subdivision responsible for quality control monitors and reports to the management about the degree of implementation of the recommendations to eliminate the deficiencies found as a result of the evaluation of the quality management system.

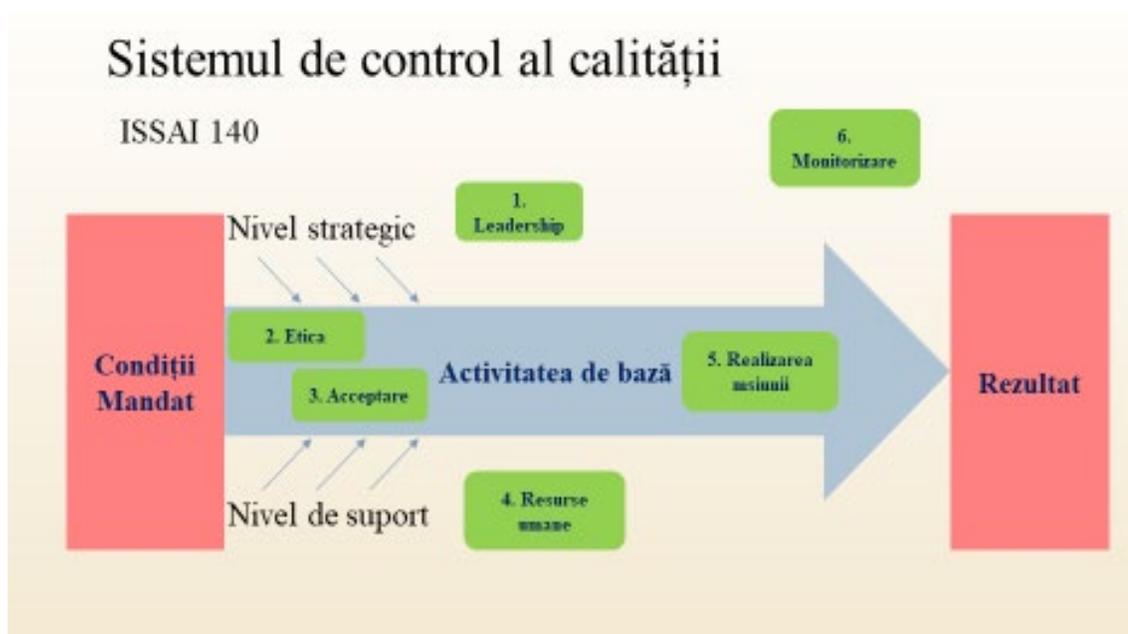
The documents related to the evaluation and reporting process of the quality management system are kept in a separate file within the subdivision responsible for quality control.

Annex no. 1. The elements of the quality control system according to ISSAI 140

ISQC 1 states that any institution must implement and maintain a quality system to provide reasonable assurance that:

- *it, as well as its staff, respect professional standards, applicable legal and regulatory provisions; and*
- *the reports developed are appropriate in the given context.*

ISSAI 140 is based on the key principles and uses the elements of the quality control framework presented in ISQC 1, adapted to the needs of a Supreme Audit Institution. According to ISSAI 140 "Quality control for ISA" describes the quality control system through **6 elements**:



- 1. the management's responsibilities** – mainly related to leadership (strategic level). The management is responsible for the activities and their quality. A SAI must establish its policies and procedures to promote an internal culture and recognize that quality is an essential attribute in order to carry out all the activities of a SAI. Such policies and procedures should be established by the head of the SAI, who bears responsibility for the entire quality control system.
- 2. Ethical requirements** – are stipulated in the ISSAI and relate to every employee of the SAI, but are particularly important for employees involved in the core activity (audit). A SAI must establish policies and procedures designed to provide reasonable assurance that the SAI, including its staff and any parties contracted to perform activities for the SAI, comply with the relevant ethical requirements.
- 3. Acceptance and continuation** – is an area that we often consider relevant only within the private sector, but ISSAI 140 states that a SAI must ensure that it does not accept an audit activity, if he does not have sufficient resources to achieve it. In a sense, it is a strategic decision and is part of the institution's objective. Audit-related law may require the SAI to carry out a certain number of audits, but the standards specify that if the SAI does not have the necessary resources, management

should not undertake the statutory task. A SAI must establish policies and procedures designed to provide reasonable assurance that the SAI will only perform the audits and work in which the SAI:

- a) is competent to carry out the given activity and has the necessary capabilities, such as time and related resources;
- b) can meet relevant ethical requirements and
- c) analyzed the integrity of the entity that is subject to audit and the ways of solving the quality risks that could arise.

Policies and procedures should reflect the workload of each SAI. In many cases, the SAIs have little discretion over the work they do. The SAI carries out activities in 3 large fields/categories:

- the activity provided for by the institution's mandate and statute and the performance of which is mandatory;
- the activity provided for by the mandate of the institution, but the achievement of which is consistent with the time, scope and/or nature of the activity, at its discretion;
- the activity that a SAI decides to carry out.

4. Human resources – it involves all aspects of human resource management, from hiring, training, promotion and firing. A SAI must establish policies and procedures designed to provide reasonable assurance that there are sufficient resources (personnel and, where relevant, any parties contracted to carry out tasks on behalf of the SAI) with the competence, capabilities and commitment to the necessary ethical principles to:

- a) carry out the activity in accordance with the relevant legal and regulatory standards and requirements; and
- b) allows the SAI to prepare reports that are appropriate to the circumstances.

5. Performance of the engagement – it is the area where most quality assurance functions are found, by checking the quality of individual audits. Audit teams and managers must take responsibility for the performance of audits and must perform quality controls throughout the audit. A SAI must establish policies and procedures designed to provide reasonable assurance that audits and other activities performed comply with relevant standards and legal and regulatory requirements, and that the SAI issues reports that are appropriate in the circumstances. Such policies and procedures must include:

- a) the relevant aspects of promoting the consistency of the quality of the work done;
- b) supervisory responsibilities; and
- c) review responsibilities.

6. Monitoring – is the main task of the quality assurance function according to ISSAI 140. Just as an internal auditor monitors internal control within an organization, the quality assurance function must monitor the entire quality control system. This includes all ISSAI 140 elements, not just the audit files. The SAI's management has ultimate responsibility for the quality control system, but the quality assurance function should monitor and report on how the system is working and recommend ways to improve it. A SAI must establish a monitoring process designed to provide reasonable assurance that the policies and procedures related to the quality control system are relevant, adequate and operating effectively. The monitoring process must:

- a) a) include an ongoing review and assessment of the SAI's quality control system, including a review of the sample of completed assignments across the full range of SAI's work
- b) request that responsibility for the monitoring process be assigned to a person or persons with sufficient and appropriate experience and authority within the SAI to assume this responsibility; and
- c) c) require reviewers to be independent (i.e. not participating in the audit activity or any quality control review).

Annex no. 2. Types of documents and internal regulations

At the level of the Court of Accounts, the quality policies and procedures are provided in the following *types of documents and regulations*:

➔ **Policies**

A policy represents a functional act over a long period of time, which describes the purpose of the function/institution. Within a quality assurance function it may be relevant to develop a policy in which the SAI's manager would establish what is the purpose of the quality assurance function and what expectations are placed on it.

Within the Court of Accounts, the policies are materialized in:

- *The Code of Ethics of the Court of Accounts*⁴⁶;
- *manuals and guides*;
- *regulations and internal policies*,
- *instructions, guidance and other internal normative acts*.

➔ **Strategies**

If a policy is long-term, then the strategy is most often developed for a period of 3-5 years. The purpose of the strategy is to establish the strategic directions and objectives of the institution. Activity related to strategic directions facilitates how the institution stays on its course and allows it not to deviate from its strategic purpose.

The Court of Accounts approved:

- *Development Strategy of the Court of Accounts*⁴⁷;
- *The triennial audit strategy*⁴⁸;
- *Implementation procedures of the Development Strategy of the Court of Accounts*⁴⁹;
- *Staff training and professional development strategy*⁵⁰;
- *Communication strategy*⁵¹;
- *etc.*

➔ **Annual programs (plans)**

If strategies are developed for a period of 3-5 years and focus on goals, then annual programs are developed mainly for 1 year and focus more on the activities necessary to achieve the goals. Activities that are not related to any goal should not be prioritized.

The Court of Accounts carries out its activities based on:

- *The action plan regarding the implementation of the Development Strategy of the Court of Accounts*;
- *Annual audit activity program*;
- *The annual schedule of "hot" reviews of the quality of audits*;
- *The annual program of "cold" reviews of the quality of audits*;
- *The annual activity plans of the structural subdivisions*;

⁴⁶ The ethical code of the Court of Accounts approved throughout the Decision of the Court of Accounts no. 19 from 04/05/2019

⁴⁷ Approved throughout the Decision of the CoA no. 61 from 10.12.2020

⁴⁸ Approved throughout the Decision of the CoA no.70 from 14.12.2021

⁴⁹ Approved throughout the Decision of the CoA no.37 from 16.07.2021.

⁵⁰ Approved throughout the Decision of the CoA no.36 from 22.06.2018.

⁵¹ The communication strategy of the Court of Accounts for 2016-2020, approved throughout the DCA no. 13 from 19.05.2016. The new communication strategy is being developed.

- *etc.*

The normative-methodological acts of the Court of Accounts are periodically updated in order to adjust and harmonize with developments, new internal requirements and international development, including through the elaboration and approval of new acts. Their content is brought to the attention of the employees of the Court of Accounts, including by placing it on the Intranet page.

Annex no 3. The record register of the consultations granted

**Record register
of the consultations granted (support)**

No.	Date	Audit engagement	The beneficiary of the consultations	Aspects consulted	The time allotted
1.					
2.					
...					

Annex no. 4. The annual report on the evaluation of the quality management system within the Court of Accounts of the Republic of Moldova

APPROVED

(name, surname, signature)

“ ____ ” _____ 20 ____

THE ANNUAL REPORT ON THE EVALUATION OF THE QUALITY MANAGEMENT SYSTEM WITHIN THE COURT OF ACCOUNTS OF THE REPUBLIC OF MOLDOVA *(quality management system evaluation and reporting)*

No.	Criteria (questions) for QMS assessment	Answer			Details ⁵²
		Yes	Partial	No	
ELEMENT 1 „MANAGEMENT RESPONSIBILITIES REGARDING QUALITY ”					
1.	Do the President and the members of the CoARM ensure the proper functioning of the entire quality management system?				
2.	Has the person responsible for the control of the entire quality management system, as well as the persons responsible for each individual element, been designated? If yes, indicate the supporting document .				
3.	Are the duties and control responsibilities of both the entire quality management system and each individual element clearly defined in the Job Descriptions of the Designated Managers?				
4.	Have the roles and responsibilities of the structural subdivisions assisting the quality management system manager in monitoring the effectiveness of the adaptation and periodic updating of the system policies been divided?				
5.	The management of the CoARM ensures the annual self-evaluation of the internal managerial control system (IMC). Based on the results of the				

⁵² The "Details" column is completed in the case of "No" or "Partial" answers, with the generalization and merging of problematic aspects.

	self-assessment, does the management undertake measures to eliminate the deficiencies found during the self-assessment exercise of the IMC system? If so, what were they?				
6.	Have the President, the CoARM's members and the Quality Management System Manager met to review the outcome of the monitoring and evaluation of the effectiveness of the quality management?.....				
7.	If so, indicate the decisions taken by them following the result of monitoring and evaluating the effectiveness of quality management.				
8.	Has the management ensured the creation of a favorable institutional climate? What measures has it taken in this regard?				
9.	Has the management provided the institution with the necessary resources for the efficient performance of the activity?				
10.	Does the organizational structure ensure a clear assignment of tasks and responsibilities at all organizational levels?				
11.	Has the Court of Accounts clearly defined the competences, rights, responsibilities, tasks, objectives and reporting lines of each structural subdivision in accordance with its organizational structure?				
12.	Does the organizational structure ensure the segregation of functions?				
13.	Do the structural subdivisions have their own organization and operation regulations? If so, indicate the number of subdivisions.				
14.	Are the tasks, roles and responsibilities of each employee within the entity formalized and communicated in a written form? Are there signature confirmations that these have been brought to the attention of each employee?				
15.	Do the heads of subdivisions promote and contribute to the development of the quality management system?				
Conclusion of the QMS responsible:					

ELEMENT 2 ,, COMPLIANCE WITH ETHICAL REQUIREMENTS ”					
16.	Were the persons responsible for the ethical control system designated? If yes, indicate the supporting document.				
17.	Are the duties and responsibilities of ethical review (Element 2) clearly defined in the Job Descriptions of Designated responsables?				
18.	Have ethical control mechanisms related to compliance with the processes and procedures established in the internal acts regulating the ethics and professional conduct of employees been established?				
19.	Are the control activities carried out documented and fixed in registers, slips, minutes, etc.?				
20.	Were there cases identified as a result of which the institutional independence of the Court of Accounts was affected in a certain way? If yes, indicate the number of cases.				
21.	Were cases of materialization of ethical risks/conflicts of interest identified? Were these confirmed by recording in the Register regarding the materialization of the ethical risk/conflict of interest? If yes, indicate the number of cases.				
22.	Have the ethical control mechanisms related to compliance with the processes and procedures established in the internal acts regulating the ethics and professional conduct of employees been applied?				
23.	Is the code of ethics made known to all employees of the Court of Accounts? Are there signature confirmations that employees have been informed?				
24.	Has the Code of Ethics been updated, if necessary? Are there signature confirmations that employees have been made aware of the latest changes?				
25.	Trainings (improvement courses / seminars / specializations) specific to the field of ethics were carried out:				
	a) <i>internal (man-hours)</i> ;				
	b) <i>external (man-hours)</i> ;				
	c) <i>the theme ;</i>				
	d) <i>the training organizer ;</i>				
	e) <i>training needs (thematic)</i> .				

26.	Were violations of the Code of Ethics identified or found by the heads of subdivisions (managers) or employees of the Court of Accounts? If there are cases of non-compliance with the Code of Ethics, indicate the measures taken.				
27.	Has the Regulation on the operation of the Ethics Committee of the Court of Accounts been developed? How many times a year did the Ethics Committee meet? Has it analyzed the ethical dilemmas and resolved them by offering training and professional consultations? If so, how many?				
28.	Are the regulations regarding the prevention of fraud and corruption communicated to all employees of the Court of Accounts? Are there signature confirmations that they have been brought to the attention of employees?				
29.	Were violations of the regulations regarding the prevention of fraud and corruption by the heads of subdivisions (managers) or employees of the Court of Accounts identified or found? If there are cases of non-compliance with these regulations, indicate the measures taken.				
30.	Cases of improper influence on the CoARM's officials were reported and recorded, according to the procedure described in the Regulation regarding the record of cases of improper influence ⁵³ ? If so, how many cases?				
31.	Potential illegal activities by the CoARM's employees have been identified and verified, as well as measures have been taken to protect individuals who raise concerns voluntarily, in good faith and in the public interest, according to the procedure described in the Whistleblower Regulation in within the Court of Accounts ⁵⁴ ? If so, how many cases?				
32.	Did the gift evaluation and record keeping committee function in the current year? If yes, indicate the number of gifts registered in the reference period, according to the procedure described within the <i>Regulation regarding the record, evaluation, preservation, use and</i>				

⁵³ approved throughout the Decision of the CoARM no. 52 from 17.11.2014.

⁵⁴ approved throughout the Decision of the CoARM no. 19 from 01.04.2014.

	<p><i>redemption of symbolic gifts, those offered as a courtesy or on the occasion of certain protocol actions</i> ⁵⁵?</p> <p>Have cases of non-declaration of declarable gifts been identified? If so, indicate the number of cases and describe the situation. See if the procedure was not followed.</p>				
33.	<p>The Disciplinary Committee of the Court of Accounts met this year, according to the procedure described in the Regulation on the Disciplinary Committee of the Court of Accounts ⁵⁶? If so, please indicate:</p> <p>a) <i>the number of disciplinary violations investigated?;</i> b) <i>the number of disciplinary sanctions applied?;</i> c) <i>the number of appeals made?</i></p>				
Conclusion of the QMS responsible:					
ELEMENT 3 „ STRATEGIC PLANNING AND OPERATIONAL PLANNING”					
34.	<p>Have the persons responsible for the control of Element 3 "Strategic planning and operational planning" been designated? If yes, indicate the supporting document.</p>				
35.	<p>Are the duties and responsibilities of controlling strategic planning and operational planning (Element 3) clearly defined in the Job Descriptions of the designees?</p>				
36.	<p>Indicate the level of execution of the Annual Action Plan regarding the implementation of the Development Strategy of the Court of Accounts. This indicator shows the progress made in achieving the strategic objectives set by the Court of Accounts for the reference period. Unit of measurement: %.</p>				
37.	<p>Indicate the number of audits carried out in the reference year within the limits of the budget (audits per year), expressed as a percentage of the total number of audits carried out. This indicator shows the forecasted</p>				

⁵⁵ approved throughout the Decision of the CoARM no.33 from 21.06.2018.

⁵⁶ approved throughout the Decision of the CoARM no. 8 from 15.03.2017.

	percentage points for achieving the Audit Activity Program of the Court of Accounts. Unit of measurement: %.				
38.	Indicate the weight of mandatory audits carried out within the deadline . Unit of measurement: %.				
Conclusion of the QMS responsible:					
ELEMENT 4 „HUMAN RESOURCES”					
39.	Have the persons responsible for the control of Element 4 "Human Resources" been designated? If yes, indicate the supporting document.				
40.	Are HR control duties and responsibilities (Element 4) clearly defined in the Designated Officers' Job Descriptions?				
41.	Are the tasks, roles and responsibilities of each employee in the institution formalized and communicated in written form? Are there signature confirmations that these have been brought to the attention of each employee?				
42.	Are the powers to be delegated established and communicated?				
43.	Do the heads of all subdivisions within the institution ensure the delegation of powers only to employees who have the necessary skills?				
44.	Is an evaluation (internal/external) carried out on the delegation of powers?				
Objective no. 1 of human resources management: <i>Recruitment, selection and employment of personnel</i>					
45.	Have the most qualified candidates been selected for the open positions?				
46.	The New Employee Guide ⁵⁷ has been made available to new employees?				
47.	Do the job descriptions describe in detail the technical and qualification requirements set out in the Professional Competence Framework? Are they, if necessary, updated periodically?				
48.	Are the knowledge and skills required to perform the tasks/attributions associated with each position analyzed and established?				

⁵⁷ Approved throughout the Decision of the CoARM no.59 from 26.11.2021.

49.	Were responsibilities clearly divided for all activities carried out in the institution?				
50.	Number of employees:				
	a) according to the personnel status, on December 31;				
	b) vacancies, on December 31;				
	c) persons employed during the year;				
	d) d) resigned / fired during the year.				
51.	Indicate the proportion of staff who were actually active during the year compared to the established staffing level – measured as a percentage of full-time equivalent (Staff Stability). Unit of measurement: %.				
52.	Indicate staff turnover during the reference period (increase/decrease in the number of employees of the Court of Accounts over a period of one year).Unit of measurement: %.				
53.	Has the Court of Accounts assessed the need for competent human resources to cover the activities, taking into account the risk of insufficiency of competent staff (of various specialties) to ensure different types and areas of audit, as well as staff turnover?				
Objective no. 2 of human resources management: <i>Training and professional development of employees</i>					
54.	Does the Court of Accounts apply an initial training program for new employees? If so, has this been achieved?				
55.	Indicate the share of auditors who have undergone certification in the total number of the CoARM's auditors.				
56.	The training (improvement courses / seminars / specializations):				
	a) internal (man-hours);				
	b) external (man-hours);				
	c) topics;				
	d) the training organizer ;				
	e) training needs (thematic).				

57.	Indicate the share of people who benefited from professional development training for more than 40 hours annually (the level of professional development within the Court of Accounts).				
58.	Is the annual continuing professional training program developed as a result of the assessment of the training needs of the employees?				
59.	Do employees benefit from training relevant to the responsibilities assigned to them?				
60.	Does the public entity's budget include the resources needed to implement the continuing professional training program?				
61.	If so, please indicate: a) the amount of funds approved for continuous professional training (thousands of lei);				
	b) the amount of funds executed for continuous professional training (thousands of lei).				
Objective no.3 of human resources management: <i>Evaluation of the professional performance of employees</i>					
62.	Is individual performance regularly assessed against established individual objectives?				
Objective no.4 of human resources management: <i>Implementation of the career growth system</i>					
63.	Was the evaluation of the promotion candidates carried out objectively and fairly?				
64.	When examining career growth (promotion) possibilities, were the employee's qualities taken into account?				
<i>Rotation of key audit staff</i>					
65.	Has the rotation policy been applied to key personnel in sensitive positions?				
Conclusion of the QMS responsible:					
ELEMENT 5 „ PERFORMING AUDITS AND OTHER RELATED ACTIVITIES ”					

66.	Have the persons responsible for the control of Element 5 "Performance of audit engagements and other related activities" been designated? If yes, indicate the supporting document.				
67.	Are the duties and responsibilities of controlling the performance of audits (Element 5) clearly defined in the Job Descriptions of the designated managers?				
68.	Did control level 1 (audit team leaders) apply and implement quality control procedures (guidance, consultation, supervision and review) in the audit process? If so, have they been documented according to the procedure described in the Quality Management System Guide?				
69.	Did control level 2 (audit managers) apply and implement quality control procedures (guidance, consultation, supervision and review) in the audit process? If so, have they been documented according to the procedure described in the Quality Management System Guide?				
70.	Have the heads of the audit teams (control level 1) fulfilled their duties and responsibilities as described in both the Quality Management System Guide and the Job Descriptions, Regulations for the Operation and Organization of Audit Subdivisions?				
71.	Have the auditors (control level 1) performed their duties and responsibilities as described in both the Quality Management System Guide and the Job Descriptions, Regulations for the Operation and Organization of Audit Subdivisions?				
72.	Indicate the share of audits that were subject to a methodological review in the total audits performed. This indicator shows the increase/decrease in the number of qualitatively prepared reports, as well as the quality level of the audit activity of the Court of Accounts . Unit of measurement: %.				
73.	Indicate the level of implementation of the audit recommendations submitted to the audited entities. This indicator represents the level of implementation of the audit recommendations from the audit reports approved in the management year. Unit of measurement: %.				
74.	Indicate the share of unqualified audit opinions in the total audit opinions issued. This indicator shows the increase/decrease in the number of qualified opinions in the total of opinions issued as a result of the financial audits carried out in the reference period.				

	Unit of measurement: %.				
75.	Indicate the total number of audits carried out by means of a specialized audit management software . Unit of measurement: units.				
Conclusion of the QMS responsible:					
ELEMENT 6 „QUALITY ASSURANCE”					
76.	Have the persons responsible for the control of Element 6 "Quality Assurance" been designated? If yes, indicate the supporting document.				
77.	Are the duties and responsibilities of quality assurance control (Element 6) clearly defined in the Job Descriptions of the Designated Managers?				
78.	Indicate the total number of reports issued and published by the Court of Accounts on the official website www.ccrm.md during the reference period. Unit of measure: units.				
79.	Indicate the proportion of ad hoc audits in total audits. This indicator represents the percentage of audits carried out as a result of the requests received from the Parliament during the management year out of the total audits carried out. Unit of measurement: %.				
80.	Indicate the opinion on the annual financial statements of the CoARM in the reporting year. This indicator represents the opinion of the external audit, contracted by the Parliament, on the financial statements of the CoARM. Unit of measurement: unqualified opinion.				
81.	Indicate the opinion of the interested parties regarding the activity of the CoARM (result obtained from the surveys within the target groups). This indicator indicates the level of appreciation by the interested parties (NGOs, mass media, citizens, etc.) of the results of the audit activity. Unit of measure: increasing.				
82.	Indicate the level of satisfaction of the audited entities. This indicator shows the level of appreciation by the audited entities of the results of the audit activity.				

83.	Please indicate the number of downloads/accesses etc. of the CoARM's website/media/other social networks. This indicator shows the increased awareness of the CoARM's contribution among Moldovan stakeholders/society. Unit of measure: increasing.				
Conclusion of the QMS responsible:					

GENERAL CONCLUSION:

RECOMMENDATIONS:

Drafted by:

Subdivision responsible for quality control

(function)

(name, surname)

(semnătura)

(data)

Coordinated:

The person responsible for the quality management system

(function)

(name, surname)

(semnătura)

(data)