



**TURKISH COURT OF ACCOUNTS**

# **AUDIT OF PERFORMANCE INFORMATION**

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## **MANUAL**

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# FOREWORD

*The approach of using institutional performance measurement as a means to increase accountability and transparency in the new public financial management understanding has gained prominence. The most significant element of this new process is the effective, economic and efficient use of public resources allocated to the public entities in achieving their aims and objectives by means of activities.*

*In line with above-mentioned approach, the role of Turkish Court of Accounts (TCA) in the field of audit has also changed. In addition to regularity audit, the authority to carry out performance audit has been granted to the TCA, through which the TCA is entitled to evaluate the plans and programs (in the context of aims and objectives, activities and performance objectives specified in such documents) prepared by the administrations within the scope of their management responsibilities. Performance management and audit is inherently a process, which is constantly evolving thanks to new methods and techniques. The performance in achieving the institutional aims and objectives as well as the comparison of the actual impact with the intended impact of the institutional activities is addressed within this framework.*

*INTOSAI Auditing Standards (ISSAI 100-40): "Performance audit embraces; ...c) audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact.."*

*INTOSAI Auditing Standards (ISSAI 100-45): "SAs should work towards improving techniques for auditing the validity of performance measures."*

*INTOSAI Auditing Standards (ISSAI 100-46): "46. The expanding audit role of the auditors will require them to improve and develop new techniques and methodologies to assess whether reasonable and valid performance measures are used by the audited entity. The auditors should avail themselves of techniques and methodologies of other disciplines."*

*The audit of performance information at institutional level is conducted by measuring the aims and objectives through which the direction to be followed is determined in the light of the plans and programs of administrations as well as their activity results obtained upon the budgetary implementation. The audit report drafted after the audit of performance information within this frame lays down the period-end performance of the administration against its initial objectives.*

*The audit report drafted after the audit of performance information is essential, in that it allows an independent assessment of institutional performance according to an objective framework. Audit reports will also contribute in the development of the performance management processes of administrations as well as ensuring the proper functioning of accountability mechanism.*

*This manual sets forth a framework for the audit of performance information, which is consistent with the current public financial management system and the international best practices. Nevertheless, this will be in a continuous development in parallel with the institutional capacity-development and the changes in the financial management system. Most of the matters addressed in the manual will be constantly reviewed and enriched through additional supplementary documents in the light of the accumulated practical experience and knowledge.*

*Finally, I would like to thank all the colleagues who have contributed in the development of this manual and hope that the manual will serve as a useful reference document for its users.*

Assoc. Prof. Dr. Recai AKYEL

President of the TCA

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# INTRODUCTION

## Changing System of Public Financial Management and Performance-based Budgeting

*With the Public Financial Management and Control Law No.5018, the financial management and control system has been reformed based on a new understanding, and the new system has been built over the concepts of effectiveness, economy, efficiency, transparency and accountability.*

*After the entry into force of the Law No.5018, a shift was made to the performance-based budgeting system, and this has required the public entities to establish their medium and long-term aims, objectives, and indicators in their strategic plans. Moreover, through their performance programs, the public entities are to prepare their budgets in relation with their annual performance objectives. At the end of the year, the administrations are required to report their performance against their objectives and indicators under their accountability reports.*

*The above-mentioned documents, namely the Strategic Plan, Performance Program and Accountability Report, constitute the building block of the performance-based budgeting system. By drafting these documents, the administrations inform the public, councils of local administrations and the Turkish Grand National Assembly (TGNA) as to their objectives, activities and resulting performance. The ultimate purpose in the application of this mechanism is the establishment of a transparent and accountable financial management system.*

## The Law No.6085 and Performance Audit

*After the introduction of the performance-based budgeting with the Law No.5018 and the subsequent enactment of the TCA Law No.6085, the audit mandate of the TCA was reformed. Pursuant to Article 36 of the TCA Law No.6085, the audit mandate of the TCA covers “regularity audit” and “performance audit”. According to Article 36 of the Law, the performance audit:*

*“shall be carried out through measuring the activity results related to the objectives and indicators determined by administrations within the framework of accountability*

*As is clearly understood from this definition, performance audit is based on the performance information produced by administrations. Therefore, in the forthcoming session of this manual, the term “audit of performance information” will be used instead of performance audit, which is defined in Article 2 of the Law No.6085. The findings regarding the institutional performance of administrations, which is obtained as a result of the examination on their performance information, will be reported through performance audit.*

The mandate to carry out audit of performance information is new to the TCA. This manual provides the audit methodology to be employed by the TCA in fulfilling the requirements laid down in the Law No.5018 and the Law No.6085.

## Purposes of the Audit of Performance Information

As stipulated in the Article 34 of the TCA Law No.6085, among the purposes of the audit are: Submitting reliable and sufficient information to the TGNA and the public concerning the activity results of public entities, as required by the power of the purse; evaluating the performance of public entities and establishing and extending accountability and fiscal transparency.

The TCA fulfils its duty to conduct audit of performance information through assessing the quality of the performance information included in the relevant reports of public entities. Performance information is non-financial information related to State's service delivery. In auditing performance information, the TCA has three principal purposes:

- To ensure that public entities report their performance information in their accountability reports as required by the Law No.5018 in order to foster accountability and transparency in the public financial management;
- To contribute in the usefulness and quality of reported information;
- To provide assurance to the TGNA and the public that public entities use robust data systems to monitor and report on their progress achieved against their performance objectives and indicators.

## Criteria Used in the Audit of Performance Information

The following reference documents provide the basis for the criteria used in the audit of performance information:

- Documents related to the audit practices of other Supreme Audit Institutions (SAIs);
- The Law No.5018, Strategic Planning Guide for Public Administrations, Guide for Preparation of Performance Programme, By-law on the Preparation of Accountability Reports of Public Administrations and the other relevant legislation.

The Table below gives an outline of the criteria to be used by the TCA in auditing performance information:



**Table 1: Criteria for the Audit of Performance Information**

Audit objective	Audit criteria	Definition
Ensure compliance with reporting requirements	Existence	Preparation of the relevant documents by the auditee according to legal arrangements
	Timeliness	Reporting of the performance information within the statutory period
	Presentation	Reporting of performance Information in line with the regulatory guidelines
Quality of the Content of Performance Information	Measurability	Measurability of objectives in the performance plans by means of indicators
	Relevance	Existence of a logical link between the objectives and the indicators
	Well-defined	A clear and unambiguous definition of indicators
	Consistency	The consistent use of the objectives (including indicators and objectives) in the auditee's planning and reporting documents
	Verifiability	Traceability of the reported performance information back to its source
	Cogency	The extent to which any deviations between planned and reported performance is being addressed by the auditee and whether the reasons explaining the deviation are convincing and persuasive
Data reliability	Accuracy	The extent to which the reported results provide a true view of the achievements and does not include any facts that are not part of the achievements based on the definition of the indicator
	Completeness	The extent to which the reported results provide a complete view of the achievement and does not leave out any facts that should have been included based on the definition of the indicator

## Main Subject Matters in the Audit of Performance Information

The audit of performance information is conducted on a public entity basis and simultaneously with the annual regularity audit. For each public entity, the following matters will be the subject of examination:

- **Strategic Plan:** whether the public entity has complied with the regulations and formulated appropriate aims, objectives and indicators;
- **Performance Program:** whether the public entity has complied with the regulations and formulated appropriate objectives and indicators consistent with the strategic plan;
- **Accountability Report:** whether public entity has complied with the regulations, whether performance information is adequately reported in terms of the objectives stated in the performance programme including explanation of deviations in performance;
- **Administration's Data Systems:** whether the administration's data system is adequate and whether there are any risks associated with the performance information produced.

# SUMMARY

The audit of performance information is conducted in four phases:

- I. Planning
- II. Execution
- III. Reporting
- IV. Follow-up

## Planning

In the planning phase, the audit team prepares for the execution of the audit. At this phase, the following activities are performed:

- Establishing the audit team,
- Communicating with the auditee,
- Understanding the auditee,
- Preparing the audit plan.

## Execution

The execution phase includes the following processes:

- Assessing the compliance with reporting requirements,
- Assessing the content of performance information,
- Assessing the data systems that produce performance information.

Each process followed in the execution phase is associated with certain audit criteria and audit area. The Table below illustrates the criteria as well as the area to be linked with each process:

**Table 2: Processes in the Execution Phase**

Audit objective	Audit sub-criteria	Audit object	Audit Phase
Reporting requirements	• Existence	• Strategic Plan	Phase II
	• Timeliness	• Performance Programme	
Content of the Performance Information	• Presentation	• Accountability Report	Phase IV
	• Measurability	• Performance Programme	Phase II
	• Relevance		
	• Well-defined		
Reliability	• Consistency	• Accountability report	Phase IV
	• Verifiability		
	• Cogency		
Reliability	• Accuracy	• Data systems	Phase III
	• Completeness		

<b>Audit objective</b>	<b>Audit criteria</b>	<b>Audit area</b>
<b>Compliance with reporting requirements</b>	<i>Existence Timeliness Presentation</i>	<i>Strategic Plan Performance Program Accountability Report</i>
<b>Appropriateness of the content of the performance information</b>	<i>Measurability Relevance Well-defined</i>	<i>Strategic Plan Performance Program</i>
	<i>Consistency Verifiability Cogency</i>	<i>Accountability Report</i>
<b>Data reliability</b>	<i>Accuracy Completeness</i>	<i>Data systems</i>

## Reporting

*Following the execution of the audit, the audit team prepares the audit report.*

*The audit report drafted after the conduct of the audit of performance information includes the following:*

- *Executive summary;*
- *Purpose and scope of the audit;*
- *Audit criteria;*
- *Findings related to*
  - *compliance with reporting requirements,*
  - *content of the performance information,*
  - *data systems;*
- *Findings related to follow-up and impact assessment;*
- *Recommendations provided to the auditee based on findings.*

## Follow-up

*The audit is followed-up after the discussion of the audit report in the TGNA with a view to assessing the extent to which the recommendations related to findings in the audit report are followed by the auditee.*

*Although it is advisable that the follow-up phase be conducted by the audit team that has conducted the audit, it can also be done by different auditors, when required.*

## Time Planning in the Audit of Performance Information

The suggested timeframe for the audit of performance information is illustrated in the Table below:

**Table 3: Processes of and timeframe for the audit of performance information**

<b>Audit Phase</b>	<b>Audit criteria</b>	<b>Audit scope</b>	<b>Timing</b>
<b>I. Planning Phase</b>			<i>May</i>
<b>II. Execution Phase (Strategic Plan and Performance Program)</b>	<ul style="list-style-type: none"> <li>• <i>Existence</i></li> <li>• <i>Timeliness</i></li> <li>• <i>Presentation</i></li> </ul>	<i>Strategic Plan Performance Program</i>	<i>June – July</i>
	<ul style="list-style-type: none"> <li>• <i>Measurability</i></li> <li>• <i>Relevance</i></li> <li>• <i>Well-defined</i></li> </ul>	<i>All performance objectives</i>	
<b>II. Execution Phase (Data Recording Systems)</b>	<ul style="list-style-type: none"> <li>• <i>Accuracy</i></li> <li>• <i>Completeness</i></li> </ul>	<i>Selected data recording systems</i>	<i>September – December</i>
<b>II. Execution Phase (Accountability Report)</b>	<ul style="list-style-type: none"> <li>• <i>Existence</i></li> <li>• <i>Timeliness</i></li> <li>• <i>Presentation</i></li> </ul>	<i>Accountability Report</i>	<i>January – March</i>
	<ul style="list-style-type: none"> <li>• <i>Consistency</i></li> <li>• <i>Verifiability</i></li> <li>• <i>Cogeneity</i></li> </ul>	<i>Selected performance objectives</i>	
<b>III. Reporting Phase</b>			<i>April</i>
<b>IV. Follow-up Phase</b>			

The above timeframe is intended to serve as a model and may change according to the capacity and business plan of the respective audit team. In cases where the same audit team takes within the audit coverage more than one administration in the same audit year, the timeframe can be changed accordingly.

# 1. PLANING

*Planning calls for specification of clear and reasonable objectives, formulation of a realistic and robust audit approach and determining the resource requirements.*

*INTOSAI Auditing Standards (ISSAI 300-0.3/a) "The auditor should plan the audit in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner."*

*Followings are the steps to be observed in the audit-planning phase:*

- *Establishing the audit team,*
- *Communicating with the auditee,*
- *Understanding the auditee,*
- *Understanding the overall performance management of the auditee,*
- *Preparing the audit plan.*

*Where the regularity audit and the audit of performance information are conducted concurrently, steps 1, 2 and 3 are completed in parallel with regularity audit. Since performance audits are in principle conducted in parallel to regularity audits, planning of both will be done simultaneously.*

*In cases where the audit of performance information is conducted separately, all the steps mentioned above will be followed.*

## **TCA Audit By-Law- Article 20:**

*Regularity audit and performance audit shall be jointly planned and carried out.*

## 1.1 Establishing the Audit Team

*It is principal that the audit of performance information be conducted by an audit team. The team leader ensures that the audit of performance information is carried out in accordance with the methodology set forth in the manual by all the members of the team, and adequate time is allocated for the audit. Template 1 will be used in the composition of the team.*

## 1.2 Communicating with the Auditee

*In a management letter, the auditee is informed as to the scope and time planning of the audit. In the first meeting with the administration, information regarding the purpose, methodology and the processes of the audit of performance information is shared.*

*At this step, the units and individuals charged with the production and reporting of the performance information are identified. The names and the contact information of the relevant personnel are obtained from the auditee, and included in the audit plan.*

## 1.3 Understanding the Auditee

*This is a critical step required both for the performance of the audit and the preparation of the business plan. Starting the audit study with understanding the auditee will facilitate the execution of the audit.*

*At the step of understanding the auditee, it is relevant to review the following documents concerning the performance-based budgeting system prior to the examination of the auditee's documents:*

- *The Law No.5018 on the Public Financial Management and Control,*
- *By-law on Principles and Procedures for Strategic Planning in Public Administrations,*
- *By-law on Preparation of Performance Programs in Public Administrations,*
- *Strategic Planning Guide for Public Administrations,*
- *Guide for Preparation of Performance Programme,*
- *By-law on the Preparation of Accountability Reports of Public Administrations,*
- *Other relevant arrangements.*

*To audit the performance information of an auditee, an understanding should be obtained regarding the activity field of and the activities and projects performed by the auditee. The steps listed below are followed in understanding the auditee:*

- *Understanding the legal framework of the auditee;*
- *Obtaining knowledge regarding the organizational structure and chart of the auditee;*
- *Understanding the environment in which the auditee functions as well as those who are associated with its activities ( such as those who receive services from the auditee and its other stakeholders);*
- *Examination of its budget, revenues, expenditures and resources;*
- *Analysis of fundamental control systems employed by the auditee;*
- *Identifying the major risks faced by the auditee, including the control risks;*
- *Obtaining an understanding as to the weaknesses of the auditee;*
- *Other matters deemed necessary.*

*The information and data obtained at this stage will be used by the audit team in the execution of the audit.*

*The audit team may obtain the information needed for understanding the auditee either directly from the data sources of the auditee (Strategic Plan, Accountability Report, organizational chart, internal manuals and guides, interviews with managers, etc), or indirectly from the relevant legislation, formal statistics or expert opinion, particularly from the general policy papers and plans. In addition to these, it would be relevant to review the recommendations given in the previous audit reports and the actions taken by the auditee in response to these recommendations.*

## 1.4 Understanding the Overall Performance Management of the Auditee

*The overall performance management system refers to the internal policies, structures and processes of the auditee, which concern with the management and reporting of performance information.*

*Public entities are responsible for the quality of the data they provide in their Accountability Reports, which they draft pursuant to the Law No.5018. In its broadest sense, the data quality means the reliability and usability of the data recorded. It can also be understood as all the tools and processes used in the production of complete, accurate and valid data. The audit team assesses the arrangements the auditee has made to produce accurate data by using various data system.*

*The reasons for why the overall performance management system needs to be examined are listed as follows:*

- *It enables the team to obtain an understanding of the overall attitude and awareness of the auditee regarding the use and control of the performance information.*
- *Identification of the deficiencies in the overall performance management may also explain the weaknesses in the quality of performance information.*
  - *For instance, lack of internal arrangements for the production of performance information may hinder the timely preparation of the performance program or accountability reports. In such a case, the weaknesses in the performance management system may be the underlying reason for non-compliance with the criteria of “timeliness”.*
  - *Auditee’s inadequate policy for setting the performance objectives may lead to poor coordination between the strategy unit and the implementing units of the auditee in monitoring the performance information, and incoherent performance information. Ultimately, the auditee will be unable to report the actual performance in its accountability report. In that case, the audit team may link non-compliance with the criteria of “consistency” and “verifiability” to the weaknesses in the performance management system of the auditee.*
- *Through examining the overall performance management system, the audit team can detect certain risks to data quality.*
  - *For instance, certain risks to data quality may be of a more general nature such as relocation, introduction of new IT systems or changes to the performance indicators themselves. Examining the overall performance management system reveals such risks.*
- *It enables the audit team to evaluate the controls in certain fields within the wider institutional context.*
  - *For instance, an analysis on the overall performance management system can provide an understanding as to the institutional arrangements for data quality management, the management’s monitoring over the outputs and quality controls as well as the control over the compilation and presentation of the information reported in the accountability reports.*

*The analysis on the overall performance management requires interviews with the key personnel and examination on the relevant material (including those obtained during other audits). In doing this, the audit team searches for evidence that the management:*

- *Communicates the importance of data quality to its personnel;*
- *Defines clearly the roles and responsibilities for data quality management, and*
- *Reviews the results of the performance data systems.*

*At the end of this analysis, the audit team identifies the general risks likely to affect the performance data systems and the control activities relevant to these. These risks and other findings obtained are recorded by using Template 2. Besides, the audit team evaluates the questions in Template 2 throughout the audit; when necessary, update the findings at the end of the audit. Filling out Template 2 will assist the audit team in determining the dimension and the scope of the audit procedures to be performed in executing the audit. Understanding the overall performance management system of the auditee will help the audit team obtain the information, which will be needed in the preparation of the audit plan.*

## 1.5 Preparing the Audit Plan

*During the planning phase, an audit plan (Annex-II) is prepared, which includes comprehensive information such as the start and completion dates of the audit, the areas of responsibility of relevant auditors, etc. This process is highly critical in that it guides the auditors in conducting the audit and for the proper performance of duties.*

*The team leader is responsible for the preparation of the audit plan. Time planning is the most critical issue that should be addressed in the plan. During the planning phase, the audit team determines when the audit is to be started and finalized, provided there is no unforeseen delay, and accordingly, informs the auditee. The time required for the audit may vary depending on the auditee, the subject of the audit and the audit team. The team leader is responsible for and authorized to determine the timing of the audit through considering such factors. However, in the calculation of this period, the reporting periods specified in the TCA Law No.6085 must be taken into consideration. Besides, it should be born in mind that certain processes of the audit may require in-depth work during the preparation of the audit plan and distribution of tasks.*

*The audit plan specifies the steps to be followed in the course of the audit and the auditors responsible for the activities to be performed at each step. The team leader is the one who is responsible for the distribution of tasks among team members. After preparing the audit plan, the team leader submits the plan to the head of group to receive her/his opinion and comment. If deemed necessary, the head of group may hold a meeting with the audit team and discuss her/his recommendations with the team and the team leader. After receiving the opinion of the head, the plan prepared for the audit of performance information is submitted to the Presidency of the TCA for approval.*

### **TCA Audit By-Law- Article 21:**

*As a result of audit planning, audit plan prepared in accordance with the audit guide shall be submitted to the head of group to obtain his/her opinion and recommendations.*

*Audit plan to be submitted to the Presidency shall include the work programme, names of auditors assigned and their responsibilities, including the audits to be performed in the relevant public administration.*

*When required, the plan for the audit of performance information can be submitted for approval independently of the regularity audit plan. In this case, the audit of performance information is initiated following the approval of the plan.*



## 2. EXECUTION

The approval of the audit plan by the Presidency is followed by the execution of the audit. The execution phase of the audit of performance information consists of three principal processes:

- Assessing the compliance with reporting requirements,
- Assessing the content of performance information,
- Assessing the data systems that produce performance information.

### 2.1 Assessing the Compliance with Reporting Requirements

#### 2.1.1 General

This part of the manual focuses on the reporting requirements of auditees based on the three fundamental documents of the performance-based budgeting system:

- Strategic Plan,
- Performance Program,
- Accountability Report.

Followings are the criteria against which the compliance with reporting requirements is assessed.

<b>Existence:</b>	Whether the auditee prepares the Strategic Plan in which it determines its aims, objectives and indicators, the Performance Program and Accountability Report
<b>Timeliness:</b>	Whether the auditee prepares the Strategic Plan, the Performance Program and Accountability Report within the statutory period
<b>Presentation:</b>	Whether the content of the Strategic Plan, the Performance Program and Accountability Report complies with the relevant legislation

#### 2.1.2 Strategic Plan

##### Existence

Pursuant to Article 9 of the Law No.5018;

*"In order to form missions and visions for future within the framework of development plans, programs, relevant legislation and basic principles adopted; to establish future mission and vision, to determine strategic aims and measurable objectives; to measure their performances according to predetermined indicators, and to monitor and evaluate this overall process, public administrations shall prepare strategic plans in a cooperative manner."*

In addition to the Law No.5018, pursuant to the Municipalities Law No.5393 and the Metropolitan Municipalities Law No.5216, all municipalities with a population of more than 50,000 are obliged to prepare strategic plans. With the Special Provincial Administrations Law No.5302, the special provincial administrations are also required to prepare their strategic plans.

According to the By-law on Principles and Procedures for Strategic Planning in Public Administrations, the following public entities are exempted from the obligation to prepare strategic plans:

- the Ministry of National Defence;
- the Ministry of Foreign Affairs;
- General Secretariat of the National Security Council;
- the Undersecretariat of the National Intelligence Organization;
- the General Commandership of Gendarmerie; and
- the Commandership of Coastal Security.

Moreover, the Regulatory and Supervisory Agencies are also exempted from the obligation to prepare strategic plan, since they are not subject to the Article 9 of the Law No.5018.

After examining whether the auditee has complied with the legal arrangements regarding the preparation of the strategic plans, the audit team answers the relevant questions in Template 3 and reports its findings in the audit report.

### *Timeliness*

The audit team evaluates whether the auditee has prepared its strategic plan within the statutory periods; answers the relevant questions in Template 3 and reports its findings in the audit report.

### *Presentation*

The Strategic Planning Guide for Public Administrations issued by the Ministry of State Planning outlines the general framework of the strategic planning process and the scope and content of strategic plans. Public entities are expected to comply with the main principles and the outline set forth in the guide.

The Chapters 5D, 5E and 5F of the Strategic Planning Guide are pertinent the formulation of aims, objectives and indicators. The audit team evaluates whether the auditee's aims, objectives and indicators comply with the criteria specified in the guide for each and reports its findings in the audit report. The assessment of the strategic plans against the criteria of presentation is made by means of the Template 3. Besides, the audit team assesses also whether the mission set by the auditee is in line with its reason of establishment, and its strategic aims and objectives with the national policy papers and plans listed in the Table below, and includes its findings in the audit report.

**Table 4: National and Institutional Planning Papers**

NATIONAL POLICY AND PLANNING PAPERS	INSTITUTIONAL PAPERS
<ul style="list-style-type: none"> <li>• <i>Development Plan</i></li> <li>• <i>Sectoral and Thematic Plans</i></li> <li>• <i>Regional Plans</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Institutional Strategic Plan</i> <ul style="list-style-type: none"> <li>• <i>Aims and Objectives</i></li> <li>• <i>Strategies</i></li> <li>• <i>Framework of Resources and Expenditure</i></li> </ul> </li> <li>• <i>Action Plan</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Medium-Term Program</i></li> <li>• <i>Medium-Term Financial Plan</i></li> <li>• <i>International Commitments (National Plan, etc.)</i></li> </ul>	

### 2.1.3 Performance Program

#### Existence

Pursuant to Article 9 of the Law No.5018;

*“In order to present public services at the required level and quality, public administrations shall base their budgets and their program and project-based resource allocations on their strategic plans, annual aims and objectives, and performance indicators.”*

The audit team reviews whether the auditee has prepared a performance program in compliance with the regulation; gives answers to the relevant questions in Template 3 and reports its findings in the audit report.

#### Timeliness

The Guide for Preparation of Performance Program states: “public administrations within the scope of central government will send their performance programmes together with their budget proposals to the Ministry of Finance and the Ministry of Development.”

The By-Law on Preparation of Performance Programs in Public Administrations includes the arrangement related to the social security institutions and local administrations.

*“Article 7- The performance programs of the social security institutions and local administrations shall be submitted to the authorized organs along with their budget proposals by the heads of these administrations on the date specified in its relevant legislation. The performance programs, which are revised according to budget sizes of such institutions and administrations, as approved by their authorized organs, shall be made public in January by the relevant Minister or the head of administration for social security institutions and for local administrations, by the head of administration.”*

The audit team considers these arrangements, when compliance with laws and regulations is assessed in terms of timeliness of the auditee in submitting its performance program. The audit team answers the relevant questions in Template 3 and reports its findings.

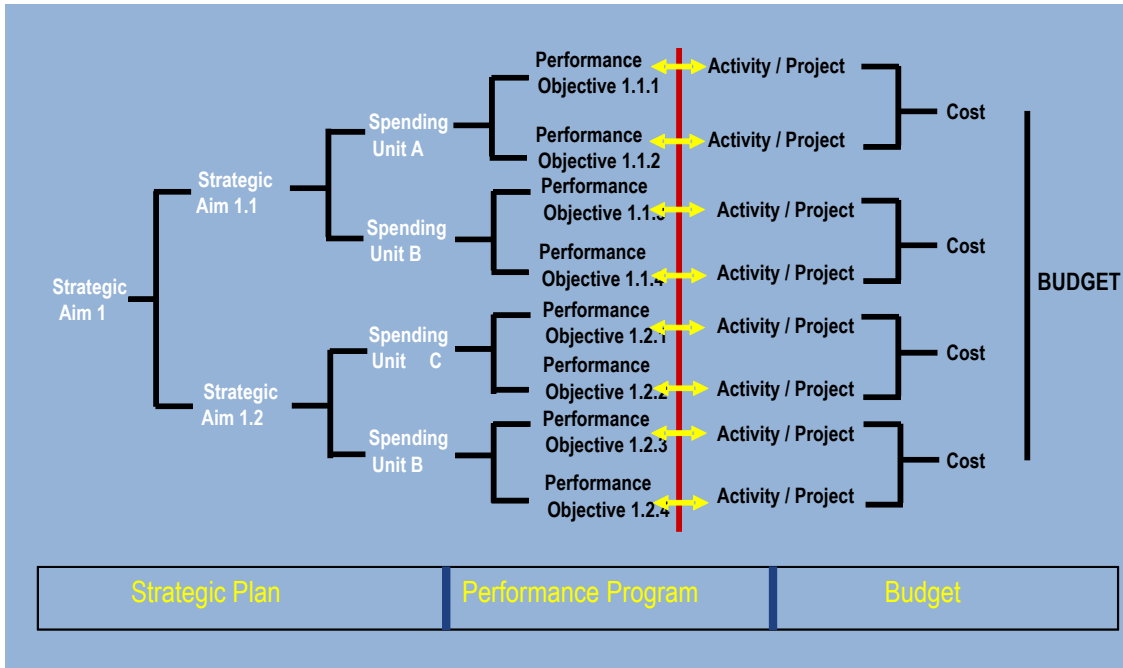
#### Presentation

The Guide for Preparation of Performance Program provides an overall framework for the scope and content of the performance program. Public entities are expected to comply with the main principles and the outline set forth in the guide.

The annex to the Guide illustrates the form of the performance program. According to this, administrations are required to prepare a table that links the aims, objectives and indicators with resources. In the course of the audit, the audit team evaluates whether Tables 1, 2 and 3, which the Guide requires to be prepared by administrations, have been prepared properly, by considering also the questions in the Template 3.

As illustrated below, administrations are expected to link their aims with the spending units and performance objectives, and to determine for each objective the activities and the relevant costs. In assessing this, the audit team examines whether the costs of activities are calculated according to the relevant manual and the extent to which the institutional resources are linked with performance objectives.

**Graphic 1: Relation between Strategic Plan, Performance Program and Budget**



### 2.1.4 Accountability Report

#### Existence

The Law No. 5018 requires the public entities to prepare their accountability reports.

“Article 41- Within the framework of accountability, the heads of public administrations and authorizing officers to whom appropriations are allocated in the budget shall issue accountability reports each year. ... The accountability report of the administration shall be prepared so as to include, along with the general information on the related administration, the resources used, and the reasons of the deviation arising regarding the budget targets and realizations, financial information comprising the information regarding the activities of associations, institutions and organizations aided through assets and liabilities; and information on activities and performance information performed as per strategic plans and performance program.

... Public administrations within the scope of central government and social security institutions shall submit a copy of their administration accountability reports to the Court of Accounts and to the Ministry of Finance. Each one copy of the accountability reports prepared by local governments shall be sent to the Court of Accounts and to the Ministry of Interior. The Ministry of Interior shall take these reports and shall prepare and publicize the “local governments general accountability report” which include also its own evaluations. A copy of the report shall be sent each to the Court of Accounts and the Ministry of Finance.”

It is determined whether the auditee has observed the arrangements and issued an accountability report. The relevant questions in Template 3 are answered, and the findings are included in the audit report.

## Timeliness

*As per Article 11 of the By-Law on the Preparation of Accountability Reports of Public Administrations;*

*“The administration accountability reports of the public administrations within the scope of the general budget, the special budget administrations and social security institutions shall be published for the relevant fiscal year by heads of administrations by the end of April of the ensuing fiscal year at the latest. A copy of these reports shall be sent to the Turkish Court of Accounts and the Ministry within the same period.*

*... The accountability reports of special provincial administrations shall be made public by the end of May; the accountability reports of municipalities and local administrations unions by the end of April by their heads of administrations. A copy of these reports shall be sent to the Turkish Court of Accounts and the Ministry of Interior within the same period.”*

*The above provision is taken into consideration in the assessment of the timeliness of accountability reports of administrations in accordance with the laws and by-laws.*

*The relevant questions in Template 3 are answered and the findings are included in the audit report.*

## Presentation

*The By-Law on the Preparation of Accountability Reports of Public Administrations lays down the principles related to the information to be presented in accountability reports and the procedures to be followed in their preparation.*

*The audit team evaluates whether the information included in the accountability report meets the criteria related to presentation and the requirements for the procedures to be followed. For instance, it needs to be checked whether:*

- the activity results are reported;*
- public entities satisfy the requirements of the relevant by-law.*

*The relevant questions in Template 3 are answered and the findings are included in the audit report.*

### **2.1.5 Audit Assessment**

*The audit team fills out Template 3 while assessing the compliance with legal requirements as the first step of the execution phase and concludes on the compliance of strategic Plans, performance programs and accountability reports with the legal arrangements. While filling out the form, the evidencing documents are archived; working papers are prepared on matters deemed necessary. The findings reached are included in the report.*

## 2.2 Assessing the Content of Performance Information

### 2.2.1 General

This phase of the audit focuses on the content of the performance information, which is used in evaluating the works virtually performed in relation to the objectives, plans and aims, and which represents the qualitative and quantitative information collected in a systematic manner. The content of performance information are assessed based on the following criteria:

<b>Relevance:</b>	<i>The extent to which there is a logical link between the aims, objectives, indicators and activities</i>
<b>Measurability:</b>	<i>Measurability of objectives and indicators in the performance programs</i>
<b>Well-defined:</b>	<i>The extent to which a clear and unambiguous definition of the indicator is formulated</i>
<b>Consistency:</b>	<i>The extent to which the objectives (including indicators) are consistently used in the auditee’s planning and reporting documents</i>
<b>Verifiability:</b>	<i>The extent to which the reported value are consistent with the output of the underlying data systems</i>
<b>Cogency:</b>	<i>The extent to which any deviations between planned and reported performance is addressed by the auditee and whether the reasons explaining the deviation are credible</i>

In the assessment of the content of performance information, the criteria are employed in two phases:

- The criteria of “relevance”, “measurability” and “well-defined” are considered in the assessment of the performance information included in the strategic plans and performance programs.
- The criteria of “consistency”, “verifiability” and “cogency” are considered in the assessment of accountability reports.

### 2.2.2 Criteria related to Strategic Plans and Performance Programs

#### Relevance

Relevance is assessed at two stages:

- **First stage:** the relevance of objectives
  - **Second stage:** the relevance of indicators
- *The relevance of objectives*

In assessing the relevance of the objective, it is checked whether the objective is “relevant” to the strategic aims and if it is output or outcome-oriented. According to Strategic Planning Guide for Public Administrations and the Guide for Preparation of Performance Programme, the objectives set by administrations in their performance programs must be consistent with the aims established in their strategic plans.

According to these guides, the aims and objectives of public entities must be “relevant” either to the outputs or to the outcome.

- **Output:** means goods produced or services delivered by administrations.
- **Outcome:** means the impact of the goods or services produced by administrations on persons and societies.

Objectives, which are input and activity oriented, are considered as “irrelevant”.

An example for the assessment of objectives in terms of relevance is given in the Table below:

**Table 5: Assessment of relevance (relevance of objective<sup>1</sup>)**

<b>Aim: To increase the safety on motorway network</b>	
<b>Performance objective</b>	<b>Judgement on the relevance of the objective</b>
<i>Success in fighting with snow and ice on the motorway network will have been achieved by using suitable material and contemporary equipment by 2010.</i>	<i>The objective is relevant as it relates to an output (successful maintenance of the motorway network).</i>
<i>Study visits will be paid to several countries in order to study new methods of road safety.</i>	<i>Not relevant, the objective refers to an activity</i>
<i>Standards of road maintenance repair and traffic safety will be increased in a way to ensure comfortable and safe transportation during all seasons and customer satisfaction will be increased by 20 % within 5 years.</i>	<i>Relevant, the objective refers to an output (road maintenance).</i>
<i>Accidents resulting in deaths and injuries on motorways will be reduced by 40 % within 5 years.</i>	<i>Relevant, the objective refers to an outcome (accidents)</i>

▪ *The relevance of indicators*

According to the Guide on the Preparation of Performance Programme, indicator is defined as follows:

*An indicator refers to the numerically denoted tools used by public administrations in order to measure, monitor and evaluate whether or to what extent an objective is reached.*

Given the definition above, it is understood that an indicator must be relevant to the objective. In cases where it is not possible to establish a correlation between the indicator and the objective, the finding that the indicator is not relevant is included in the report. At this stage, activities are assessed according to the criterion of relevance. Findings related to the activities, which cannot be linked with any indicator or associated with the objective, are included in the audit report.

An example for the assessment of relevance of the indicator with the objective is given in the Table below:

<sup>1</sup> The assessment in the example is made based only on the objective being either output or outcome-oriented.

**Table 6: Assessment of relevance (relevance of indicator)**

<b>Aim: To increase the safety on motorway network</b>		
<b>Performance Objective</b>	<b>Performance Indicator</b>	<b>Judgement on Relevance</b>
<i>Success in fighting with snow and ice on the motorway network will have been achieved by using suitable material and contemporary equipment by 2010.</i>	<i>No indicator included in the objective</i>	<i>As there is no indicator, assessment cannot be made.</i>
<i>Study visits will be paid to several countries in order to study new methods of road safety.</i>	<i>The number of employees participating in study visits</i>	<i>As the indicator serves to the achievement of the objective, it is judged as relevant. However, the relevance of the indicator is not taken into account since the objective is not judged as relevant.</i>
<i>Standards of road maintenance repair and traffic safety will be increased in a way to ensure comfortable and safe transportation during all seasons and customer satisfaction will be increased by 20 % within 5 years.</i>	<i>The degree of customer satisfaction (in percentages)</i>	<i>Relevant</i>
<i>Accidents resulting in deaths and injuries on motorways will be reduced by 40 % within 5 years.</i>	<i>Number of accidents resulting in death and injuries</i>	<i>Relevant</i>
	<i>Number of accidents arising in plane air traffic resulting in death and injuries</i>	<i>Not relevant</i>

The audit team fills out Template 4 and puts its findings in writing for reporting after assessing the relevance of performance objectives and indicators in the strategic plans and performance programs.

## Measurability

Strategic Planning Guide for Public Administrations requires public entities to set measurable objectives. If the objectives cannot be formulated as measurable, then measurable performance indicators related to these objectives should be determined.

In the Guide for Preparation of Performance Programme, it is stated that:

“...performance objectives should be measurable via performance indicators.”

The objectives and indicators, which are judged “not relevant” as a result of the assessment made according to the criterion of relevance, are not subject to assessment against the criterion of measurability.

The Table below provides an example for the assessment of performance objectives and indicators according to the measurability criterion:



**Table 7: Assessment of Measurability**

<b>Aim: To increase the safety on motorway network</b>		
<b>Performance Objective</b>	<b>Performance Indicator</b>	<b>Judgement on measurability</b>
<i>Success in fighting with snow and ice on the motorway network will have been achieved by using suitable material and contemporary equipment by 2010.</i>	<i>No indicator.</i>	<i>The objective is not measurable.</i>
<i>Study visits will be paid to several countries in order to study new methods of road safety.</i>	<i>The number of employees participating in study visits.</i>	<i>Since the objective is not relevant, it cannot be assessed in terms of measurability.</i>
<i>Standards of road maintenance repair and traffic safety will be increased in a way to ensure comfortable and safe transportation during all seasons and customer satisfaction will be increased by 20 % within 5 years.</i>	<i>The degree of customer satisfaction (%).</i>	<i>Measurable</i>
<i>Accidents resulting in deaths and injuries on motorways will be reduced by 40 % within 5 years.</i>	<i>Number of accidents arising in motorways resulting in death and injuries</i>	<i>Measurable</i>
	<i>Number of accidents arising in air traffic resulting in death and injuries</i>	<i>Since the indicator is not relevant, it cannot be assessed in terms of measurability.</i>

The audit team fills out Template 4 and puts its findings in writing for reporting after assessing the measurability of performance objectives and indicators in the strategic plans and performance programs.

### **Well-defined**

According to the Strategic Planning Guide for Public Administrations, the public entities are required to define clearly the results intended to be achieved in respect of aims. Likewise, the By-law on Preparation of Performance Programmes in Public Administrations envisages that the objectives and indicators in the performance program should be precise and understandable”.

The criterion ‘well-defined’ relates to the requirement of stating clear and comprehensible objective and indicators. ‘Well-defined’ means that administrations should make a clear definition of what they want to accomplish. The risk to the performance-based budgeting system of indicators that are not well-defined is that administrations can modify the measurement afterwards in order to ensure that they can report achievement of their objectives. To eradicate this risk, the public entities should define their objectives and indicators in a precise and comprehensible manner.

Well-defined refers to two aspects:

- *The content of the definition: Can the indicator only be explained in one way?*
- *The formal status of the definition: Is the definition written down and formalized in (internal) documents of the administration?*

The objectives and indicators that are judged “not relevant and/or measurable” are not assessed in terms of the criterion “well-defined”. An example for the assessment of performance information in respect of the criterion “well-defined” is given in the Table below:

**Table 8: Assessment of the criterion Well-defined**

<b>Aim: To increase the safety on motorway network</b>		
<b>Performance Objective</b>	<b>Performance Indicator</b>	<b>Judgement on well-defined</b>
<i>Success in fighting with snow and ice on the motorway network will have been achieved by using suitable material and contemporary equipment by 2010.</i>	<i>No indicator.</i>	<i>Not applicable as the objective is not measurable</i>
<i>Study visits will be paid to several countries in order to study new methods of road safety.</i>	<i>The number of employees participating in study visits.</i>	<i>Not applicable as the objective is judged not to be relevant</i>
<i>Standards of road maintenance repair and traffic safety will be increased in a way to ensure comfortable and safe transportation during all seasons and customer satisfaction will be increased by 20 % within 5 years.</i>	<i>The degree of customer satisfaction (%).</i>	<i>The auditor needs to assess whether customer satisfaction has been defined and how customer satisfaction is being measured. After such assessment, the auditor will be in a position to give judgment.</i>
<i>Accidents resulting in deaths and injuries on motorways will be reduced by 40 % within 5 years.</i>	<i>Number of accidents arising in motorways resulting in death and injuries</i>	<i>The auditor needs to assess whether the administration has a clear definition of accidents that result in death and injury as well as the measurement of these.</i>
	<i>Number of accidents arising in air traffic resulting in death and injuries</i>	<i>Not applicable as the indicator is judged not to be relevant.</i>

The example indicates that the judgment on ‘well-defined’ is not applicable for objectives that are judged not to be measurable and/or relevant. The audit team fills out Template 4 and puts its findings in writing for reporting after assessing the performance objectives and indicators in the strategic plans and performance programs in terms of the criterion “well-defined”.

### **2.2.3 Criteria regarding the Accountability Report**

Before assessing the content of the performance information included in the accountability report, the audit team fills out Template 5 and decides on which objectives and indicators will be subject to the assessment of the

accountability report. The objectives and indicators selected after the form is filled are assessed according to the following criteria:

## Consistency

The By-Law on the Preparation of Accountability Reports of Public Administrations states that administrations are expected to comply with the consistency principle in preparing their accountability reports:

“Same methods shall be used in the presentation and evaluation of activity results. In case of changes in methods, the changes shall be explained in the report”

The objectives and indicators judged relevant and measurable during the assessment of the strategic plan and performance program (irrespective of whether they satisfy the criterion “well-defined”) are subject to the consistency criterion. The assessment of consistency is made through reviewing the consistency between the objectives and indicators presented in the performance programs and those in the accountability reports. The results as to the achievement of the objectives presented in the performance program should be reported in the accountability report. Administrations are expected to report their achievements in the accountability report using the same indicators by which the objective was expressed in their performance programmes.

The audit team fills out Template 10 and puts its findings in writing for reporting after assessing the performance objectives and indicators presented in the accountability report in terms of the criterion “consistency”.

## Verifiability

Verifiability refers to the consistency of the performance information included in the accountability report with the sources of verification. To judge on this criterion, the audit team verifies whether the latest data have been correctly extracted from the supporting data system.

The audit team should assess whether the performance information presented by the public entity can be verified by referring to a data system at the administration or from any other source. In other words, the data presented in the accountability report should be supported with a source of verification and consistent with the data in that source. To inform this assessment, the audit team should directly examine the statement included in the accountability report and compare with the figures extracted from the data system (or any other source) that is used by the administration.

The audit team fills out Template 10 and puts its findings in writing for reporting after assessing the performance objectives and indicators presented in the accountability report in terms of the criterion “verifiability”.

## Cogency

The criterion “cogency” is used in assessing whether the underlying reasons of gaps between the planned and the actual performance and the deviations from the budget<sup>2</sup> are convincing and relevant. The justifications related to the actual status of the budget and the performance objectives as well as the deviations are assessed according to the criterion “cogency”. In making this assessment, it is considered whether the relevant objective is important for the Parliament and the public in general.

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<sup>2</sup> Here the term budget should be read as a budget that include items like the extra-budgetary funds, revolving funds, external resources and other resources in addition to the auditee’s own budget.

In cases where there are deviations between the budget and the realization of objectives, the auditee is required to provide explanation as to the reasons for the deviations between the objective and the realization. In Article 41 of the Law No. 5018:

*"The accountability report of the administration shall be prepared so as to include, along with the general information on the related administration, the resources used, and the reasons of the deviation arising regarding the budget targets and realizations, financial information comprising the information regarding the activities of associations, institutions and organizations aided through assets and liabilities; and information on activities and performance information performed as per strategic plans and performance program."*

In Article 18 of the By-Law on the Preparation of Accountability Reports of Public Administrations, it is stated that:

*- Under the title of financial information; utilized resources, budget objectives and realizations and the reasons of deviations that occurred, information on assets and liabilities, activities of unions, institutions and organizations which were provided with grants by the administration; key financial statements and explanations thereon shall be included. In addition to this, summary information on the results of internal and external audit shall also be included.*

*- Under the title of performance information; activities and projects performed in accordance with the strategic plan and performance program of the administration, realization of performance objectives and indicators stated in the performance program, reasons behind the deviations that occurred, other performance information and evaluations thereon shall be included.*

In cases where the administration does not have a system to monitor, or does not monitor the budget realizations related to objectives, it is reported in the audit report that assessment as to cogency cannot be made.

In case the administration provides an explanation for under-performance and the deviations in the budget designated for a specific objective, the audit team assesses the validity of the reasons given. To assess the persuasiveness of the reasons, the audit team requests the public entity to provide evidence in support of these reasons.

An example for the assessment of cogency is given in the Table below:

**Table 9: An example for the assessment of cogency**

Indicator	Target	Achievement	Reasons given to explain the gap
The number of completed crossroads	40	7	<ul style="list-style-type: none"> <li>• Force major</li> <li>• Some authorities and responsibilities of the administration being transferred to other administrations</li> <li>• Cancellation of projects</li> <li>• Not finishing the projects due to the problems in expropriation</li> </ul>
The number of crossroads that are revised for handicapped	20	15	
The length of creeks that is rehabilitated	45	3	
Auditor judgment	<ul style="list-style-type: none"> <li>• The reasons for gaps have not been separately indicated</li> <li>• Some reasons need to be supported by evidence</li> <li>• 'Cancellation of projects' could be a convincing reason, but indicates weaknesses in the administration's planning and, therefore, the effective usage of resources.</li> </ul>		

*The audit team fills out Template 10 and puts its findings in writing for reporting after assessing the performance objectives and indicators presented in the accountability report in terms of the criterion "cogency".*

#### **2.2.4 Audit Assessment**

*The audit team fills out Template 4 and 10 after examining the objectives and indicators according to the criteria at the phase of assessing the content of the performance information. In filling out the forms, the evidencing documents are archived and working papers are prepared. The audit findings reached after filling out Template 4 and 10 as well as the assessment results are included in the audit report.*

## 2.3. Assessment of Data Systems that Produce Performance Information

### 2.3.1 General

This part of the audit aims to provide assurance that the performance information produced for the purposes of reporting progress against the performance objectives is reliable.

To assess data systems, the performance information does not have to be reported; in other words, the accountability report does not need to be issued. Before the publication of the accountability report, the administration should have been monitoring regularly the activities that it has performed throughout the year and measuring its performance against its objectives. Therefore, before the publication of the accountability report, it can be assessed whether the administration has established a system to that end and if so, the appropriateness of this system can be evaluated.

In cases where there is no data system in place for the measurement of performance or the system is not functioning properly, the relevant data system is not subject to assessment and this is included in the audit report as an audit finding.

If there is a data system in place for the purposes of measuring the performance, the reliability of the performance information is assessed based on the following criteria:

<b>Accuracy:</b>	<i>The extent to which the reported performance information provides a true view of the achievements and does not include any facts that are not part of the achievements based on the definition of the indicator</i>
<b>Completeness:</b>	<i>The extent to which the reported performance information provides a complete view of the achievement and does not leave out any facts that should have been included based on the definition of the indicator</i>

The audit of the reliability of the performance information is conducted through validation of the data systems that underlie the reported performance information. The validation is a form of systems audit. The objective is to determine whether public entities have put in place adequate systems of control to mitigate the risk of significant error in reported data.

If a complex IT system is used as the data system, support from IT auditors may be required to assess the data system.

The audit team should first understand the data systems and the data flows associated with these:

<b>Data recording system:</b>	<i>Refers to the whole process of collecting, analyzing and producing the performance information regarding a particular indicator.</i>
<b>Data flow:</b>	<i>Refers to the individual elements underlying the data system.</i>

For instance, the total number of students and the number of dropouts will be required to measure an objective regarding the dropout rate at schools. In such a case, the total number of students and the number of dropout students represent the data flow, while the whole system that produces the final data concerning the dropout rate represents the data system. In certain cases, data system may be composed of a single data flow.

*In assessing systems in more detail, the potential impact of system weaknesses on reported data is tried to be estimated to substantiate the concerns about the system. However, the conclusions still applies only to the system and not to the accuracy of a particular statement of performance. Following is an example of this:*

*The relevant public entity sets an objective of a decline by 3% in the number of deaths and injuries arising from road traffic accidents.*

*The audit team will identify whether the number of deaths and injuries arising from road traffic accidents is produced by the system in a reliable manner by conducting an audit on the system that produces the data for the measurement of this objective.*

*The audit may identify substantial weaknesses in the data system that may lead to under-estimation of the actual number of road-traffic related accidents in Turkey. The TCA will report its concerns with regard to the reliability of the data system. However, the TCA cannot make an alternative estimation of, or otherwise calculate the actual magnitude of the number of deaths and injuries in road traffic accidents.*

### **2.3.2 Identification of data system**

*The audit team examines the process definitions and controls of the overall data system.*

*• Data systems should be designed and used in a manner to ensure a proper match between the criteria specified in the indicator and the data flow(s), which is used by the public entity to monitor the progress and to measure realizations.*

*• Data systems should be designed and used in a manner to cover the controls that mitigate risks for the purposes of ensuring data security.*

*Public entities should ensure that the data system for each indicator and the data flow is fit-for-purpose and capable of measuring the objective. A weak match between the data system and the indicator; in other words, the system's being incapable of measuring the objective, leads to errors in the system and increase the risk of interpreting the measured performance incorrectly. Examples of risks that may emerge in the establishment of data systems are given below:*

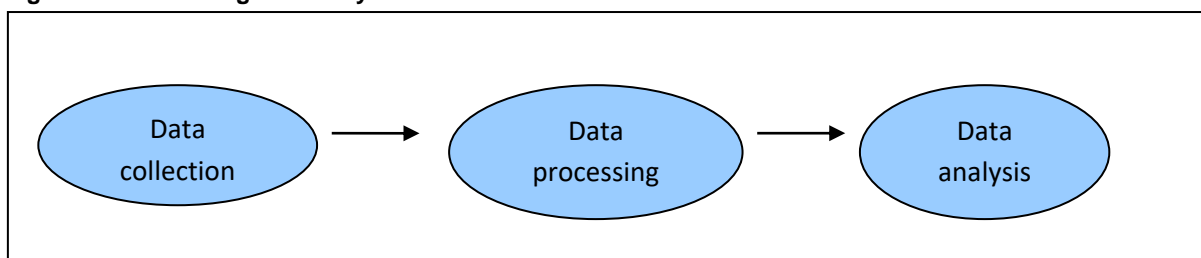
*• The data system of the administration may not cover all the performance dimensions of an indicator; e.g., if the data system, which is used to measure the objective of constructing 100 domiciles, does not collect data received from certain provinces, the performance will not be measured fully.*

*• Selected data flows may include irrelevant items or appraise the relevant items incorrectly; e.g. using the number of students enrolled in state schools in measuring the number of students enrolled in private schools would lead to incorrect data production.*

*• Source data may be sufficient for a specific criterion but may not be timely accessible; e.g. information related to a realization at the end of May 2012, which concerns with an activity initiated at the beginning of 2011, cannot be included in the accountability report of 2011.*

*Data systems operate in three steps: data collection (through data flow), processing and analysis.*

**Figure 2: Functioning of data system**



Errors may occur at each of these steps; however, these steps may also include the controls that can prevent/identify such errors. The audit team should assess the sufficiency of the controls related to operation. Examples of controls at the steps of data collection, processing and analysis are given below:

<ul style="list-style-type: none"> <li>• Understandable and up-to-date definitions that support the functioning of data system, including also the job-descriptions of the personnel responsible for the operation of the system; providing guidance and training</li> </ul>
<ul style="list-style-type: none"> <li>• Clear definition of roles and responsibilities related to the operation of data system; separation of the functions of operation and monitoring</li> </ul>
<ul style="list-style-type: none"> <li>• Conducting controls to make sure that the collected data is complete and does not include unintended elements</li> </ul>
<ul style="list-style-type: none"> <li>• Conducting controls to ensure that the source data is correctly assessed ; e.g. cross-controls on the inter-data links</li> </ul>
<ul style="list-style-type: none"> <li>• Engagement of technical experts, who review processes/analyze data in the management of data system</li> </ul>
<ul style="list-style-type: none"> <li>• Monitoring data outputs to ensure reasonableness and explaining the changes in data that occur in time</li> </ul>

### 2.3.3 Selection of significant data systems

The number of systems selected for a more detailed assessment is constrained by the available TCA resources. Therefore, it is not feasible for audit teams to provide assurance on the reliability of all reported performance achievements. After assessing the content of the performance information, the audit team fills out Template 5 for those objectives and indicators that are judged relevant and measurable according to Template 4 and accordingly, identifies the data systems that will be examined.

The audit team takes the following criteria into account in deciding which data system are to be examined in a more comprehensive manner:

<b>Risk to data quality:</b>	The audit team should direct its effort on systems that are judged not fit for purpose or in need of significant improvement.
<b>Profile:</b>	Some indicators will have higher media profile and will be of greater interest to the TGNA. These provide reason for a more detailed assessment of data systems.
<b>Budgetary Size:</b>	A more detailed assessment may be necessary, when the amount of the resource allocated for the realization of the objective is high.

After this stage, the audit is performed on the data systems that produce the data relevant to the selected objectives.



### 2.3.4 Steps of Data Systems Assessment

The Table below illustrates the steps to be taken in examining the risks and controls during the assessment of data systems:

**Table 10: Assessment of Data Systems**

<p>➤ <b>Identify the risks to data reliability</b></p> <p><i>Knowing the objectives and indicators</i></p> <p><i>Reviewing the wider control environment and identification of risks</i></p> <p><i>Assessing the risks</i></p>
<p>➤ <b>Assessing the controls in the data systems</b></p> <p><i>Specifying the controls that address significant risks identified</i></p> <p><i>Testing the effectiveness of controls</i></p> <p><i>Assessing the controls for external data</i></p>
<p>➤ <b>Audit assessment</b></p>

➤ *Identify the risks to data reliability*

*Understanding the objectives and indicators*

At this stage of the audit, how the realizations related to objectives are measured and which methods are used in this measurement is considered. In this context, information is collected regarding the data flows and data systems that provide information for the measurement of objectives and indicators.

Data related to each indicator will rely on a data system composed of one or more data flows, which aims to track changes in the status of the indicator. Where an indicator relies on multiple data flows, these are normally combined in some manner for the purposes of performance measurement.

In identifying the features of data flows, the audit team should consider the following aspects:

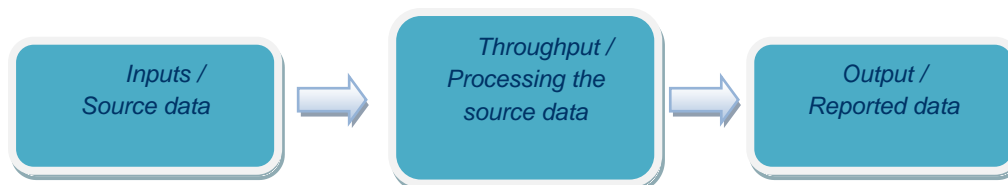
• Type of data used (for example, survey or administrative, sample or census);
• Who collects/ provides the data
• How frequently data are collected/ provided;
• Whether data flows are combined/ aggregated in some manner (for example, a ratio).

An example for understanding objectives and indicators is given below:

Objective	Indicators	Understanding the objective and indicators
Achieving an increase by 15% in the number of special-purpose training rooms and special training classes, which are designed according to standards for students studying within the scope of mainstreaming	<ol style="list-style-type: none"> <li>1. The number of special-purpose training rooms which are equipped within the scope of the project of strengthening private education</li> <li>2. the number of special training classes at primary schools</li> <li>3. the number of training rooms at primary schools</li> </ol>	<p>What type of record is used to measure indicators?</p> <p>Who enters data into the system and how is data tracked?</p> <p>Is there a specific frequency with which the data is collected?</p>

### Reviewing the control environment and identification of risks

In order to formalise their understanding of each objective and indicator, the audit team may find it useful to “map” the underlying indicators and associated data systems. Such a map should schematically describe the data flow(s) from the origin of the source data, followed by the way the data are processed into the reported data.



Based on the system design, the audit team can already consider risks, which could lead it to produce unreliable data. In so doing, the team also considers the activities of the auditee related to risk assessment. Such risks may be identified in the following way:

<b>Complexity of data collection</b>	<ul style="list-style-type: none"> <li>• Use of more than one data flows and employing an inappropriate method for combining data flows may lead to risks to data security.</li> <li>• Risks are likely to be greater if the indicator requires difficult judgements to be made by data collectors or if there are a large number of data sources or providers.</li> <li>• Where data are obtained from a large number of providers, it is important to have robust data definitions that are well communicated and can be applied by those involved in data collection.</li> <li>• In the case of sample surveys, high levels of non-response among “difficult to reach” members of the target population will increase the risk of bias.</li> </ul>
<b>Complexity of data processing and analysis</b>	<ul style="list-style-type: none"> <li>• The more complex the processing or analysis required, the greater the risk of error.</li> <li>• The omission (inclusion) of relevant (irrelevant) data items can lead to incorrect results in data analysis.</li> <li>• Unreliable results may be obtained from sample surveys, if inappropriate weighting and grossing methods are applied.</li> <li>• Where analysis involves judgements, there is greater risk of inconsistency over time.</li> </ul>
<b>Maturity of the system</b>	<ul style="list-style-type: none"> <li>• Risks may be greater if the system is new, or has been recently modified, or there have been significant changes in key staff.</li> </ul>
<b>Expertise of those who operate the system</b>	<ul style="list-style-type: none"> <li>• The incompetency of those responsible in terms of professional skills and experience constitutes a risk to individual data systems.</li> <li>• Risks may be greater, when non-specialists operate systems that are more complex.</li> </ul>
<b>How the data are used to manage and reward performance</b>	<ul style="list-style-type: none"> <li>• Risk to data security may be greater, if data are used to determine promotions, rewards, raise, etc.</li> <li>• Risks may be lower, if data are actively used for internal management purposes, as errors are more likely to be identified.</li> </ul>

	<ul style="list-style-type: none"> <li>Where there is little or no management ownership of the indicator, commitment to data quality may be lower and risk of error increased.</li> </ul>
<b>Stability of the system</b>	<ul style="list-style-type: none"> <li>Data systems may change for a variety of reasons. When such changes occur, the inconsistency between the old and the new system can pose a risk.</li> </ul>

Following is an example illustrating how the control environment is reviewed and risks are understood:

<b>Objective</b>	<b>Indicators</b>	<b>Risks</b>
Achieving an increase by 15% in the number of special-purpose training rooms and special training classes, which are designed according to standards for students studying within the scope of mainstreaming.	<ol style="list-style-type: none"> <li>The number of special-purpose training rooms which are equipped within the scope of the project of strengthening private education classes</li> <li>the number of special training classes at primary schools</li> <li>the number of training rooms at primary schools</li> </ol>	<ul style="list-style-type: none"> <li>Data entry by unauthorized people</li> <li>As a new computer program is used, there is lack of experience among the personnel.</li> <li>There is no control mechanism in the program to prevent wrong data entry.</li> </ul>

### Assessing risks

After understanding the control environment and identification of risks, these risks are assessed. At this point, firstly, the risks identified are tested in terms of accuracy and completeness, as the impact of weaknesses of controls on the data produced will vary accordingly. Following is an example of this:

<b>Accuracy:</b>	In satisfying the criterion of accuracy, the risk in positive targets is the inclusion of the dimensions of measured performance that should not be included. In positive targets such as “the ministry wants to construct at least 100 houses”, the risk is that the reported performance is not accurate. That is, in measuring the houses being constructed, the auditor should evaluate controls to understand whether 20 sheds being constructed are also in the scope.
<b>Completeness:</b>	In satisfying the criterion of completeness, the risk in negative targets is the exclusion of the dimensions of measured performance that should be included. In case of negative targets, such as “the ministry wants to reduce the annual number of fatal road accidents to not more than 500” the direction of risk is that the reported performance is not complete. That is, the ministry reports that less than 500 fatal road accidents occurred, but in reality, the number of road accidents was 600. The statement ‘500 fatal road accidents’ is not complete.

The next aspect to be reviewed by the audit team should be the public entities’ own risk assessment procedures. The audit team needs to understand how the public entity assesses risk, including the skills and knowledge of the individuals involved, and the risks identified by those procedures. This information is used in answering the questions in Templates 6, 7 and 8.

The depth and formality of risk assessment procedures will vary across public entities. In such a case, the depth of the risk assessment of the auditor will vary. Therefore, the audit team may find that the public entity has not undertaken a formal risk assessment exercise. In such cases, the auditor will have to interview key staff and review management reports to gauge the public entity’s appreciation of risks to its data systems.

Following is an example of the assessment of identified risks:

Objective	Indicators	Risk assessment
Achieving an increase by 15% in the number of special-purpose training rooms and special training classes, which are designed according to standards for students studying within the scope of mainstreaming	<ol style="list-style-type: none"> <li>1. The number of special-purpose training rooms which are equipped within the scope of the project of strengthening private education</li> <li>2. the number of special training classes at primary schools</li> <li>3. the number of training rooms at primary schools</li> </ol>	<ul style="list-style-type: none"> <li>- The fact that the data is entered by unauthorized persons may lead to overstatement of realization.</li> <li>- Lack of a mechanism for preventing wrong data entry may lead to overstatement of realization.</li> </ul>

➤ Assessment of controls in the data systems

*Identifying the controls that mitigate the significant risks*

After risks are identified and assessed, the audit team should identify the controls that are implemented by the auditee in order to minimize such risks. Controls can be distinguished between design and operational controls. There are many steps, which the auditee can take in designing a data system to prevent and reduce risks through the control environment. Some of these steps are given below:

Active consideration by the administration of the quality of data needed to provide a reliable measure of progress against the indicator; e.g., assessment on the accuracy of data by the next responsible individual at each process of data flow.
Rigorous design of data flow process. E.g. engagement of senior management in selecting and reviewing the data flows.
Testing new or complex data flows before use; e.g. if a new computer program is used as the data system, the program should be tested before active use.
Ensuring that the data system is adequately defined and documented. For all indicators, in their internal working papers, public entities should set down the key elements of the data system and how these elements operate in a clear and precise manner.

In cases where the data system is not designed in a manner to ensure a proper match between the criteria specified in the indicators and the data flow(s), this may lead to reporting incorrect information in the accountability reports. In such a case, the audit team identifies the administration's controls against these risks and assess their effectiveness. If the audit team concludes that there are no controls against significant risks, it includes this finding in the audit report by also considering the cost of the control to be recommended. Besides, it assesses whether the administration has sufficiently disclosed the existence of this risk in its accountability report.

*Assign effectiveness of controls*

After identifying the controls against significant risks, the audit team will assess whether these controls operate effectively and document its assessment. If the control is not effective, the underlying reasons and if it is effective, the evidence for this should be clearly documented.

At this stage, the assessment on the effectiveness of controls by the audit team will serve as a guide in determining the scope of the assessment on the data systems. To determine whether the administration has designed an effective control system, the audit team:

- |                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• <i>Determines whether the controls against significant risks do have the potential to prevent or detect timely the material errors;</i></li> </ul> |
| <ul style="list-style-type: none"> <li>• <i>Evaluates controls to make sure that the controls are effectively operating. (Template 7 and 8)</i></li> </ul>                                  |

The audit team examines whether the relevant administration sufficiently controls each significant risk. For instance, high-level risks are subject to preventive controls, while low-level risks are subject to detective risks.

<b>Risk level</b>	<b>Control activity</b>
<i>Low</i>	<i>Detective controls</i>
<i>High</i>	<i>Preventive controls</i>

The results of internal audit or other inspection activities of public entities may also provide assurance. The audit team should consider the quality assurance or verification works of others, such as internal auditors, which are relevant to their work. This will minimize the workload by enabling the TCA to adopt a cost-effective approach.

The audit team must obtain sufficient appropriate audit evidence regarding the operation and effectiveness of control works. Where sufficient appropriate evidence is obtained as to the effectiveness of the controls implemented by the administration, this will provide assurance regarding the reliability of data. In this case, the audit team performs limited assessment of controls, and reviews internal and external works.

No control system can guarantee proper management and the completeness and accuracy of data. In evaluating and testing controls, the audit team should be aware of these limitations and consider factors that may diminish the effectiveness of control systems, such as:

- *Individuals responsible for controls giving due care to controls;*
- *Improper application of controls due to human error;*
- *The inability of standardized control systems to deal with non-routine events; and*
- *Control breakdown due to non-standard procedures.*

The audit team fills out Template 7 and 8 for the purposes of assessing the controls of public entities regarding data collection, processing and analysis.

### *Assessing controls related to external data*

For some indicators, public entities may rely on external data. Expectations of data quality should not be lower simply because data flows originate from outside a public entity. Regardless of source, it remains the public entity's responsibility to ensure that the risks to data are effectively controlled.

The audit team should examine the responsible public entity's arrangements for gaining assurance from the provider of external data. The team should also clarify if the public entities ensure the data are fit for purpose and report the results appropriately.

The audit team uses Template 7 in examining the use of external data by the public entity. Risks associated with external data and the controls against these will vary from one administration to another. The audit team should consider this in its assessment.

Where uncontrolled risks exist, the auditee may have to undertake further procedures to ensure data quality, such as conducting further analysis and/ or adjusting the data itself.

Where the information necessary to assess risks is limited and accordingly, public entity's arrangements for external data are inadequate, the audit team may communicate with the external data providers to inform their judgements about risk. If there are difficulties/ problems engaging with external data providers, the audit team includes this issue, which is related to data security, in the audit report.

➤ Audit assessment

- In assessing the public entity's controls over data collection, processing and analysis, the audit team should consider whether:

- The system is well-defined and its operation can be verified;
- There are any significant risks, which are not adequately controlled; and
- If there are significant uncontrolled risks, the adequacy of any plan the administration has prepared to address those risks.

The audit team should quantify the potential or actual level of errors arising from the system weaknesses and record their findings in the audit report. In assessing data system, the audit team does not conclude on the accuracy of reported data. It may only conclude on the likelihood of error.

In cases where there is more than one data flow, which feeds data into the data system, the audit team reaches to an overall conclusion regarding the data system. The audit team takes the following steps in reaching a proper conclusion as to the completeness and accuracy of data:

- *Is the data system operational?*

The answer to this question should be positive, if the public entity has developed and signed off the system that will be used to measure performance against the indicator. If the audit team determines that there is no data system in place, they should report that the data system does not exist.

Where there is no data system in place, the audit team should provide advice on system controls and at the very least communicate their expectations to inform the development of the system.

- *Is there significant uncontrolled risk?*

Drawing on the outcome of the assessments undertaken at each stage of the validation process, the audit team must judge whether significant uncontrolled risk remains. When it has not identified any significant uncontrolled risks, the audit team should conclude that the system is fit for the purpose of measuring and reporting progress against the indicator.

If the audit team has found evidence of significant uncontrolled risk(s), it should report that the data system has weaknesses.

- *Is the risk so severe as to undermine the entire data system?*

Where the audit team has identified significant risk, they must consider whether it is so severe that the system is not fit for purpose. If the audit team decides that the risks are serious, it concludes that the system is not fit for the purpose of measuring and reporting performance against the indicator and reports the significance of the weaknesses identified. Wherever possible, the audit team should identify actions the public entity could take to either address the risks or improve disclosure. This is why the scope and significance of the control weaknesses reported is mentioned.

Where uncontrolled risk does not undermine the entire data system, the audit team assesses whether the identified risk could be cost-effectively mitigated.

- *Is uncontrolled risk adequately disclosed?*

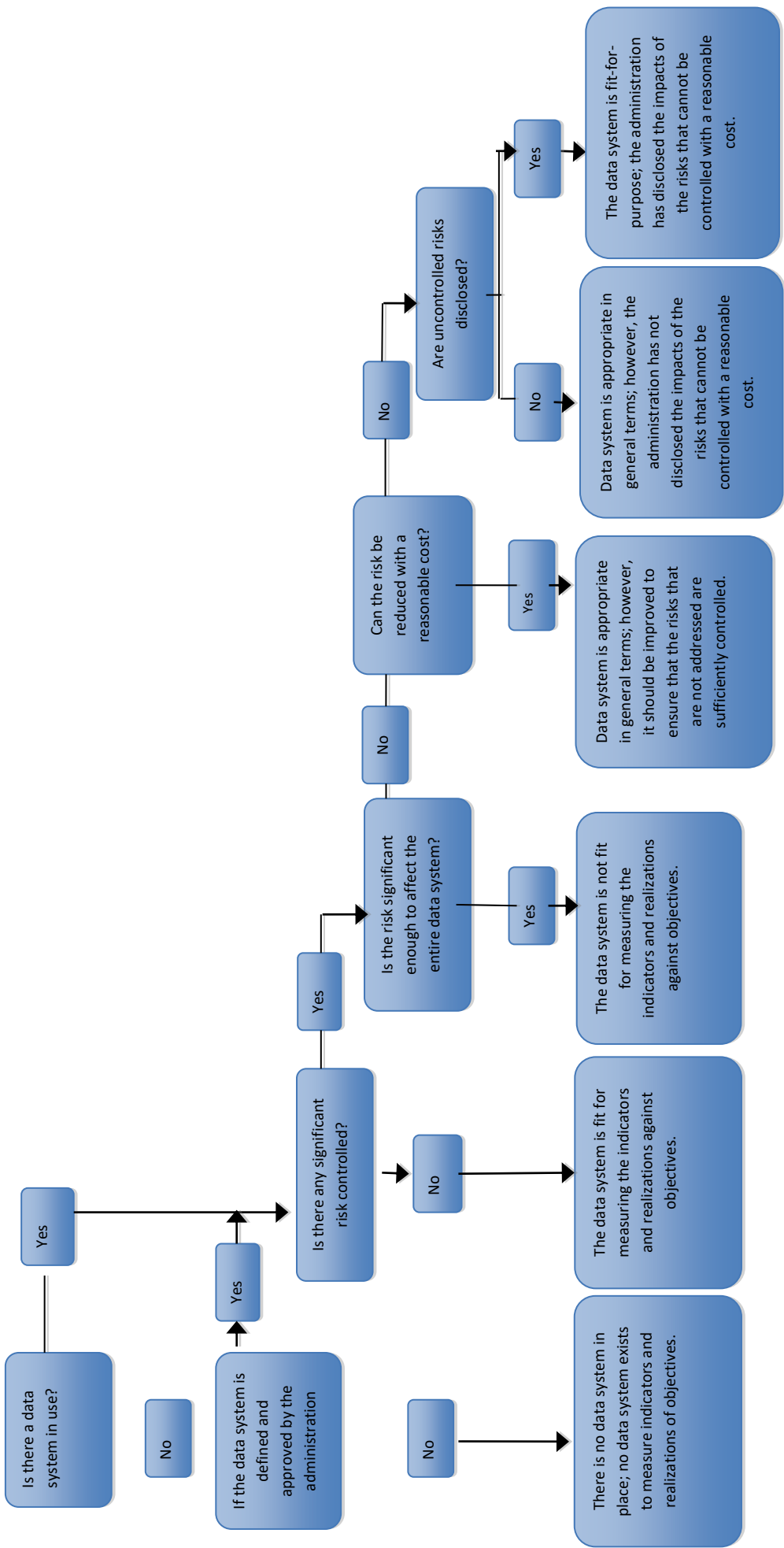
*The audit team must judge the adequacy of all public entities' disclosure in the accountability reports, where they publish performance against the indicator in question. Where the public entity has disclosed effectively, the audit team should conclude that the data system is appropriate and the public entity has explained fully the implications of limitations that cannot be cost-effectively controlled.*

*Where the audit team judges disclosure to be inadequate, the team should conclude that the system is broadly appropriate but that it contains limitations that cannot be cost-effectively controlled. In such a case, the public entity should explain the implications of these.*

*The following figure illustrates the steps to be taken by the audit team in concluding as to the accuracy and completeness of data.*

*After finalizing above-mentioned work, the audit team fills out the form (Template 9) regarding the summary of data system assessment. In filling the form out, the evidencing documents are archived; working papers on necessary matters are prepared. The findings reached are reported.*

Figure 3: Data system assessment flowchart





# 3. REPORTING

Following the completion of the audit fieldwork, the audit team prepares the audit report. The report consists of the objectives and the findings obtained and conclusions reached in relation to those objectives. The report includes findings regarding the following:

- Compliance with reporting requirements,
- The content of the performance information,
- Data recording systems.

The findings should be expressed in a comprehensible, clear and precise manner in the audit reports. It is important that the recommendations are expressed clearly and with a constructive style so far as possible. All the findings included in the report should be supported with sufficient appropriate audit evidence.

## 3.1. Agreement before reporting

The issues identified during the planning and implementation stages should be shared with the audited entity during the audit. The audit team should first try to ensure the agreement of the findings. However, the conclusion is a professional judgment made on the basis of findings and evidence, and the final decision belongs to the audit team and the TCA. The issues that are agreed and corrected by the management are stated in the Audit Report separately. The agreement process should be managed so as not to allow for unnecessary delays.

## 3.2. Developing recommendations

Audit reports do not consist of the summaries of the working papers or the answers to the audit questions. Recommendations for implementation should be developed in the report, and also necessary information should be included to ensure that those recommendations are understood and accepted.

While developing recommendations, the reasons of the difference between what should be and what actually is, and the precautions should be identified against the source of the problem. The purpose is to develop useful and implementable recommendations for making contributions to the audited entity.

Recommendations should be specific to the findings. Normally, recommendations should be made about those aspects of the system needing improvement and the goals of improvement needed rather than how to improve the system. While developing recommendations, the cost of solving the problems and the time period it will take should be considered.

## 3.3. Writing the Report

Preparing the audit report, which is produced as a result of an audit of performance information, in a format consistent for all public entities is very important for understanding, comparing and following the results and findings easily. Annex-III provides a standard Template for reporting an audit of performance information.

The audit report, which will be prepared as a result of an audit of performance information and which will be written in accordance with the format given in Annex-III, includes the following:

- Executive summary,

- *Aim and scope of an audit of performance information,*
- *Audit criteria,*
- *Findings about*
  - *Compliance with reporting requirements,*
  - *Content of performance information,*
  - *Data recording systems,*
- *Recommendations made to the public entity for the findings,*

*Including visual elements such as charts, diagrams and pictures in the report increases the interest in the report and the comprehensibility of the report. Charts and diagrams generally ensure the presentation of complex information in a simple manner. The audit team can get expert support for the use of charts.*

*Long sentences should be avoided while writing the report, and simple sentence structures should be preferred. In addition, complex and complicated expressions should not be used.*

*It is very important to review the report frequently while preparing it. The head of the group is also expected to contribute to the review process. Including an auditor from outside the team in the review process if possible will increase the quality of the report.*

*After the review process, the audit report is sent to the audited entity.*

### **3.4. Opinion of the Public Entity**

*The audit report is sent to the audited entity for getting its opinions. In order to get the opinion of the audited entity, the representatives of the entity can be invited for face-to-face interviews or the management is only asked to communicate its opinions on the report in writing. However, in either case, the management is given a legal period of 30 days for communicating its opinions on the audit report in writing.*

### **3.5. Audit Report**

*After getting the opinion of the audited entity, the audit team reviews and finalizes the Audit Report.*

*The Final Report includes the titles that should be there according to the report format (Annex III) along with the overall audit opinion. The audit team reaches a conclusion in the light of the assessments made according to relevant criteria and the findings obtained in every audit stage (audit regarding compliance with reporting requirements, the content of performance information, and data recording systems). This conclusion is expressed in the audit report by saying that the audited entity has / has partly / has not complied with the said criteria. Overall audit opinion is the final assessment made in the light of the findings, evidences and audit judgment made in audit stages. While reaching this opinion, the assessments made in every audit stage and the opinions reached are analyzed, and comments are made about the success of the performance management system of the audited entity. The annex of the report includes the issues corrected by the public entity and the public entity's opinion on the report. The reports thus prepared are presented to the Presidency of the TCA until the end of May following the end of the relevant year.*

## 4. MONITORING

*The TCA should demonstrate the added value that the audit of performance information can bring to improving both accountability and performance management. When the relevant public entity responds to audit findings and recommendations and strengthens its systems or improves its performance reports, the audit team should record this change. Therefore, the monitoring activity is necessary to follow-up the audits carried out and evaluate their impacts. The monitoring activity is also important with respect to providing feedback to the TGNA. The recommendations included in the audit reports are taken into consideration in the audits in the following years, and the actions taken by the management in response to those recommendations should be followed-up. When monitoring work is conducted, the audit team should include in its reports in the following years any actions taken in response to recommendations, and their impact (if any) on the performance management system.*

*The monitoring activity is also an important tool for the TCA to assess its own effectiveness. Evaluating the audit report's impact on TGNA, media, public and relevant management, and the implementation results will provide important indicators for the TCA to assess its own performance.*

*Implementation of many system changes by the public entities will take time, and a reasonable time should be given to the audited entity to implement the recommendations.*

*One way of starting monitoring is to request the audited entities to state the precautions taken in response to each audit recommendation. In addition, documents such as the internal audit results of the audited entities, their accountability reports, and the results of financial audits conducted by the TCA etc. are useful sources for monitoring the recommendations.*

*The progresses identified as a result of monitoring and the areas where zero or insufficient progress is made are included in the monitoring section in the audit report. While reporting the monitoring activity, the following should be addressed:*

- To what extent the recommendations are implemented,*
- The areas where the audited entity falls short while implementing the recommendations, and the reasons for this situation,*
- The precautions deemed necessary by the TCA in the matters where the audited entity's precautions are insufficient.*

# ANNEX I- TEMPLATES

*Templates have been developed for the Planning, Fieldwork and Reporting, and Follow-up phases in order to help the teams carry out the audit of performance in a consistent manner.*

*Templates provide a standardized means of capturing the audit work and reporting the progress made and conclusions reached. The templates form the basis of the robust audit trail that will support the audit conclusions. Completed templates should contain all relevant information collected during the audit of performance. Since those are guiding templates, they might vary between the entities. In this case, the audit team might need to ask further questions or might exclude some questions by judging that they are not appropriate.*

## Template 1 Planning Checklist

This document lists all the tasks that the auditors should complete while planning the audit. Filling this template is the responsibility of the head of the team.

<i>Template 1: Planning Checklist</i>			
Name of the public entity:			
Name of the audit team:			
Date template completed:			
	Action	Yes/No	Reference
<b>Establishing the audit team:</b>			
1	Was the audit team officially engaged?		
2	Is there need for further expertise (expert etc) in the audit?		
3	Is on-site audit necessary?		
<b>Understanding the public entity:</b>			
4	Was the legal framework of the entity examined?		
5	Was information obtained on the organizational structure of the entity?		
6	Were the following materials examined? <ul style="list-style-type: none"> <li>• Latest Strategic Plan and Performance Program of the relevant year</li> <li>• Performance Program and Accountability Report of the previous year</li> <li>• Most recent TCA audit report and recommendations</li> <li>• Legislation regarding the performance management system</li> </ul>		
<b>Communication with the management:</b>			
7	Was an engagement letter sent to the management?		
8	Was the management informed on the audit objective and scope?		
9	Was a key liaison identified in the entity during the audit?		
<b>Preparing audit plan:</b>			
10	Were tasks assigned within the audit team?		
11	Were milestone dates established to include audit commencement, planning, implementation and reporting deadlines?		
12	Was the work plan filled?		

## Template 2 Overall Performance Management System

<i>Template 2: Overall Performance Management System</i>			
<i>Note: This Template is completed once for each public entity, and then it is updated in the audits in the following years.</i>			
<i>Name of the public institution:</i>		<i>Date template completed:</i>	
<i>Public entity contacts:</i>		<i>Auditor(s) filling the template:</i>	
	<b>Question</b>	<b>Auditor's Assessment (Yes/No/Partially)</b>	<b>Reference</b>
1	<i>Does the public entity have clear internal policies, structures, processes and decision mechanisms for the management of performance information?</i>		
2	<i>Does the public entity have clear internal policies, structures and processes for the reporting of performance information?</i>		
3	<i>Has the public entity ensured that responsible staff is trained?</i>		
4	<i>Are there clearly identified roles and responsibilities for the management of performance information?</i>		
5	<i>Have people been identified to be responsible for the generation and quality of performance information?</i>		
6	<i>Are the tasks of conducting and reporting activities separated in order to ensure objectivity?</i>		
7	<i>Does the management examine outputs for performance information for reasonableness/credibility?</i>		
8	<i>Does the management request periodic reports on the operation of the control system itself?</i>		
9	<i>Has public entity identified any risks that might impact on the quality of performance information? For example, changes to performance indicators, new IT systems and office/ departmental relocation.</i>		
10	<i>Does the public entity have in-house systematic communication channels for managing the performance information?</i>		
<b>Assessment:</b> <i>A general assessment is made on overall performance management in the light of the answers given to the questions in this template, and a working paper is prepared. This assessment is taken into consideration while preparing the audit plan.</i>			

## Template 3 Compliance with Reporting Requirements

While filling Template 3, you will realize that some questions are not meant for every document. Therefore, the questions with dark areas in the template will not be answered for the relevant document.

<b>Template 3: Compliance with Reporting Requirements</b>						
Name of the public institution:						
Date template completed:						
Auditor(s) filling the template:						
	<b>Question</b>	<b>Relevant audit criteria</b>	<b>Strategic Plan</b>	<b>Performance Program</b>	<b>Accountability Report</b>	<b>Reference</b>
1	Has the public entity prepared and issued the relevant document?	Existence				
2	Does the publication date of the document comply with the legislation's requirements?	Timeliness				
3	Do the mission and vision stated in the Strategic Plan comply with the senior policy documents?	Presentation				
4	Has the public entity set 'goals'?	Presentation				
5	Has the public entity set 'objectives'?	Presentation				
6	Has the public entity set 'indicators', if necessary?	Presentation				
7	Does the strategic plan cover all the titles that have been set out in the related legislation?	Presentation				
8	Do the performance objectives constitute the annual slices of the objectives included in the Strategic Plan?	Presentation				
9	Do the objectives identified in the Performance Program comply with the senior policy documents and entity's priorities?	Presentation				
10	Does the Performance Program comply with the legislation in terms of the tables used? (Table 1, Table 2 and Table 3 of Guide for Preparation of the Performance Program)	Presentation				

11	<i>Have the related tables been completed correctly?</i>	<i>Presentation</i>				
12	<i>Have the performance objectives and related activities been linked with resources?</i>	<i>Presentation</i>				
13	<i>Have the activity costs been calculated in accordance with the method foreseen by the Ministry of Finance?</i>	<i>Presentation</i>				
14	<i>Have activity results been reported?</i>	<i>Presentation</i>				
15	<i>Does the Accountability Report cover all the issues that have been set out in the related legislation?</i>	<i>Presentation</i>				



## Template 4 Content of Performance Information in Planning Documents

This Template should be completed for both the Strategic Plan and the Performance Program.

<i>Template 4: Content of Performance Information in Planning Documents</i>						
<i>Name of the public institution:</i> <i>Date template completed:</i> <i>Auditor(s) filling the template:</i>						
Indicator	Relevance		Measurability	Well-defined	Conclusion	
	Objective	Indicator				
<b>Goal 1</b>						
<i>Objective 1.1</i> <i>Insert objective</i>	<i>Insert the indicator related to the objective</i>	<i>Yes/ No (If no explain)</i>	<i>Yes/ No (If no explain)</i>	<i>Yes/ No (If no explain)</i>	<i>Yes/ No (If no explain)</i>	
<i>Objective 1.2</i>						
<i>Objective 1.3</i> <i>etc.</i>						
<b>Goal 2</b>						
<i>Objective 2.1</i>						
<i>Objective 2.2</i>						
<i>Objective 2.3</i> <i>etc.</i>						
<b>Goal 3</b>						
<i>Objective 2.1</i>						
<i>Objective 2.2</i>						
<i>Objective 2.3</i>						

## Template 5 Selecting the objectives and indicators for auditing the data recording systems and assessing the Accountability Report

The goals, objectives and indicators, which are assessed as positive for relevance and measurability, are taken from Template 4, and they are assessed in Template 5. However, if there is at least one measurable indicator for an objective, this objective and measurable indicator(s) are also assessed in Template 5. While filling Template 5, depending on the assessment made in the result column, a decision can be made to audit the data recording systems regarding certain objectives and also to assess the information included in the Accountability Report regarding those objectives according to Template 10. Due to the limitations in time and sources, the audit team might not audit the data recording system of all objectives that the team decided to subject to the audit of data recording systems as a result of Template 5. In this case, the team selects the ones with higher risk levels and subjects them to the audit of data recording systems. In this case, the audit report should include this information.

<i>Template 5: Selecting the objectives and indicators for auditing the data recording systems and assessing the Accountability Report</i>						
Name of the public institution:						
Date template completed:						
Auditor(s) filling the template:						
					Conclusion	
Parliament and public interest for the objective and indicator		Budgetary importance of the objective/ indicator	Likelihood that performance in the Accountability Report is misstated	Objective/ indicator to be selected for Data Recording System Audit	Objective/ indicator to be selected for audit of the content of Performance Information in the Accountability Report	
<b>Goal 1</b>						
<i>Insert objective</i>	<i>Insert the indicator</i>	<i>High/ medium/ low</i>	<i>High/ medium/ low</i>	<i>High/ medium/ low</i>	<i>Yes/ No</i>	<i>Yes/ No</i>
<i>Insert objective</i>	<i>Insert the indicator</i>	<i>High/ medium/ low</i>	<i>High/ medium/ low</i>	<i>High/ medium/ low</i>	<i>Yes/ No</i>	<i>Yes/ No</i>
<i>Etc.</i>	<i>Etc.</i>					
<b>Goal 2</b>						
<i>Insert objective</i>	<i>Insert the indicator</i>					
<i>Etc.</i>	<i>Etc.</i>					
<b>Goal 3</b>						
<i>Etc.</i>	<i>Etc.</i>					

## Template 6 Data Recording System Specification

<i>Template 6: Data Recording System Specification</i>			
<i>Note: This Template should be completed once for the data recording system used for each indicator.</i>			
<i>Name of the public institution:</i>		<i>Date template completed:</i>	
		<i>Public entity contacts:</i>	
<b>Objective</b>			
<b>Indicator</b>			
<b>Reported data</b>			
<b>Risk direction</b>		<i>(Accuracy or Completeness)</i>	
	<b>Question</b>	<b>Auditor's Assessment</b>	<b>Reference</b>
1	<i>Does the data recording system match all the elements of performance in the indicator and does it measure all of those elements? For example, if the audited entity aims at reducing the number of accidents resulting in death and injuries, the data recording system for measuring this objective should be designed to measure both deaths and injuries.</i>		
2	<i>Has the public entity conducted an assessment of the risks of the data recording system?</i>		
3	<i>Where weaknesses have been identified, what actions have the public entity taken?</i>		
4	<i>Is the data recording system able to recognize the significant changes by comparing the changes within the activity period with year-end data? For example, while the data recording system generates data on the number of accidents resulting in death and injuries at the end of year, it should also be able to measure the changes that occur in the number of accidents within the year on the basis of months.</i>		
5	<i>Is the data recording system able to determine whether the target has been met by the deadline?</i>		
6	<i>Has the cost of measurement resulted in a compromise to accuracy and completeness? For example, if a survey is needed for the objective to be measured and if this survey is conducted in only one province because this survey is expensive, it can be said that the cost of the data recording system poses a risk for data accuracy.</i>		
7	<i>Have experts and other stakeholders been consulted in the design of the system?</i>		
8	<i>Are data recording systems clearly defined so as to minimize misinterpretations? For example, are data collection frequency, data source to be used or the methodologies to be used in data analysis identified?</i>		

Assessment regarding the other questions added to the template by the audit team:			
Conclusion for data recording system specification	Assessment	Potential risk for reported data	Reference
<i>Is the system properly specified?</i>	<i>Yes / Partially / No</i>	<i>High/ medium/ low</i>	

## Template 7 Data Collection

A data recording system may consist of multiple data streams. Where there are few data streams, each one should be assessed by using a separate Data Collection template.

However, some data recording systems comprise many data streams, and it may not be feasible or cost-effective to assess each one in detail. In such cases, auditors determine the data streams to be assessed based on the following elements:

- The significance of each data stream to the reported data,
- The potential risks faced in the data stream.

<b>Template 7: Data Collection Assessment Template</b>	
<p><i>Note: This Template should be completed once for each separate data stream assessed.</i></p> <p><i>This template comprises:</i></p> <ul style="list-style-type: none"> <li>• <i>General questions that are applicable to any data stream, which should be filled in for all data streams.</i></li> <li>• <i>Sample survey specific questions (if applicable).</i></li> <li>• <i>Questions regarding data that are obtained from external sources (if applicable).</i></li> </ul>	
<p><i>Name of the public institution:</i></p> <p><i>Public entity contacts:</i></p>	<p><i>Date template completed:</i></p> <p><i>Name of Data stream<sup>3</sup>:</i></p>
<i>Objective</i>	
<i>Indicator</i>	

<b>General Questions</b>			
	<b>Question</b>	<b>Auditor's Assessment</b>	<b>Reference</b>
1	<i>Are there effective procedures for identifying and assessing risks to data reliability?</i>		
2	<i>Has the public entity conducted its own assessment of data collection risks?</i>		
3	<i>Where weaknesses have been identified, what actions have the public entity taken?</i>		
4	<i>Is it clear who is responsible for data quality and operating controls?</i>		
5	<i>Have experts and other stakeholders been consulted in data collection?</i>		
6	<i>Are definitions and guidance provided to staff on data collection clear and unambiguous? Is staff adequately trained to collect data?</i>		
7	<i>Does management review the data stream to ensure that it is providing data of suitable quality?</i>		
8	<i>Is there documentary evidence of the operation of key controls?</i>		

<sup>3</sup> For example, there will be two types of data streams in the data recording system regarding the number of accidents resulting in deaths and injuries. In this case, the name of the data stream will read as the number of accidents resulting in deaths and the number of accidents resulting in injuries.

9	Have errors been recorded?		
10	What controls are used to ensure the quality of information that is collected at source?		
11	Where contractors are employed to prepare the system comprising part or all of a data stream, does the contract specify data quality requirements and quality assurance arrangements?		
12	Is the data stream subject to any bias arising from elements such as non-response, nature of the topic being measured, population to be reached, and judgments made during data collection? (If yes to any, what procedures are used to correct it?)		
13	Do documented procedures exist that explain data editing processes? For example, criteria for identifying, correcting and reprocessing 'rejected' data.		

### Questions for Assessing the Survey

The key risks to data quality encountered during surveys are:

- Small size of the sample, which reduces the degree of confidence in estimates produced,
- The profile of the sample not matching the target.

	Question	Auditor's Assessment	Reference
14	What sample size was targeted in survey design and was the targeted sample achieved?		
15	Does the sample represent the target population?		
16	Have pilots been implemented to test the questionnaires?		
17	What procedures are used to reduce respondent errors?		
18	Are the surveyors experienced and trained?		
19	What procedures are used to reduce non-response?		

### Questions for Assessing External Data

The key risks to data quality encountered through external data are:

- A lack of understanding of how external parties produce and process the data
- Inadequate checks and controls on the data the public entity receives
- The public entity not having sufficient control over or interaction with data suppliers.

	Question	Auditor's Assessment	Reference
20	Does the public entity know the data collection procedures used by the data provider?		
21	Has the public entity confirmed with the data provider the purpose of the data collection exercise?		
22	Has the public entity identified the principles of access to data and information with the data provider?		
23	Has the public entity assessed the relevant		

	<i>expertise of the data provider?</i>		
24	<i>Has the public entity ensured that external data will be presented regularly and consistently over time?</i>		
25	<i>Has the data provider conducted risk identification and control procedures?</i>		
27	<i>Are the procedures and controls operated by the data provider documented?</i>		
28	<i>Has the public entity evaluated the data provider's controls?</i>		
29	<i>Does the public entity operate any additional controls on external data? (such as cross checks)</i>		
<b>Assessment regarding the other questions added to the template by the audit team:</b>			
<b>Conclusion on the data collection processes</b>	<b>Assessment</b>	<b>Potential risk for reported data</b>	<b>Reference working paper</b>
Is the system's <b>data collection</b> fit for purpose?	Yes / Partially / No	High/ medium/ low	

## Template 8 Data Processing and Analysis

Data processing and analysis refers to the activities undertaken by the public entity for combining various data streams, performing an overall measure of performance and analyzing it.

<b>Template 8: Data Processing and Analysis</b>			
<i>Note: This Template should be completed once for the data recording system used for each indicator.</i>			
<b>Name of the public institution:</b>		<b>Date template completed:</b>	
		<b>Public entity contacts:</b>	
<b>Objective</b>			
<b>Indicator</b>			
<b>Risk direction</b>		<i>(Accuracy or completeness)</i>	
	<b>Question</b>	<b>Evidence (including reference documents)</b>	<b>Auditor's Assessment</b>
1	<i>Has the public entity undertaken its own assessment of risks to data processing and analysis?</i>		
2	<i>Where weaknesses have been identified, has the public entity taken action?</i>		
3	<i>Have management established controls and allocated responsibility for processing and analysis of data?</i>		
4	<i>Where complex measures are used (for example, indices or ratios), have they been tested before use?</i>		
5	<i>Do documented procedures exist that explain data processing processes? For example, criteria for identifying, correcting and reprocessing 'rejected' data.</i>		
6	<i>Where processing is heavily IT-reliant, has a TCA IT audit specialist been involved in the validation? What is his/her assessment?</i>		
7	<i>Are technical specialists involved in the management and operation of data recording systems?</i>		
8	<i>Does the analysis include assessments of errors and outliers?</i>		
9	<i>Where analysis relies on judgment, are there clear criteria and transparent procedures in place to govern that process?</i>		
10	<i>Are checks carried out to test whether the reported data are reasonable? (for example by cross checks)</i>		
11	<i>Are the final data monitored by independent parties to ensure data quality?</i>		
<b>Assessment regarding the other questions added to the template by the audit team:</b>			
<b>Conclusion on the data processing and analysis processes</b>	<b>Assessment</b>	<b>Potential risk for reported data</b>	<b>Reference working paper</b>
Is the system's <b>processing and analysis</b> fit for purpose?	<i>Yes / Partially / No</i>	<i>High/ medium/ low</i>	



## Template 9 Summary of Assessment for Data Recording System

Data streams	Data source	Type of data <i>(For example, survey, administrative data)</i>
1		
2		
3		
4		

### Summary of Findings for Data Recording System

For each of the three areas (data recording system specification; data collection, processing and analysis; and reporting), the audit team should judge the extent to which the system meets the relevant criteria, summarize the reasons and provide references to key supporting documents. Each summary should outline significant risks, the adequacy of the public entity's controls (identifying the main strengths and main weaknesses), key judgments made in assessing adequacy, and the reasoning underlying those judgments

Assessment areas		Assessment	Potential risk in outcome data	Reference working paper
Data recording system specification <i>(will be answered according to the assessments made under Template 6)</i>	Is the system properly specified?	Yes / Partially / No	High / Medium / Low	
	Summarize reasons			
	Recommendations			
System Operation – Data Collection, Processing and Analysis <i>(will be answered according to the assessments made under Templates 7,8)</i>	Is the system operated effectively?	Yes /Partially /No	High / Medium / Low	
	Summarize reasons			
	Recommendations			
System Reporting <i>(will be answered according to the assessments made under Template 10)</i>	Are the results reported properly?	Yes /Partially /No	High / Medium / Low	
	Summarize reasons			
	Recommendations			
Implications of system weakness for reported data <i>(will be answered according to the assessments made under Template 6,7 and 8)</i>	Do the risks identified have significant implications for the quality of reported data?	Yes /Partially /No	High / Medium / Low	
	Summarize reasons			
	Recommendations			
<b>Additional comments</b>				

## OPINION ON THE OVERALL DATA RECORDING SYSTEM

One of the six standard conclusions is selected for each data recording system being audited. Where necessary, the right-hand column is used to briefly explain reasons for choosing the conclusion and identify and assess the implications of any scope limitations.

Standard conclusions	Tick one only	Assessment
1. <i>The data recording system is fit for the purpose of measuring and reporting performance against the indicator and objective.</i>		
2. <i>The data recording system is appropriate for the indicator and objective, and the public entity has explained fully the implications of limitations that cannot be cost-effectively controlled.</i>		
3. <i>The data recording system is broadly appropriate, but needs strengthening to ensure that remaining risks are adequately controlled.</i>		
4. <i>The data recording system is broadly appropriate, but includes limitations that cannot be cost-effectively controlled; the public entity should explain the implications of these.</i>		
5. <i>The data recording system is not fit for the purpose of measuring and reporting performance against the indicator and objective.</i>		
6. <i>The data recording system does not exist; no system has been established to measure performance.</i>		

Recommendation	Template Reference	Action taken (to be assessed during monitoring work)

**Template 10 Content of Performance Information in the Accountability Report**

Objective/ indicator to be selected for audit in the Accountability Report (take from 5)	Consistency		Verifiability			Validity/ Convincingness			Conclusion
	Objective	Indicator	Target foreseen in Performance Program	Achievement reported in Accountability report	Can reported achievement information be verified with source information?	Is the achievement below the target?	If yes, does the Accountability Report provide reasons for under- performance?	Are the reasons convincing or persuasive?	
<b>Goal 1</b>									
Objective/ Indicator	Yes/No	Yes/No	Insert	Insert	Yes/No	Yes/No	Yes/No If yes, specify reasons	Yes/No If no, insert evidence	
Objective/ Indicator									
Etc.	Etc.								
<b>Goal 2</b>									
Objective/ Indicator									
Objective/ Indicator									
Etc.									
<b>Goal 3</b>									
Etc.	Etc.								

# ANNEX II- Plan Format

## Audit plan format

An audit plan is prepared after the planning stage of the audit is completed. The audit plans provides information on the audited entity, audit scope, audit methodology and possible audit findings. The work plan for conducting audit is also a part of the audit plan.

The following titles are used for providing guidance in the preparation of an audit plan:

- Name of the public institution
- Legal basis for audit
- Audit objective
- Audit scope
- Information on the audited entity
- Audit schedule
- Contact officers in the audited entity
- Audit team
- Audit plan's annex - Work plan

## Audit plan's annex – Work Plan

<b>WORK PLAN</b>				
<i>Name of the public institution:</i>				
<i>Date template completed:</i>				
<b>AUDIT AREA</b>	<b>CRITERIA</b>	<b>EVIDENCE GATHERING TECHNIQUES</b>	<b>ASSIGNED AUDITORS</b>	<b>COMPLETION DATE</b>

# ANNEX III- Report Format

## Audit report

### Sample Audit Report

#### Audit Report of Public Entity A for Year Y

##### Executive Summary

- *This report summarizes the results and findings of our audit of performance information for Public Entity A.*
- *The TCA is mandated through Law 6085, Article 36 to conduct audit of performance information, which is defined as “an audit to be carried out through measuring the activity results related to the objectives and indicators determined by the entities within the framework of accountability”.*
- *In order to provide an assessment of the activity results related to Public Entity A’s objectives and indicators, the TCA audited:*
  - *Compliance with the reporting requirements that apply to performance information;*
  - *The quality of the content of the performance information in the Strategic Plan, Performance Program and Accountability Report; and*
  - *Data recording systems that are used for measuring performance and that generate performance information.*

##### Aim and scope of audit

- *In order to provide a judgment on the compliance with reporting requirements and the quality of performance information content, the TCA reviewed the following documents issued by Public Entity A:*
  - *Strategic Plan for the period XX - XX;*
  - *Performance Program for the year XX;*
  - *Accountability Report for the year XX.*
- *In order to provide a judgment on the reliability of the performance information, the TCA assessed the data recording system from which the performance information is obtained. The TCA assessed the data recording systems of a certain number of indicators and objectives that are selected according to certain criteria (selection criteria can be added here) rather than assessing all data recording systems of Public Entity A. The audit of the data recording systems has been restricted to the following performance indicators and objectives:*
  - *Selected performance objective and indicators are written.*
- *The criteria for assessing compliance with reporting requirements are summarized in **Figure 1**.*

**Figure 1: Criteria for compliance with reporting requirements**

<b>Existence</b>	<i>Whether Public Entity A published its plan, program and reports</i>
<b>Timeliness</b>	<i>Whether Public Entity A published its plan, program and reports within the legal period</i>

<b>Presentation</b>	<i>Whether the plan, program and reports of Public Entity A are consistent with the procedures defined by the relevant legislation</i>
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- *The criteria for assessing performance information content in the Strategic Plan, Performance Program and Accountability Report are summarized in **Figure 2**.*

**Figure 2: Criteria for performance information content**

<b>Strategic Plan and Performance Program</b>	<b>Relevance:</b>	<i>Existence of a logical link between the objectives, indicators and activities</i>
	<b>Measurability:</b>	<i>The objectives and indicators in the performance programs are measurable</i>
	<b>Well-defined:</b>	<i>The objective has a clear definition</i>
<b>Accountability Report</b>	<b>Consistency:</b>	<i>The objectives are consistently used in the planning and reporting documents of the audited entity (including indicators and targets)</i>
	<b>Verifiability:</b>	<i>The reported values are consistent with the outputs of the basic data recording systems</i>
	<b>Cogeneity/ Validity:</b>	<i>Any deviation between the planned and reported performance is addressed by the audited entity and the causes explaining the deviation are valid/convincing</i>

- *The assessment of the reliability of the data recording systems is based on the extent to which public entities have:*
  - *Put in place and operated internal controls over the data recording systems that are effective and proportionate to the risks involved; and*
  - *Explained clearly any deficiencies in the quality of their data recording systems to the TGNA and the public.*

*The judgment on the capability of the data recording systems to deliver reliable information has three categories as summarized in **Figure 3**.*

**Figure 3: Evaluating the data recording systems**

<b>Assessment</b>	<b>Its meaning</b>
<i>Fit-for-purpose</i>	<i>Data recording system is fit for the purpose of measuring and reporting performance against the objective and indicator.</i>
	<i>Data recording system is appropriate for the objective and indicator, and Public Entity A has explained fully the implications of limitations that cannot be cost-effectively controlled.</i>
<i>Partially fit-for-purpose</i>	<i>Broadly appropriate, but needs strengthening to ensure that remaining risks are adequately controlled</i>
	<i>Broadly appropriate, but includes limitations that cannot be cost-effectively controlled; the Public Entity A should explain the implications of these</i>
<i>Not fit-for-purpose</i>	<i>Data recording system is not fit for the purpose of measuring and reporting performance against the objective and indicator.</i>

<i>Public Entity A has not yet put in place a system to measure performance against the indicator.</i>
--------------------------------------------------------------------------------------------------------

- *The existence of data recording systems does not eliminate the possibility of error in reported data, so our assessment does not provide 100% assurance about the accuracy of the performance information presented in the Accountability Report by Public Entity A. This is because the existence of reliable data systems reduces, but does not eliminate, the possibility of error in reported data.*

## **Findings**

### **1. Part: Compliance with Reporting Requirements**

*In this part, compliance with reporting requirements is assessed within the framework of three main documents:*

- *Strategic Plan,*
- *Performance Program and*
- *Accountability Report*

*Each one of those documents is assessed according to the relevant three criteria, and the resulting audit findings are presented under separate titles for the plan, program and report. The audit findings regarding 'existence', 'timeliness' and 'presentation' are detailed. If it is necessary to make a reference to the legislation to explain the findings, a brief summary of the legislation is included.*

*After detailing the findings, the recommendations identified against criteria are written.*

*Based on the findings obtained as a result of assessing the compliance with reporting requirements, the audit team identifies the suitable opinion about the public entity from amongst the following opinions:*

- *With regard to the Strategic plan, we have concluded that the Public Entity A has / has partly / has not complied with the reporting requirements based on the criteria in **Figure 1**.*  
*With regard to the Performance Program, we have concluded that the Public Entity A has / has partly / has not complied with the reporting requirements based on the criteria in **Figure 1**.*
- *With regard to the Accountability Report, we have concluded that the Public Entity A has / has partly / has not complied with the reporting requirements based on the criteria in **Figure 1**.*

### **2. Part: Content of Performance Information**

#### **- Content of the performance information included in the Strategic Plan**

- *Based on the findings detailed below, we have concluded that the content of the performance information included in the Strategic Plan for XX-XX period by Public Entity A has / has partly / has not complied with the criteria in **Figure 2**.*

*This part includes examples of the assessment results of objectives and, if any, indicators in the Strategic Plan according to relevant criteria. The degree of compliance of the objectives and indicators to the criteria can be stated with ratios. As a result of the audit findings obtained in the light of this assessment, the audit team selects one of the aforementioned opinions and includes the relevant findings.*

*After detailing the findings, the recommendations identified against criteria are written.*

#### **- Content of the performance information included in the Performance Program**

- *Based on the findings detailed below, we have concluded that the content of the performance information included in the Performance Program for Year Y by Public Entity A has / has partly / has not complied with the criteria in **Figure 2**.*

*This part includes examples of the assessment results of objectives and, if any, indicators in the Performance Program according to relevant criteria. The degree of compliance of the objectives and indicators to the criteria can be stated with ratios. As a result of the audit findings obtained in the light of this assessment, the audit team selects one of the aforementioned opinions and includes the relevant findings.*

*After detailing the findings, the recommendations identified against criteria are written.*

#### **- Content of the performance information included in the Accountability Report**

- *Based on the findings detailed below, we have concluded that the content of the performance information included in the Accountability Report for Year Y by Public Entity A has / has partly / has not complied with the criteria in **Figure 2**.*

*This part includes examples of the assessment results of the achievement information of objectives and, if any, indicators in the Accountability Report according to relevant criteria. The degree of compliance of the objectives and indicators to the criteria can be stated with ratios. As a result of the audit findings obtained in the light of this assessment, the audit team selects one of the aforementioned opinions and includes the relevant findings.*

*After detailing the findings, the recommendations identified against criteria are written.*

### **3. Part: Data Recording Systems**

- *The following performance objectives and indicators are selected for auditing the data recording systems within the scope of the audit (selection criteria can be stated):*
  - *Objective 1– Indicator 1*
  - *Objective 2- Indicator 2*
- *For Indicator 1, we have concluded that the data recording system, which measures the achievement and generates performance information for this, is fit-for-purpose / partially fit-for-purpose / not fit-for-purpose. (This statement will be repeated for each assessed indicator and data recording system)*

*The data recording system used by the public entity to measure the selected objectives and indicators should be stated, and the indicators and the data recording systems related to them should be assessed in subtitles. The audit findings and opinion, obtained as a result of assessing the data recording systems according to the criteria, should also be included under those titles. The audit team also includes examples of the risks identified for the data recording systems and the controls for those risks in this part. In addition, separate assessments are made for the system specification, system operation and system reporting of the data recording system. As a result of those assessments, an audit opinion is formed on the overall data recording system. The audit findings regarding the assessments made in this process are presented in this part of the report along with their evidences.*

*After detailing the findings, the recommendations identified against criteria are written.*

*The assessment of data recording systems is based on ... (enter the number of audited data recording system) separate data recording systems, and the conclusions cannot be applied to all performance information reported by the Public Entity A. However, the findings show that there are concerns regarding the capability of the data recording systems to provide reliable performance information that extend to the entire Public Entity A.*



#### **4. Part: General assessment**

*The last part of the report includes an overall audit opinion formed by the audit team about the performance management system of the entity. This opinion contains an overall judgment regarding to what extent the applied performance management system is successful. The audit team reaches a final assessment result in the light of the audit assessments it made during audit stages. The basis for forming this audit opinion are the findings obtained in all audit stages ( audit regarding compliance with reporting requirements, content of performance information and data recording systems), evidences and auditor's judgment. While conducting the overall assessment, the assessments made in all audit stages and the opinions formed are analyzed and interpreted.*