Abstract

Performance audit criteria of economy, efficiency and effectiveness of the procedures and decisions of the managers of departments in an efficient and effective funding is targeted and can lead the way that leads to the adoption of waste reduction, increase productivity, reduces costs and ultimately achieves the desired goals of the organization. Auditing criteria, audit performance indicators are important because it is a judgment based on criteria. Auditing criteria of performance indicate that the actual operation will be measured against the ideal. Therefore, the selection criteria for auditors to audit its quality attributes (relevance - reliability - Neutrality - intelligible - complete) and its relevance to the subject of special attention are addressed. These criteria can be standard regulations by professional organizations and other similar organizations to obtain information about choosing between good and relevant criteria and the findings which can be useful in enhancing the quality of audit performance.

Keywords: Audit, Performance audit measures performance characteristics, Criteria

Introduction

Nowadays due to the development of programs, public sector accounting change and its scope beyond the financial audit or performance audit to monitor compliance and put the work competently, are diverted. Performance auditing is an important tool for improving the accountability of the government to help provide responsive and accountable public sources (Daujotaite, 2008). So the move from the perspective of improved audit executive component of the economy, efficiency and effectiveness in recent years have been investigated as the top priority of the Court of Audit and President of the Court of Appeal. This issue stressed the need to conduct a performance audit of the country’s parliament court schedules computations to focus on culture and media. Therefore, working to develop standards and guidelines has led workshops at central and provincial levels. Effective and economical use of resources in the investigation tasks systems are examined, that is, this can lead to improve monitoring of state agencies, improve accountability, improve management of government agencies, provide opportunities for reducing costs, improve productivity, and provide recommendations for improving the organization’s ability to identify, fix performance (Mohammadi, 2011). There are many definitions of performance audits to assess compliance with the goals, policies, procedures or regulations of the organization, assess the effectiveness of planning and management control systems, assess the quality and relevance of credible reports of management (Rahimiyan, 2008). Audit the performance audit efficiency, effectiveness, and economy;

Administrative activities in accordance with the principles of economic accountability, sound management practices, management policies, and performance audit on the use of human and financial resources and other resources include the assessment of information systems, performance measures and methods for monitoring and auditing rules which are used to detect flaws, however, the effectiveness of performance in relation to the audit objectives audit units and audit activities is expected to work (Karbassi, 2010). In the scientific literature, the performance audithas been defined in different ways. For example, Waring and Morgan’s performance auditing as the systematic and objective assessment of activities or processes of a program or an activity to determine the efficiency, effectiveness and economy activities have been defined. This
definition accompanied by developing suggestions on improving the managers’ performance and those who are responsible for the correct implementation of the recommendations or ensure accountability is also included (Waring & Morgan, 2007).

**Differences in performance audits and other audits**

Differences in performance auditing with other kinds of auditing are in objectives as, audit scope, methods used and reporting. For example: financial accounting, financial statements for a fiscal period of the events, and to comment on the financial condition and compliance with accounting standards will be reviewed. In compliance audits, the performance of the executive with the relevant laws and regulations are implemented. While the performance audit objectives and maturity, was chosen to comment on the performance of different sectors of the economy, efficiency and effectiveness are examined. The methods used in financial audits of financial data usually focus on identifying deviations from accounting standards. The financial statements are consistent, and the audit was conducted in compliance with applicable laws and regulations as well as activities which were related to general and specific auditing functions. Analyzing specific criteria in comparison with performance and compliance has specified objectives. The audit report on the financial statement of the standard framework and compliance reporting framework are used in such a way that non-compliance with laws and regulations as a violation will be sent to the competent authorities, but the performance audit framework has completely different conclusions and comments on the circumstances of each job which is done, thus, it includes recommendations to correct deficiencies and improve performance (Mohammadi, 2011).

**Performance audit criteria**

In order to ensure the coordination, different sectors must appear in the economy and move towards targeted goals which are set by the creation of a control system. This system can control the actual results with appropriate standards based on predetermined objectives and compliance to provide appropriate solutions. Objective functions of any organization or any particular part of it is the subject of the audit function (Favchy, 2008). Therefore, to achieve the expected goals in mind may audit criteria (Mahdavikhoo & Azandoryani, 2009) are a measure of the mean, criterion be judged on something that provides (Zuraidan Mohd, 2007). Possibly one of the most important criteria for establishing auditing and performance auditing is a key issue (Favchy, 2008). The main components of the audit are the audit findings. Audit findings of the standard elements of criteria, condition, are cause and effect. The results of the audit by the audit objectives and audit model are established using these elements is determined. Benchmark Index is an ideal that the actual operation will be measured against it. The criteria include the expectations, standards, rules, policies, comparative benchmarks, goals, plans or programs or entities in similar average performance. The underlying design methodologies, standards, auditors collect and analyze data to achieve the audit objectives, designs. Through benchmarking criteria expectations or needs of the client are identified by targets set internally to comparable units within a single organization or sector of industry standards, in comparison with historical trends, identifying the optimal performance or results of operations in a process mean can be compared with the wasted work time or actual performance in the control groups (Karbassi, 2010). As a result, standards are a set of indicators that auditors measure their findings with them to reach logical conclusions; in other words, the standards of economic management can realistically expect to achieve them. The criteria are the basis of judgment (Zuraidan Mohd, 2007).Auditing criteria are a key issue in the discussion of the performance audit (Favchy, 2006). The main components of the audit, is the audit findings. Audit findings are made of the standard elements of criteria, condition, cause and effect. The results of the audit by the audit objectives and audit model is built using these elements is determined. Criteria for an ideal indicator of the actual operation will be measured against it. The criteria include the expectations, standards, rules, policies, comparative benchmarks, goals, plans or programs or institutions out the performance are similar. The underlying design methodologies, standards, auditors collect and analyze data to achieve the audit objectives, designs. Benchmarking criteria cannot help comparing plans, expectations or needs of the client, the program aims to identify targets set are compared internally to comparable units within a single organization or sector of industry standards, compared with historical trends, which identify optimal performance or results of operations in a process, that is, the wasted work time or actual performance compared with the created control groups (Karbassi, 2010). As a result, standards are a set of indicators that measure the auditors their findings to reach logical conclusions; In other words, the standards of economic management can realistically expect to achieve them. The criteria are the basis of judgment (Zuraidan Mohd, 2007). Au-
Audit function is also a form of judgment. Each project, program and economic unit, good performance, good or bad, and therefore should be operational audits, either express or implied, for the judgment of the criteria used in the audit. Hence, these criteria form the core of the entire audit process (Assadi, 2011). If there is no audit criterion, in fact, no basis for comparison to the findings and conclusions of the audit and recommendations will be. The criteria for the issue of optimal control model are addressed. The criteria provide the correct way of doing it; so the expectations of a reasonable person aware of “what should be” (Favchy, 2006) and the criteria are compared with what actually happened, the audit findings. The purpose of the audit criteria to assess the direction of (helping auditor) audit criteria can be applied to various aspects of business unit operations. The criteria used to assess the quality and timeliness of information, and prove integrity and honesty of managers (Banny Fatemi, 2002). Key features include reliable measures of, neutrality, usefulness, understandability, acceptability, completeness, relevance, and being comparable if these features are standard and can certainly set an important role to play to help the audit function.

- Being reliable: reliable criteria have to be led to the same conclusion that the terms of the criteria used by other auditors.
- Neutrality: neutral criteria to manage auditors are free from bias.
- Being helpful: helpful criteria resulted in findings and conclusions, will satisfy users’ information needs.
- Intelligibility: understandable criteria are clearly stated and will not be subject to different interpretations.
- Being comparable: comparable criteria with the criteria and standards of performance auditing organizations in the same or similar activities under the same address has been used in previous audits, are the same.
- Perfection: complete compilation of all the important criteria for performance evaluation in various conditions.
- Acceptable: criteria that are acceptable to the unit under consideration, the legislature, the media and the general public would agree with that (Intosai, 2004).

**Challenges for benchmarking performance audit criteria**

Some of the most important challenges to determine auditing standards of performance in Iran that it is similar in many other countries around the world, including the following:

- Lack of strategic planning
- Lack of appropriate performance information
- Problems of acceptance criteria set by management
- Unavailability of performance auditing standards (Rahimiyan, 2002).

However, due to the central role of performance auditing standards, auditing standards should be selected so that the quality reports ensuring independence and objectivity. Criteria can lead to inaccurate results and to provide access and acceptance report are faced with serious challenges so benchmarking of the audit, the audit function is considered as one of the main challenges (Mohammadi, 2011).

**Philosophy of the criteria used in the performance audit**

Practical guidelines Intosai auditing specific performance metrics identify the performance of such audit reveals as “a set of reasonable standards, which means they can be reasonable and achievable costly, efficiency and effectiveness of activities can be measured” (Intosai, 2004, p. 10). Expressive models are desirable criteria and normal controls. They provide case possible to create audit findings (Intosai, 2004).

**Auditing criteria of performance**

Government auditing criteria and resources, and books related to performance auditing, auditing standards were considered to be expressed in the following examples:

1- Comprehensive handbook of performance auditing: Internal standards are included in this book have been or will be prepared by the auditor, management and operational coordination. Internal measures include organizational policies, regulations, contracts, financing requirements, organizational plans, destinations and operational objectives, budgets, organizational charts and detailed plans. However, the standards developed by the operational auditor, including the performance of similar organizations, statistics, and industry performance, past performance and current employer, or of special analysis, engineering standards, audit judgment, proper work methods, quality business practices, which is good business practices (Ryder, 2007).

2- Enthusiast auditing standards: The standard criteria that are consistent with their audit evidence to be measured the audit criteria evaluation can addressed to and should be the criteria in the form of a question. Therefore, to feature actual questions and the process for audit or evaluation of the actual situation can be obtained from the following sources:
• Rules and regulations govern the operations of the entity
• Decisions made by the executive or legislative
• Policies and Procedures
• Refer to the functions of the previous edition
• Comparison with Best Practices
• Professional standards, practices and values
• Key Performance Indicators or device address is set by the government
• Independent expert advice, formulas and technologies
• Proven or new expertise
• More information about Reliance
• The same criteria used in the audit or any other audit institutions
• Organizations with the same or similar activities
• Performance standards or inquiries made by the previous Legislature, the general management and literature review (Intosai, 2004).

3- Pakistan’s Performance audit Workbook: The performance audit in accordance with the instructions from the following sources can be used to set new standards and about the entity with authority to negotiate:
• Government regulations and policies
• Rules, regulations and applicable regulations contained within the organization and outside the organization
• Description of systems, methods of operation and responsibilities and powers
• Main documents relating to planning, timetables, plans and budgets
• Accepted methods of management
• Accepted Accounting Principles and Auditing Standards
• Statement of academic research provided by professional associations
• Performance standards set by the management entity
• Seeking academic and research used about the issue and performance auditing standards
• Performance audit standards used in similar units
• Audited entity’s past performance
• Interviews with experts (“Department of the Auditor General of Pakistan,” 1993).

Another is a measure of the minimum offering is achieved in two forms: general and specific. The principles are derived from the general criteria rational or logical thinking (Banifatemi-Kashi, 2002). General criteria include that of logic or common sense inference that the standards are for the preliminary studies. When studies are developed, these criteria are usually developed more specific. Qualifying criteria must be detailed enough to account for the administrative steps, to provide the necessary guidance. General criteria are broad and a general description of expression and function reliable and are accepted. General criteria rational public feelings are often the result. For example, an organization in terms of administrative procedures is quite a chore, so that even the public review process, the facilitator suggests potential areas. It is therefore important for auditing publicly acceptable ways to inform and management in different areas. These methods can be general auditing standards for audits to be used on a mission. The standards adopted by the Court of Audit State America compiled examples of possible measures for the public sector is as follows:
• Expectations or goals set forth by the rules and regulations set by management
• Standards and technical norms
• Experts’ opinion
• Previous years’ performance
• Performance of other similar entities
• Performance in the private sector

Specific standards to sonnet rules, goals, plans, controls and systems are some units of the audit. Specific criteria are usually as set goals for a particular project or program standards and practices which are relating to the deduction. For example, the polio vaccination campaign to vaccinate all children over a period of 5 years or a water supply, 1,000 villages during the project period, a target. The goals of these programs can be specific criteria to be considered for the program (Mahdavi-Khooi and Dr. Azandoryani, 2009).

Characteristics of good criteria
• Reliability: criteria appropriate to rely on the same terms used by other auditors and the results are permanent.
• Being impartial: criteria impartial auditors or directors of any orientation are innocent.
• Helpful criteria of useful findings are in line with the information needs of users.
• Understandable: understandable criteria have clear explanations and interpretations of the meanings and do not have meanings with different interpretations.
• Compare variability: standards are comparable to standards that are consistent with similar activities in other organizations or agencies or the previous performance audits.
• Completeness: completeness important to develop appropriate criteria for evaluating the performance of all of the circumstances involved.
• Be acceptable: are acceptable standards, auditing standards acceptable to the payee, legislative, and general users ... (Banyfatemi-Kashi, 2002).

**Characteristics of an auditor in the performance audit**

Benefits of progress and success in achieving a high level of performance audit, auditors and the thinking skills regarding their management depends. Such ability shall be appointed auditors in auditing capabilities to have necessary financial, managerial and operational environments. Characteristics of a good audit performed to be able to audit are as following:

- Curiosity
- Analytical ability
- Persuasiveness
- Good business judgment
- Common sense
- Objectivity
- Communication
- Independence
- Confidences

Creativity in combining a range of techniques such as cost-benefit analysis Ergometer graph data processing and analysis organization (Mahimani, 2010).

**Sources in performance auditing criteria**

Auditors require appropriate measures to the nature of the activity under investigation. This might contain quantity or quality scales. Details of the audited entity, both qualitative and quantitative basis for assessing the economy, efficiency and effectiveness are considered. The criteria for acceptable performance can be related to the goals of the unit under consideration or accepted standards or industry standards and state performance. In some cases, it is easy to define the audit criteria. To specify and fit, the target is determined by the legislature or the executive’s main purpose. However, most cases are not like this. Goals may be vague, contradictory, or are nonexistent. In such circumstances, auditors are forced rehabilitation measures. Audit criteria can be derived from several sources, but the judge accepted the auditors’ role in identifying relevant sources and metrics plays a more realistic and appropriate role to develop the circumstances. Some suggestions concerning the development of auditing standards that need to be considered are as follows.

a) Auditors should try to consider the projects or tasks to suit a variety of programs. A project should pass several stages of implementation. Including design, financing, implementation and assessment of operations. What do auditors in each step of the control project raise with a reasonably good manager at that stage? This question can be asked about other sources of criteria. Answers to these questions will help us to find the audit criteria (Mahdavikhooi and Dr. Azandoryani, 2009).

b) Auditors should verify, standards and objectives considered by management or legislative requirements or considered by the Central Authority (Rahimiyan, 2002).

c) Wherever the unit under audit fails to provide good standards for measuring and achieving audit needs to be judged on performance, in this case the criteria could be found from other sources such as laws, regulations, published the standards of the professional associations diagnostics experts agree. If these resources are not available, the auditor can yield information on other organizations, both governmental and non-governmental activities or operations that are similar to rely on (Assadi, 2011).

d) Since in most cases there are no recognized standards for performance audits, auditors should determine appropriate metrics for each new audit. These criteria can be designated as the main criteria and sub-criteria. The main criterion to determine the size of the sub-criteria, detailed activities and expected management. (Mohammadi, 2011).

e) Audit criteria must consider the circumstances of time and place and in a realistic setting, and also requires consideration should be impartial, rational judgment to determine the right thing. Auditors should have a general knowledge of under investigation subjects. Auditors must have knowledge of the motives and legal proceeding governmental programs or activities which addressed the aspirations and set goals by legislature. The main citing legal and audit of stakeholder expectationsare the investigation of the recent introduction. Recognition methods and experiences in other similar or related government programs and activities can be helpful in this way (Favehy, 2006).

**Review of related literature**

In general, not much research has been done in relation to the performance audit in Iran, but some of them can be expressed as follows:

The results of the research challenges of Hasas-Yeganeh in 2002 showed that the performance audit, the independence, competence and professional ethics of care and consideration should be appropriate professional competencies. Having carefully considered the professional competencies and human relations aspects of performance auditing is an undeniable success. Understanding the audit environment and responses...
to establish and maintain trust between managers, supervisors, and staff auditors in the audit are the most important tasks to reduce the potential challenges. Retailer’s critical behavior and avoidance of unnecessary procedures, taking away part of the other factors that affect thinking. Auditors should always remember that success is dependent responses of the human and ethical audit and non-audit function. It is impractical and it won’t have the necessary effectiveness. Farzaneh-Haider (2005) sought to find an answer to the question of the importance of the audit functions and obstacles in its implementation. Results showed that lack of professional skills of auditors in reporting and accounting systems of governmental agencies by way of improper operation cause lack of indicators to measure the performance of governmental agencies and non-audit function to prevent the benefits of knowledge management performance audit of the executive. In 2005 Ali Yazdani research, design and implementation of a performance audit model written in good company with a new approach, showed that: audit function is effective in increasing the performance and financial audit reports of these audits can be complementary. Financial reporting alone does not indicate the status of the company, and only an expression of opinion on the financial statements. Alireza Khodakarami’s research results on the role of performance auditing impulse function of audit managers found that the impact is significant for managers, especially senior managers within the different phases, especially in the implementation phase, in order to achieve the objectives (Khoda Karami, 2001). Ahmad Dehghan-Nayeri in 2004 as the research results, the performance of the audit engagement and productivity, value engineering, design, construction, management indicated that the best value and reduce costs and increase productivity of the projects approaches through the audit function are effective. Ali Sabzi-Mir-Azizi’s paper in performance auditing, performance auditing obstacles in the calculations Court considers the following four factors:

a) Existence of legal barriers and gaps in the knowledge audit function
b) The lack of qualified specialists and experts in all fields related to performance auditing
c) Inadequacy of training in the Court’s analysis of the performance audit

Research of Mori Dian (1996) also showed that there is a direct correlation between performance auditing and internal controls. Research in 2006 showed that the most important issue in the performance audit, the audit criteria for selecting an appropriate criterion is to select the desired report to be managed, along with the proposals of valuable. Pollitt studies show that in 1997 the performance audit in the public sector will lead to improved management practices.

Conclusions

The main objective of the performance audit is improving governance and management of public agencies. Also, improving monitoring systems, promoting accountability, better using of resources, improving productivity and providing recommendations to correct deficiencies and deviations are the other main objectives of the performance audit. These are from the criteria set for three components, economic, efficiency, and effectiveness. Performance audit report of an independent evaluation improved resource management by providing guidelines and methods. It enhanced performance of state agencies and performance audit as well as boost response in the public sector. State agencies and performance audit announced the results of the proper implementation of laws and regulations to achieve the considered objectives in legislator regulations particularly. The performance audit is a management developed tool that can analyze many different levels of government activity by providing valuable suggestions to prevent any diversion of public funds to undermine the rights of Beiytulmal to protect Beiytulmal. Auditors in performing the performance audit require a tool for measuring the performance of the criteria are that these tools are addressed in this regard, the Supreme Audit Court House to provide criteria of acceptable and appropriate performance audit computing, can play a vital role in enhancing the quality of audit reports and auditor’s ability to perform in the implementation of audit.

References


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