

Progress Report to the PSC Steering Committee
PSC Subcommittee on Internal Control Standards
PSC Steering Committee Meeting, 30-31 May 2012, Johannesburg, item 10

Action Plan for 2010-2013

The purpose of the Subcommittee in 2010-2013 is to carry out the following tasks (in accordance with the Subcommittee action plan):

- 1) Work out examples of internal control measures, for all internal control objectives and all control components;
- 2) Actively promote the INTOSAI GOVs developed by the Subcommittee;
- 3) Work on the integration of the internal control concept and risk management;
- 4) Develop a paper on reporting on internal control;
- 5) Develop the e-platform as a tool for supporting Subcommittee's work and a source of information on internal control.

Working meetings

On 15 November 2011 in Warsaw, a meeting was held of the Coordinators of the action plan tasks (Austria, Lithuania, the Netherlands and Poland), in which representatives of the SAIs of Belgium, Georgia, Romania and the United States participated, as well as a representative of the Institute of Internal Auditors (The IIA). At the meeting, a discussion was held on the implementation of the tasks and a work schedule was drawn up for 2012.

On 24-25 April 2012 in Warsaw, an annual meeting of the Subcommittee was organised. It was aimed at exchanging information on the progress of the action plan implementation, and at discussing the surveys on risk management and internal control reporting in the public sector. The meeting gathered representatives of the SAIs of Austria, Belgium, Bangladesh, Brazil, Chile, France, Georgia, Hungary, Lithuania, the Netherlands, Oman, Romania, Russian Federation and South Africa, as well as representatives of COSO and The IIA.

Achievements to date

As for task 1 – Examples of good practices

SAIs of Austria and Poland presented examples of good practices in the area of internal control at the meeting in April 2012 (available from the Subcommittee e-platform).

As for task 2 – Promotion of INTOSAI GOVs

At the level of INTOSAI – According to the information available from the ISSAI website (www.issai.org), in 2012 a revision of two ISSAIs is planned: ISSAI 1610 – Using the Work of Internal Auditors, and ISSAI 1720 – The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements, whose contents are closely connected to the activity of the Internal Control Standards Subcommittee. Subcommittee Chair intends to offer its participation in the revision process.

At the international level:

- **Cooperation with COSO.** A representative of COSO was invited to participate in the Subcommittee meeting in April 2012 and mutual cooperation between the two bodies is being strengthened. Additionally, the Subcommittee Chair encouraged members of the PSC SC and the Subcommittee to present comments on the draft changes to the COSO 1992 Internal Control – Integrated Framework. The comments were collected by the Chair between February and April 2012, comprised and sent to COSO as an INTOSAI input.
- **Cooperation with The IIA.** A representative of The IIA actively participates in meetings and works of the Subcommittee. The President of the SAI of Poland, in his capacity as the Subcommittee Chairman, has been designated by the INTOSAI Governing Board to represent INTOSAI to the International Internal Audit Standards Board of The IIA (IIASB). The Subcommittee Chair has also volunteered to coordinate INTOSAI input into the survey on internal audit definition organised by The IIA. To do so, a survey has been distributed among PSC Members, to be analysed, comprised and forwarded to The IIA Global by the Subcommittee Chair. Participation in this worldwide initiative is an excellent opportunity to promote INTOSAI GOVs among a big group of stakeholders. Additionally, the SAI of Poland started cooperation with The IIA at the national level, its auditors have been invited to participate in the 10th Conference of The IIA Poland, and a seminar dedicated to cooperation between SAIs and internal auditors is to be organised in autumn 2012, these also being an opportunity to promote the Subcommittee and its documents.

As for task 3 – Integration of the internal control concept and risk management

A survey has been elaborated on risk management in the public sector, to be conducted in May – September 2012. The project is coordinated by the SAI of Austria. A report on the results of the survey should be ready by May 2013.

As for task 4 – Paper on reporting on internal control

A survey has been elaborated on reporting on internal control in the public sector, to be conducted in May – September 2012. The project is coordinated by the SAI of Lithuania. A report on the results of the survey should be ready by May 2013.

As for task 5 – Development the of e-platform

Works are in progress on extending the contents of the platform, coordinated by the SAI of the Netherlands. A digital manual is also to be developed to help INTOSAI Members use the platform. Steps have also been taken to transfer the data of the e-platform from the servers of the SAI of Belgium (former Subcommittee Chair) to a new host.