

Discussion paper on the role of the Governing Board for the effective implementation of the strategic plan

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Introduction

At the 69th Governing Board meeting held in December 2016 in Abu Dhabi, United Arab Emirates the Chairman presented a report to the Governing Board containing a proposal to identify best practices, areas of synergy and efficiency to streamline the functioning of the INTOSAI.

This paper aims to start a discussion on the role the Governing Board should play in monitoring the implementation of the Strategic Plan.

This paper takes as its starting point the current practice and some of the new initiatives presented through the updated statutes and the new Strategic Plan. It tries to identify the challenges the new Strategic Plan presents to the Governing Board and thereby initiates a discussion on how the Governing Board should adjust to this new reality and how we can provide a proper response to the follow-up, monitoring and evaluation of the Strategic Plan.

The paper outlines a number of questions to be considered by all the Governing Board members. The response to the questions will provide the foundation for future discussions and form the agenda for the 70th Governing Board meeting to be held in Graz, Austria later this year.

The Role of the Governing Board

The Governing Board’s role is to manage the affairs of INTOSAI by providing strategic leadership, stewardship and continuity between Congresses.

The role and activities of the Governing Board have been stated more clearly through the updated Statutes and the INTOSAI Strategic Plan for 2017-2022 as adopted by the Congress at the XXII-INCOSAI in Abu Dhabi, 2016.

The Statutes of INTOSAI require the Governing Board to monitor the implementation of the Strategic Plan (Article 5(2) (b)). The Strategic Plan of INTOSAI has called for INTOSAI to operate in a more integrated and effective manner, and addresses the crosscutting and interdependent nature of INTOSAI's goals, objectives, and initiatives.¹

To monitor the implementation of the Strategic Plan a number of changes to the current practice of the governance of INTOSAI are envisaged under goal 4 in the Strategic Plan (pages 34 to 40). These include:

- To assess its performance, INTOSAI will implement annual reviews of progress toward each strategic objective contained in the Strategic Plan (page 35).
- Based on its review, the PFAC and the General Secretariat – in close coordination with the Goal Chairs - will develop a proposed organization wide prioritization of action items identified by the Goal Chairs for consideration by the Governing Board (page 36).
- At each Governing Board meeting, the goal chairs will report the results of their annual reviews and prioritization of action items. Based on these reports, the Governing Board will decide on the final appraisal for each objective as well as which action items should be undertaken (page 36).
- To promote transparency, the summary results of these reviews will be compiled by the General Secretariat in close cooperation with the PFAC into a performance and accountability report each year (page 37).
- Based on the reports of the Supervisory Committee on Emerging Issues, the Governing Board provides direction on issues that calls for INTOSAI action on risk management efforts (page 38). This is further supported (Appendix 1 page 43) where it states that the SCEI also will provide a continuing focus to ensure that INTOSAI's crosscutting priorities are being consistently and thoroughly integrated in INTOSAI's various strategies and programs under its strategic goals.

The above changes reflect an intention to increase the strategic role that will be played by the Governing Board.

To achieve and prepare for this role the Governing Board provided inputs, during the breakaway session at the 68th Governing Board, where a number of concerns were raised about the Governing Board's ability to enforce its role. A number of suggestions were presented, for example in regard to the timing of submitting information to the Governing Board and the frequency of interactions between Governing Board members.

Governance – Key Role Players

There are 2 messages in this section: (i) some of those responsible for governance in the Governing Board are also responsible for reporting to the Governing Board on governance related issues – a potential conflict of interest; (ii) others, who are less involved, may not receive all the all the information they need in a timely manner to carry out their governance role correctly.

¹ The Strategic Plan page 6 paragraph 2. Also related to the value chain Figure 2 on page 6.

Based on the Statutes and the Strategic Plan we can identify three key role players within the perceived Governance Process. The main role players identified are:

- The Governing Board
- The Policy Finance and Administration Committee (PFAC)²
- The Supervisory Committee of Emerging Issues (SCEI)³

When looking at the composition of the three groups, see the table below for more details, it is clear that there are many overlaps between the members.

All the members of the PFAC are also involved in the Governing Board as well as the SCEI (except for the previous chair of the Governing Board). This means that there is a core of SAIs that are responsible for the underlying reports to the Governing Board while they at the same time have a seat on the board.

In the past the Regional Secretariats (countries listed in table 1 below from 21 to 27) have been engaged in the Governing Board meetings (without voting rights). Therefore it could be argued that they are also engaged in more than one of the three central groups.

These overlaps in membership leads to a central question of what role the PFAC, SCEI and the Governing Board should play while avoiding overlaps and ensuring the efficiency and effectiveness of the groups.

The 10 SAIs who are only engaged in the governance process through their membership of the Governing Board, need to be kept informed of developments between meetings in order for them to play an effective and challenging role, while the other members of the Governing Board are involved in the information provided to the Governing Board at earlier stages.

Questions for consideration:

- *How should the roles of the PFAC and the SCEI be organized to minimize overlap and ensure the most effective follow up process?*
- *Based on the updated mandate from Statutes and the Strategic Plan should we align the Agenda of the Governing Board to the implementation of the Strategic Plan e.g. crosscutting priorities and objectives?*
- *To fulfil the responsibilities of the Governing Board, should future meetings be changed in any way?*
- *How should information about the implementation of the Strategic Plan be communicated to the Governing Board members e.g. format, extent of detail?*

² The PFAC consists of the Vice-Chair of the Governing Board, the chairs of Goal 1, 2 and 3, the Secretary General, the immediately past and present chair of the Governing Board, the chair of IDI and the SAI responsible for the INTOSAI Journal.

³ The SCEI consists of chair of the Governing Board, the SAI responsible for the INTOSAI Journal, the Secretary General, the First Vice-Chair of the Governing Board, the Chairs of the Goal Committees, Secretary Generals of the Regional Organizations and the Chair of IDI.

Table 1: Key Committee Membership

No.	Membership in more than one grouping	Governing Board	PFAC	SCEI
1	UAE	Yes	Yes	Yes
2	China	Yes	Yes	No
3	Russia	Yes	Yes	Yes
4	Austria	Yes	Yes	Yes
5	USA	Yes	Yes	Yes
6	Norway	Yes	Yes	Yes
7	Brazil ⁴	Yes	Yes	Yes
8	South Africa ⁵	Yes	Yes	Yes
9	India	Yes	Yes	Yes
10	Saudi Arabia	Yes	Yes	Yes
11	Bahamas	Yes	No	No
12	Argentina	Yes	No	No
13	Peru	Yes	No	No
14	Samoa	Yes	No	No
15	Portugal	Yes	No	No
16	Egypt	Yes	No	No
17	Gabon	Yes	No	No
18	Japan	Yes	No	No
19	Pakistan	Yes	No	No
20	Poland	Yes	No	No
21	Spain	No	No	Yes
22	Jamaica	No	No	Yes
23	New Zealand	No	No	Yes
24	Korea	No	No	Yes
25	Tunisia	No	No	Yes
26	Cameroon	No	No	Yes
27	Chile	No	No	Yes

⁴ European Court of Auditors are Vice Chair of the PSC and will typically be engaged in all 3 bodies

⁵ Sweden are Vice Chair of the CBC and will typically be engaged in all 3 bodies

Key Information to Assess Progress

There are essentially four sources of information from which the Governing Board should take actions, namely:

- At each meeting of the Governing Board the goal chairs will report the results of their annual reviews and prioritization of their action items (page 36 Strategic Plan - including the Forum of INTOSAI Professional Pronouncements (FIPP))
- Reports on progress in implementing strategic crosscutting priorities (underdetermined who owns these but Governing Board Chair will follow up)
- SCEI report from the Chair of the Governing Board of INTOSAI
- Secretary General's report including administration and financial matters

Annual reviews and prioritization of their action items by the Goal Chairs

The strategic objectives under the four goals are summarized in pages 2 and 3 of the Strategic Plan. It is clear that the goal chairs cover a large amount of activities (summarized in the organization chart in Annex 1).

The intention of the strategic objectives is to allow the goal committees to be responsible for the day to day management of their work streams and allow for key priorities to be reported for the attention of the Governing Board.

The traditional format of the Governing Board has been to listen to presentations from all the different committees, sub-committees, working groups, task forces and regional organizations. These presentations adds up to around 37 different information sets to the Governing Board. Many of these presentations are focused on inputs, processes and quantity of outputs. However, the Governing Board focus should shift towards focusing on priorities, quality and relevance of outputs and outcomes.

To facilitate such a shift in the focus of Governing Board deliberations the strategic plan states: *"Each goal chair and relevant contributors – including, very importantly, the regional organizations – will review the results achieved under each objective based on agreed- upon benchmarks, such as measured performance toward established targets and the completion of major tasks or deliverables."* (p. 36). A common understanding and even approach to this concept is being deliberated by the Goal Chairs and other role players. The Governing Board should reflect on its role in regard to monitoring and following up on this issue, including possibly relating these concepts to the strategic crosscutting priorities.

Another development during the XXII-INCOSAI was the approval of the revised INTOSAI Framework for Professional Pronouncements (IFPP), along with the revised due process and the establishment of the Forum for INTOSAI Professional Pronouncements (FIPP). This has resulted in a strong mechanism for ensuring that any documents to be included in the IFPP are subject to a rigorous due process and should safeguard the INTOSAI brand. Furthermore, with the development of the Strategic Development plan (SDP) for IFPP 2017-2019, the Governing Board can see the projects and therefore the priorities for developing the IFPP over the next three years. Therefore a single submission from FIPP or from the PSC

as the body responsible for FIPP's governance⁶, will cover a significant amount of previous reporting items.

Outputs that arise as a result of the strategic objectives of the Goal Chairs, but which are not part of the IFPP and the SDP will need to be considered by the Governing Board. The process by which such outputs are produced is not subject to a formalized due process and therefore presents a risk to the INTOSAI brand. These types of products/documents include training material, research and activities done in collaboration with IDI and regions. Within the IFPP there is a category for "other guidance". However, this area will not be covered in the SDP of the IFPP in the period 2017 - 2019.

In this regard it is necessary to consider how other ongoing activities such as advocacy or engagement with other stakeholders need to be considered by the Governing Board.

Questions for consideration:

- *How should the Governing Board examine the impact of the work performed by the Goal Chairs and how could this be done?*
- *Does the Governing Board need to consider how we prioritize and ensure the quality of INTOSAI products that are not covered by the due process in regard to the IFPP?*
- *To what extent is the work regarding the IFPP and the inclusion of the report by the PSC Steering Committee against the Strategic Development Plan sufficient for the Governing Board?*

Reporting on the Crosscutting Priorities

During the 68th Governing Board meeting a discussion was held during the breakaway session on the five crosscutting priorities as envisioned in the Strategic Plan (page 8 to 19) in the context of a risk assessment.

Reporting against the crosscutting priorities is linked to INTOSAI's Enterprise Risk Management (ERM) and this task will fall to the Supervisory Committee on Emerging Issues (SCEI).

The linkage between the ERM and SCEI is relatively new and the exercise at 68th Governing Board meeting shows that more thought need to be put into the concept and that the Governing Board needs to consider how it will use the information delivered by the SCEI through the ERM.

Key questions relating to the 5 crosscutting priorities are summarized below.

Questions for consideration:

Crosscutting priority 1: Advocating for and supporting the independence of SAIs

- *How can INTOSAI create a mechanism for receiving information about challenges to SAI independence?*

⁶ The PSC Steering Committee including the CBC and KSC goal chairs is designated as the body responsible for the governance of FIPP. This was included in the FIPP governance paper presented to the 68th Governing Board meeting.

- *How can INTOSAI respond to threats against SAIs independence for example in the case of removal of a Head of SAI?*

Crosscutting priority 2: Contributing to the follow-up and review of the SDGs within the context of each nation's specific sustainable development efforts and SAIs' individual mandates

- *How do the Governing Board members ensure they are up to date with the current changes in the global response to SDGs?*
- *How will the Governing Board monitor and evaluate INTOSAI's response to the SDGs?*

Crosscutting priority 3: Ensuring effective development and coordination among standards-setting, capacity development, and knowledge sharing to support SAIs and improve their performance and effectiveness

- *How will the Governing Board ensure effective development and coordination between the goal committees?*
- *How do we avoid duplication and allow for sufficient time for the Governing Board members to consider submissions from the goals chairs and provide adequate responses?*

Crosscutting priority 4: Creating a strategic and agile INTOSAI that is alert to and capable of responding to emerging international opportunities and risks

- *What is INTOSAI's appetite for reporting on global and emerging issues?*
- *How will the Governing Board monitor and evaluate INTOSAI's involvement with external stakeholders?*
- *Does the Governing Board consider it a threat to INTOSAI's relevance if we don't engage adequately with the wider stakeholder community?*

Crosscutting priority 5: Building upon, leveraging, and facilitating cooperation and professionalism among the regional organizations of INTOSAI

- *Given that the regional organizations are autonomous and their priorities do not need to align to INTOSAI, how do we build upon, leverage and facilitate cooperation and professionalism among the regional organizations?*
- *How can the Governing Board get information about the needs at the local level through the regional organizations?*

Reporting from the SCEI

Beyond the work listed above with regard to the ERM and the five crosscutting priorities (see page 39 of the Strategic Plan) it is not clear what role the SCEI will play and how this may overlap with the responsibilities of the PFAC.

To get the most out of the SCEI and to make sure that the Governing Board is receiving the information it needs to monitor and evaluate the crosscutting priorities the Governing Board needs to consider what role they want the SCEI to play in the future.

Questions for consideration:

- *Should the SCEI take responsibility for the five crosscutting priorities and report regularly to the Governing Board on progress against these?*
- *What role should the SCEI play in regard to the ERM of INTOSAI?*
- *Should the SCEI take the responsibility of communicating with external stakeholders?*
- *Is there any other role you would like to see the SCEI playing?*

Reporting form the Secretary General

Further to the role of the General Secretary, as reflected in article 6 of the INTOSAI Statutes, it is envisaged in the Strategic Plan that the Secretary General will deliver a number of accountability reports to the Governing Board in collaboration with the PFAC (goal 4 in the Strategic Plan). Compiling such reports will need a systematic process for obtaining relevant management information that can be used for assessments and evaluations by the Governing Board. This information should be linked to achievement of strategic objectives as well as feedback from the INTOSAI community on the effectiveness of INTOSAI and the usefulness of the global products, such as INTOSAI products in the IFPP and SAI PMF.

Questions for consideration:

- *What type of additional responsibilities of the Secretary General do you see from the Strategic Plan?*
- *What type of information is required to improve the transparency of INTOSAI operations?*

Annex 1: Organizational chart of INTOSAI

