



INTOSAI  
PSC

Professional  
Standards  
Committee

## Independent Advisory Function for INTOSAI Standard Setting

The participation of external stakeholders can bring different perspectives and provide valuable feedback to INTOSAI standard setting process, increasing the credibility and the recognition of our standards. Exchange of experience may help harmonise the international public auditing standards and contribute to mutual recognition of each other's' auditing methods. One of the recommendations of the 2014 evaluation report, carried out by SAI Denmark, then Chair of the PSC, was to continue efforts "to establish a separate advisory group which – in addition to the current external observers in the PSC Steering Committee – should include representation of auditors and users of audit reports from the regional or global level" (Recommendation 3).

The current INTOSAI Strategic Plan 2017-2022 recognized the importance of increased external participation and included among Goal 1's Strategic Objectives (1.1) gives the PSC the responsibility to set an independent advisory function as a way to provide a strong organisational framework to standard setting.

During the 14<sup>th</sup> PSC Steering Committee (PSC-SC) meeting in 2017, it was agreed to expand our external stakeholder base and to restructure it **into Advisory Partners and Consultative bodies**.

This arrangement will produce in the short to medium term the following advantages:

- i. It will allow the PSC-SC to continue to benefit from the expertise and experience of the World Bank, IFAC and the IIA, current observers to the PSC-SC.
- ii. It will broaden the range of external stakeholders that will be consulted, without undue administrative burden upon either the PSC or the external stakeholders themselves. A small change will be required to the IFAC and IIA MoUs with the PSC to add a degree of precision to their roles,
- iii. It will be cost efficient compared to consultations organised individually with external stakeholders.

The **advisory partners** would consist of the three current external stakeholders: the World Bank, IFAC and the IIA. All three would continue to be active observers at PSC-SC meetings and, in addition to general advice, would have specific roles, particularly with regard to the external consultation exercise for drawing up the Strategic Development Plan (SDP). Due process states that, in drawing up the SDP, interested parties may provide suggestions to develop revise or withdraw professional pronouncements as appropriate.

Traditionally, relationship between PSC and the advisory partners have been formalised by memoranda of understanding with the exception of the World Bank. The existing memoranda of understanding with the IFAC and the IIA were either at the end of their term validity or had already

expired and both needed to be updated. Following negotiations carried in 2017/2018, both memoranda are essentially complete and are in the final stages of checking before signature.

**Consultative bodies** would consist of all new stakeholders who will be consulted as part of a “virtual community” and would not ordinarily be required to participate physically in meetings. They will be invited to provide comments in the exposure phases and members of this virtual community might be consulted as part of any quality procedures in individual projects for which they have particular expertise. They will have an opportunity to participate in the process of drawing up the SDP, submitting their contributions during the “Gathering Inputs” phase.

In order to establish this new category of external stakeholder relationship, the PSC Secretariat requested the Subcommittees, the Goal Chairs and others to suggest any international bodies whom they felt would be of benefit to their work or could add value to their day-to-day activities. Based on these suggestions and further research by the Secretariat, ten bodies were invited to be a consultative body for INTOSAI standard setting. Invitation letters were sent late February 2018 and a follow up email, detailing further the expected responsibilities was sent in April.

The list of institutions and the status of the communication as of May 14<sup>th</sup> is:

<b>Institutions</b>	<b>Status</b>
American Evaluation Association (AEA)	Not replied
Chartered Institute of Public Finance and Accountancy (CIPFA)	Positive reply
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Positive reply
European Evaluation Society (EES)	Not replied
Global Initiative for Fiscal Transparency (GIFT)	Positive reply
International Budget Partnership (IBP)	Not replied
The International Consortium on Governmental Financial Management	Positive reply
Inter-Parliamentary Union (IPU)	Not replied
Organisation for Economic Cooperation and Development (OECD)	Positive reply
Public Expenditure and Financial Accountability Framework (PEFA)	Waiting for meeting

The PSC Secretariat will continue the efforts to obtain a reply from the remaining institutions. The institutions that have replied positively to our invitation will already have a chance to participate in the upcoming consultation phase of the next SDP.