



**INTOSAI  
PSC**

Professional  
Standards  
Committee

## **15th PSC Steering Committee Meeting**

**30-31 May 2018, Luxembourg**

**Draft minutes**

### **Session 1 - Opening**

1. The participants adopted the proposed meeting agenda.

### **Session 2- Implementation of the INTOSAI Strategic Plan**

2. Mohammed Alhabib representing PFAC presented an outline of the Performance and Accountability Report, which will be adopted for the first time as per the INTOSAI Strategic Plan (2017-2022). This report will be compiled by the INTOSAI General Secretariat in close cooperation with the PFAC and publish each year. The SCEI representative informed the meeting that in the coming days they would ask for Goal Chairs to request their respective bodies and subcommittees for inputs for this process. For emerging issues, the SCEI intends to use the KSC community portal as a means to collect and share relevant information.
3. Most of the individual risks identified will be considered and discussed in specific sessions during the meeting. The ensuing discussion addressed two risk areas identified in the PSC report – quality of translations and communication.
4. Quality translations of pronouncements can be vitally important to SAIs' day-to-day work but are difficult to guarantee. Many external translators do not have audit-relevant expertise, thus the quality of the translations often tend to be unsatisfactory. Considering also the high cost of these translations, it would not be feasible for INTOSAI to take on this task alone. The current *status quo*, where project groups are responsible for finding ad hoc volunteers to translate the pronouncements is not producing particularly good results. Not all pronouncements have been translated into the five official languages, and the quality of translations sometimes is called into question. The most efficient way forward might be a process for translations and revisions into the five INTOSAI official languages carried out within the INTOSAI community, and coordinated by INTOSAI committees, instead of having project groups seeking volunteers for each individual pronouncement. Participants also mentioned that developing an appropriate glossary for the terms used in the pronouncements could help the quality and consistency of the translations. Other participants noted that machine translation is improving quite fast

depending on the language pairings and whilst it is not yet a solution for quality translations, it is a development to be followed and could help INTOSAI translations in the future.

5. As regards communication, several participants supported using dedicated software (such as Teamwork) in addition to e-mailing, to increase transparency and for documentation purposes, and advocated for closer communication between PSC-SC members. Some noted that the current design of INTOSAI websites does not address the needs of users from within and outside the INTOSAI community – in particular, information on standards is not always easy to find. In the context of discussing effective communication, the PSC Chair presented an information video on the transformation of ISSAIs to the IFPP, which the participants greatly appreciated. The PSC secretariat will produce more such material for publishing on the ISSAI website. PAS mentioned that the PSC website could also be improved as it has several limitations at the moment for the subcommittees that use them.

#### **Conclusions and next steps:**

- The best way forward for translations and revisions of pronouncements is to make use of existing INTOSAI resources. The PSC Secretariat will prepare a proposal for the next PSC-SC meeting addressing the wider issue of translation of pronouncements.
- INTOSAI websites (in particular those concerning standard setting and the work of PSC) should be improved to better serve users' needs.
- The concept of producing video tutorials on standard setting was welcomed and should be continued.

#### **Session 3 - Implementation of the SDP for professional pronouncements**

6. Kristoffer Blegvad, representing FIPP, gave an overview of the SDP priorities and how they are developing. **Priority 1** appears to be on track. Part of the work in priority 1 is moving pre-existing text (ISSAIs, INTOSAI GOVs), and renaming, renumbering and relabelling them. All decisions regarding the work that needs to be done in this priority were made in the FIPP meeting in December 2017. The practical part of the work will be carried out by the PSC secretariat. FIPP is waiting to see all the revised documents, as required by Due Process, which they expect to be ready by INCOSAI 2019. Priority 1 also encompasses pronouncements on financial audit. These projects that are also on track. **Priority 2** is ongoing. A number of themes have been identified where there is duplication and even contradiction between different pronouncements. The main objectives of priority 2 projects are to consolidate guidance, to extract the salient points from these issues and to make the new guidance really a vehicle for ISSAI implementation. FIPP understands that the ISSAI category in the framework should be limited to documents related to the three types of audit, not subject matter specific material. The latter should

be in the GUID category. Most priority 2 projects are underway, but some delays are foreseen. **Priority 3** has not yet properly started.

7. Kristoffer Blegvad also mentioned that FIPP is trying to increase its work capacity, for example by meeting three times per year. For the FIPP members the realistic timeline between the time the project is included in the SDP, until the final result, is more than two to three years. He highlighted that when the documents related to the development of SDP projects are ready, they should be sent initially to the Goal Chairs who will forward them to FIPP for approval. However, all parties must remain realistic, as FIPP is unlikely to be able to approve ten documents, it has not seen before, at a single meeting. To function effectively, FIPP needs to see outlines or drafts at an interim / early stage, and it is recommended that FIPP members follow attentively the work with the committees.
8. Jan Roar Beckstrøm, PAS Chair, mentioned that INTOSAI would never be able to produce standards with sufficient quality if the standard-setting process is only based on voluntary in-kind contributions. Nevertheless, he acknowledged the progress made recently, with the new IFPP, the creation of FIPP and the establishment of the SDP as a central planning instrument, as well as the advances in the discussion about the technical support function. He mentioned that there is already enough guidance on performance audit in the 3000 series and that PAS is quite sceptical about the need for subject matter-specific guidance on performance audit. The view of the PAS is that INTOSAI should consider removing such guidance from the IFPP to streamline the framework. This in turn would help resolve some translation, resources, work and even costs. Subject matter information can be very valuable to SAIs but should be focused on the subject matter itself, not on how to do performance audits of these subjects. He proposed exploring alternative ways of sharing subject matter knowledge rather than producing more documents through these resource demanding projects.
9. Vithayathil Kurian from CAS, gave a detailed status report of the two projects they are working on under the current SDP. The exposure draft on SDP project 2.2 is expected to be ready by July 31<sup>st</sup> 2018. However, he noted that the initially proposed period of 16 months for the whole project (proposal until draft) was reduced to 12 months in view of the INCOSAI in 2019. CAS does not anticipate problems in meeting the deadline but nevertheless there is a risk that this could be the case. Regarding SDP project 2.3, CAS was not designated as its original project owner in the SDP. The project was subsequently assigned to the CAS by the PSC after consultation with FIPP. The approval given by FIPP for this project is conditional because they have asked CAS to come back to FIPP after carrying out a needs assessment survey, which is scheduled to last for five months, starting on July 1<sup>st</sup> 2018. The timelines and the sub teams will be approved by FIPP only

after receiving the results of the survey. CAS is also making available subject matter experts to two projects:

- i) guidance on reliance of internal auditors; and
- ii) guidance for the consolidating and aligning the audit public debt ISSAI 200.

10. Vithayathil Kurian noted that CAS has faced some challenges. In particular, he highlighted potential delays in FIPP approving project proposals because of its three monthly FIPP meeting cycle, and suggested FIPP consider approving project proposals by other means, for example, video conferences or by increasing the frequency of their meetings. It could be very useful if FIPP could have a calendar of meetings published in advance, so subcommittees and projects groups could plan the development of their work accordingly. Secondly, he would appreciate clear communication of FIPP's expectations of the objective of the project as soon as it is included in the SDP, to help in the preparation of the project proposal.

11. Vithayathil Kurian gave some information about the support from CAS to IDI projects related to ISSAI implementation and additional information for future planning for the upcoming planning. The subcommittee meeting is scheduled for October 2018 in Luxembourg, where it is proposed to discuss the suggestions for the next SDP, so that they are available in time for the PSC and the FIPP to consider before drafting the next SDP.

12. Khalid Hamid presented FAAS' views, and the status of projects under its responsibility. Firstly, he echoed the FIPP and PAS view that emphasising certain aspects in subject matter guidance leads to insufficient attention being paid to other aspects, which is unfair due to their equal importance. As regards ongoing projects, there is a fundamental difference of opinion on the purpose of project 1.2 on ISSAI 200, and it is unclear what the next steps will be. He questioned the very need for ISSAI 200 and remarked that ISSAIs 300 and 400 should also be looked at again. Most of the FAAS resources will be channelled into project 1.3 for the next few months, while also performing a technical review. The expectation is that the consolidation of the practice notes will be a GUID and not a standard. Project 2.1 (accounting frameworks), led by the Austrian SAI, is merged with the practice notes of ISA 1210. This will be a complex exercise due to the fact that most countries do not have accounting frameworks but budget frameworks. This leads to overlaps with compliance audit as auditors do not work on accounting but on budget management. Khalid Hamid is working together with the group in charge of project 2.3 on the combined audits. He noted that ISQC 1, which builds on ISSAI 40, is currently being updated. He also mentioned that ISSAI 40 is not of particularly good quality and might be included into the next SDP for review. Finally, he questioned the role and possible capacity of a future TSF if equipped by only three people and being placed

administratively between the FIPP and subcommittees. He also proposed incorporating the TSF into Due Process.

13. Kamila Żyndul, representing the ICS, shared some information on recent changes in its membership. The SAI of the UAE joined the subcommittee and the SAI of Finland has expressed interest in joining, but are still considering. The SAI of Brazil and the SAI of Lithuania have withdrawn from the subcommittee .. Kamila Żyndul gave an overview of status of the two projects under ICS responsibility. Project 2.6 deadline is the INCOSAI in 2022. One of the challenges of this project is that ICS proposal was not well received by FIPP, therefore the ICS is now working on reformulating it. Another issue was that the ICS has developed very specific documents addressed to auditees and not only to auditors. Therefore, the switch of perspective is a major challenge. The ICS plans to have the reformulated project proposal ready by the next FIPP meeting in August 2018. Project 2.5 is going to be quite innovative, as it is going to use new technologies, to be applied - to some extent – in project 2.6 first. Depending on how it is received in 2.6, the new tool will be further developed within project 2.5. Thus, no further steps can be taken with respect to 2.5 before some advancement is made under 2.6. As a result, it will not be possible to respect the 2019 deadline, which is also due to the responsibilities the members of the subcommittee have within their SAIs, as well as the wish not to compromise quality.
14. Nand Kishore, representing KSC, gave an overview of its seven projects in the current SDP. Project 2.8 is on schedule for November 2019. Project 2.9 is expected on October 2019 and is on schedule. Projects 2.7 and 2.10 are in their very early stages and there is no information currently available on them. It seems, however, that they are likely to be delayed and go beyond INCOSAI 2019. Projects 2.11 and 3.10 are on schedule and should be finalised by July 2019. Project 2.12 faces some issues regarding the approval from FIPP, and may be subject to some conditions being imposed. However, the work on the exposure draft and the finalisation of the proposal is ongoing and the project should be finalised by November 2019. He expressed the view that the volume of subject matter guidance in the IFPP could be reduced and mentioned that the KSC-IDI Portal is a good platform for knowledge-sharing related to the different subject matters that INTOSAI deals with.
15. Jan Van Schalkwyk, representing CBC, echoed the previous speakers' view that the volume of guidelines is a challenge, as SAIs are running out of capacity for doing the work. There is a limited number of SAIs that carries out the majority the work in INTOSAI and there is a real danger of SAIs simply not being able to continue to maintain this level of support. To address this situation, there probably needs to be significant changes in the way INTOSAI is structured and funded. He elaborated on the auditor competency project,

which is in priority 3 of the SDP, mentioning that is probably one of the most challenging projects as it needs to be started from scratch.

16. Rafael Torres, representing the PSC secretariat, highlighted that the practice recently undertaken by FAAS of sending to FIPP an intermediate draft for project 1.2. This has turned out to be a very useful exercise, and should be repeated as far as possible for other projects. He raised the point that as the IFPP, including subject matter guidance, was only approved 18 months ago, it might be too early to consider making changes to it for the moment. Maybe a way to address these concerns related to subject matter guidance is to give less priority to them when selecting the projects for the next SDP. Along these lines, an important reflection for the next SDP should be about the real need and adequacy of certain documents in the framework. The true worth of a subject or a document developed by an INTOSAI body should not be judged by whether or not it has resulted in a pronouncement in the framework. There are many ways of sharing knowledge, and this could be an important message to be considered and shared in the preparation of the next SDP. Two lessons learned from the implementation of the current SDP are: the need for a better scoping of projects in the next SDP, and the need for project groups to develop a thorough initial assessment to support the development of the project proposal, as stated in Due Process. One of the challenges in the current SDP is moving forward on crosscutting projects, as experience shows that it is not easy to set up project groups for this type of project. Rafael Torres noted the requirement from Due Process that the *“The PSC Steering Committee may – with the consent of the chairs of the CBC and KSC – decide to provide directions on the organisation of the project in order to ensure the appropriate involvement of all relevant parties in the work”*. Thus when the PSC Secretariat receives a project proposal, it forwards the project to the PSC SC for comments and then to FIPP. However, the added-value of this extra step is questionable and might need to be reconsidered.
17. Neil Usher, representing FIPP, agreed about the need of better scoping the projects in the next SDP. The process for the next SDP, which the steering committee would discuss later in the agenda, will address this topic. He also highlighted the relevance of developing an initial assessment that should be part of the project proposal. Subject matter guidance should be evaluated very carefully before taking a decision. He also mentioned that FIPP is currently working on an advance-planning schedule of their meetings. FIPP meetings will normally take place in February, July/August and November. He also mentioned a good practice regarding the communication between the FIPP liaison officer and the project team. Often this takes place via a video conference during FIPP meetings when discussing the approval of a proposal.

18. Nobuo Azuma, from the SAI of Japan, was concerned that given the importance of performance auditing to the INTOSAI strategy and to SAIs, project 3.1 has not started yet. Hege Larsen raised the question if project 3.1 could be temporarily suspended, or even taken out of the SDP. PAS is involved in the SDGs through the INTOSAI Chair's and IDI's initiative and 3.1 is likely to be a duplication of efforts on SDGs and performance audit. Khalid replied that if we want to do that we could raise the point at the next WGEA meeting in July, as it has the ownership of the project.
19. Vithayathil Kurian mentioned that the subject of projects 3.6 and 3.9 could be incorporated into projects 2.2 and 2.3.
20. Participants, including the IFAC representative, acknowledged that the current SDP contains too many projects, and this number might rise with proposals for the next SDP. Credible criteria should be put in place and communication must improve to ensure transparency and to help ensure the number of projects is manageable for the resources available. In this context, the IFAC representative indicated that proposals for IFAC standards must also include counter-arguments against having the standard, which helps keep the volume of standards at acceptable levels.
21. Considering the general agreement that current SDP projects not yet started will not be carried over automatically to the next one, Rafael Torres proposed that a deadline should be established for the presentation of projects based on the current SDP. This proposal had already been discussed with the FIPP.

### **Conclusions and next steps**

- PSC has no power over resources and this prioritisation, yet has to manage the process;
- recognition of SDP's benefits as well as its constraints;
- mixture of success within the priorities. Most of priority 2 projects are moving ahead but priority 3 projects less so;
- SDP projects could be managed by ad hoc groups if no sub-committee has the resources;
- there is a need to better scope projects in the next SDP;
- project groups should develop a thorough initial assessment to support the development of the project proposal, as stated in Due Process
- project groups are encouraged to submit to FIPP intermediate drafts of their work, to facilitate the analysis and approval of the documents;
- need to learn from our experience of the current SDP;

- questions were raised whether subject matter guidance should be part of the framework. These documents can be useful for SAIs, but not necessarily as professional pronouncements. As the IFPP was recently approved, at this stage no further considerations will be given to reconsider the structure of the IFPP. Lower priority should be given to this kind of guidance in the next SDP
- the three-year SDP might be too limiting given the needed, to develop new pronouncements and maybe the next SDP should be for six years.
- projects in the current SDP which have not yet started will not be carried over automatically to the next SDP and will need to be reconsidered individually. There is a need to establish a deadline for presenting projects based on the current SDP (somewhere at the beginning of 2019).
- FIPP should be encouraged to establish a calendar for their future meetings in order to allow the project groups to plan their work accordingly.
- There is a need for improving the communication among the PSC Chair, the PSC Subcommittees and the FIPP

#### **Session 4 - Governance of the FIPP**

22. The PSC Secretariat, the CBC and the FIPP gave an overview of the current arrangements for the governance of FIPP. The CBC Chair noted that Goal Chairs are taking a more active role in the standard setting process, which allows FIPP to concentrate in its core business.

23. The FIPP presented its expectations of the PSC-SC as its governing body, notably with respect to:

- ensuring effective collaboration and communication between the INTOSAI bodies involved in standard-setting;
- taking a lead role in deciding on the next SDP and continued development of the FIPP;
- ensuring that Due Process is being followed;
- ensuring in the next SDP a good balance between ambitions and resources;
- being effectively the responsible body for the strategic leadership of Goal 1;
- providing feedback to FIPP from the users of the pronouncements;
- providing a link between FIPP and different INTOSAI bodies.

24. The PSC Secretariat presented changes made to the FIPP's terms of reference for adoption. The key changes were:

- an increase in the number of FIPP members from 15 to 16;
- more details on FIPP members' required professional qualifications;



- basic requirements established and process clarified for selecting the FIPP Chair; and
  - FIPP relieved of responsibility for providing answers to questions on the interpretation of the ISSAIs.
25. Participants endorsed the changes, but were unclear on who should take over the FIPP's responsibility for commenting on the interpretation of the ISSAIs. For instance, the IDI faces the interpretation dilemma on a daily basis when implementing projects. After extensive debates on this matter, it was decided that the PSC Secretariat will prepare a position paper on this issue for the next PSC-SC meeting.
26. Based on the PSC Terms of Reference, which outlines FIPP's responsibilities and the role of the PSC-SC as its governing body, the PSC Secretariat showed how FIPP was fulfilling the majority of the provisions of the Terms of Reference. It highlighted, however, that two specific points still need to be better addressed:
- FIPP's working procedures are not yet finalised, but should be so in time for their next meeting in August 2018;
  - publication of relevant FIPP's documents and decisions. FIPP is still not able to upload all information to the PSC website.
27. The PSC Secretariat informed the meeting that it is collecting all the relevant information about the different SDP projects and that in the coming weeks a record of the status of each project will be published on the PSC website.
28. With regard to insufficient communication between subcommittees and the FIPP, FIPP clarified that it assigns liaison officers to individual projects, not to INTOSAI bodies that are not directly involved in project coordination. However, all sides agreed that communication between the FIPP and subcommittees must improve and procedures should be adapted.
29. The PAS Chair also expressed concern that the PSC-SC, by its nature and composition, needs to be more effective in fulfilling its role of deciding upon the projects that will be in the next SDP, and should not simply endorse the FIPP's proposal. The PSC Secretariat informed the meeting that the PSC subcommittees will be involved in the process of the next SDP from the beginning, as part of the consultation phase. Next year, after receiving the proposal from FIPP, the PSC-SC will have from June to September to evaluate the proposals and to come to a final list of projects. Therefore, despite some time limitations and despite the PSC-SC only physically meeting once a year, a strong engagement in the process is possible and the PSC-SC will be able to effectively fulfil its responsibility of approving the best possible proposal for the next SDP. The PSC Secretariat also informed

that, although open dialogue and communication is fundamental, in some cases if no agreements can be reached a voting process can be used for taking decisions.

30. The PAS Chair highlighted the relevance of FIPP being as open as possible and improve its communication, to enhance trust and confidence. For instance, PAS is not aware who has expertise in performance audit in the FIPP. The PAS chair also questioned the meaning of one of FIPP's responsibilities established in its ToR of, "defining common INTOSAI positions on standards-related issues". For example, if there is a controversy related to performance audit, who will be the body responsible for resolving it?
31. Khalid Hamid, representative of the INTOSAI Chair and FAAS, highlighted the importance that FIPP becomes more visible for the whole INTOSAI community and that it should participate in INTOSAI main meetings. About communication, he mentioned that this is certainly a problem faced by the whole INTOSAI (how and what to communicate, and to whom). He mentioned that it could be good theme for discussion in one of the breakaway sessions at the Governing Board meeting later this year.
32. SAI France questioned why the FIPP Vice-Chair was chosen amongst its members, while the FIPP Chair is chosen by the Goal Chairs. The PSC Secretariat mentioned that this was the arrangement approved in 2016 by the PSC-SC, led at that time by the previous PSC Chair. He reminded participants that it was only this year that FIPP decided to have a Vice-Chair and that, so far, the Goal Chairs have not considered it necessary to change the procedure for appointing FIPP's Vice-Chair. About this issue, Kristoffer Blegvad, FIPP's current Vice-Chair, said that he considers the current arrangements to be perfectly adequate (FIPP Chair appointed by the Goal Chairs and FIPP's Vice-Chair chosen by its members).
33. Other delegates felt that there was a lack of clarity about the role of parties involved in SDP development and Due Process. The idea of establishing a mechanism for appealing against decisions by FIPP was raised. Participants mentioned that the PSC will need to assess how best to organise feedback on the experience of implementing the ISSAIs and GUIDs.
34. Overall, participants agreed that the establishment of the FIPP and having an SDP is a success and a significant step forward in making INTOSAI's standard setting more effective. The past two years have served as a very useful learning exercise, with lessons to be drawn for the future.

### **Conclusions and next steps**

- FIPP's updated terms of reference were adopted;

- for the next PSC-SC meeting, the PSC chair will prepare a proposal for best addressing questions on the interpretation of the ISSAIs;
- FIPP should enhance transparency by publishing relevant documents and decisions concerning its work, and the professional qualifications of its members;
- FIPP should finalise its working procedures;
- communication among parties involved in SDP development and Due Process should be enhanced and made more fluid.

### **Session 5 - INTOSAI standard setting strategy – a vision for the IFPP**

35. This session discussed possible elements to start forming a strategy for the INTOSAI Framework of Professional Pronouncements (IFPP). Participants were asked to consider a long-term vision for the framework, and to propose criteria for new documents entering the IFPP. This should guide overall efforts and the level of ambition for INTOSAI standards and standard setting processes (therefore clarifying the intended purpose of INTOSAI standards), define a measure for success, enhance communication with the INTOSAI community and stakeholders, thereby raising awareness of the IFPP (which remains largely unknown to many INTOSAI's stakeholders and external users).
36. Paula Hebling introduced the concept note (previously distributed to participants), showing the list of purposes, and goals of INTOSAI standards included in the current INTOSAI Strategic Plan, the SDP and other INTOSAI documents. For this session, the list was used as the basis for defining a vision for the IFPP. Participants were divided into groups and invited to reflect if the list completely and appropriately reflect the purposes and goals of INTOSAI standards or if something could be added or expressed differently? In addition, since the process to develop the new SDP is underway, it is important to define the criteria to be used to include individual projects in the SDP. An initial list was proposed in the concept paper and participants in their groups were asked to discuss the list and add/change the list as appropriate.
37. Regarding the vision, groups focused on standards as a means of providing good quality audits, inspiring confidence and trust, and enhancing the value of SAI and government accountability. An issue was raised regarding the scope of INTOSAI standards, questioning if INTOSAI was looking to create a body of standards for government auditors or should INTOSAI take the standards that are already put in place by credible standard setters and add a government perspective to them.
38. With respect to the criteria, the original list provided in the concept note was welcomed by the groups. Groups tried to better define the elements on the list and add new ones. There was general consensus that the framework should be looked at as a whole to see

if there are any perceived gaps and that new pronouncements should be compatible with current ones. All agreed that it is important that new standards are based on needs. However, there was no agreement on how exactly to assess those needs. There was a view that new pronouncements should be robust to changing circumstances, thereby allowing pronouncements to stay relevant for longer. Pronouncements should also be realistic allowing any competent auditor to follow or implement them.

39. One of the groups focused more on the perception that INTOSAI standards are not widely recognized in the community or by stakeholders and that INTOSAI should increase its advocacy activities and engage more with stakeholders. Rather than refining what we already have, INTOSAI should work to create a need for the current framework.

### Conclusions and next steps

- The PSC secretariat will consider all inputs received during the session to build a vision for the IFPP and will define criteria for selecting projects for the next SDP. The outcome will be communicated in “gathering inputs” phase for the next SDP.

### Session 6 - Miscellaneous

40. Alan Findlay, representing PSC secretariat, reminded the participants that following last year’s meeting the advisory function was split in two groups: the advisory partners and the consultative bodies. The consultative bodies will consist of all new stakeholders in INTOSAI/PSC, and they will be consulted as part of a virtual community. They will not need to attend our meetings in person.
41. The current advisory partners: World Bank, IFAC and IIA, will continue to be our associates. The Memoranda of Understanding (MoU) with the IFAC and the IIA are under revision. The proposed new MoU with IFAC will be a simplified version of the previous MoU, and it brings together three partners: the PSC (and other INTOSAI bodies, such as the CBC and the KSC); the IFAC standard-setting bodies; and the IFAC Chief executive officer. It is a high-level MoU promoting collaboration, exchange of knowledge and mutual promotion of standards. It was drafted at a high level in order to be workable. Feedback is currently awaited from James Gunn for the draft MoU to be accepted by IFAC. The MoU with the IIA is simpler and involves two parties. Gerald Cox, representing the IIA, confirmed that IIA is content with the proposed MoU. There is no MoU with the World Bank, and last year it was agreed that there is no need for one.
42. The PSC secretariat consulted the Goal Chairs on suggestions on which bodies they would find helpful to include in their work. Invitation letters were sent to the suggested bodies and positive replies were received from GIFT, GIZ, OECD, CIPFA and ICGFM. Replies from several organisations are still pending.
43. Alan Findlay informed the participants that PSC has at its disposal €30 392. An amount of €9 694 is voluntary contribution from the SAI of Norway and the SAI of Saudi Arabia, which are earmarked for the development and maintenance of the ISSAIs. The other two amounts (€17 715 and €2 983) are the first and second half year contribution from INTOSAI based on membership contributions, and have been equally allocated between the four strategic goals and Goal Chairs. PSC has spent no money during the year.
44. PSC asked its partners on any ideas on spending its budget. The four following ideas were mentioned:
  - common platform for cooperation between the PSC, the subcommittees and FIPP;

- tools on enhanced transparency;
- improve the PSC image and communication;
- quality translations of pronouncements.

45. The first two items can be grouped together and relate to the online tool: Teamwork. ECA manages this application and currently pays for the subscription. If there is need to increase users and capacity, there would be a small addition to the cost and a proposal to endorse the expenditure would be put forward to the SC for consideration. Regarding communication, there is a small fee for the licence of the tool for the creation of the videos. The quality of translations is a bigger topic and it needs to be considered separately. The PSC secretariat cannot reliably identify or quantify current translation needs. However, when the final number and cost are available, the PSC secretariat will ask the PSC-SC for its written approval. The debate on the funding of translations, nevertheless, needs to be placed in the perspective of the wider general debate about the utility and need for translations of pronouncements.
46. Rémi Frentz (SAI France) and Colette Drinan (SAI Ireland) raised their concern about the lack of feedback regarding the dissemination and implementation of ISSAIs, how the SAI community is using them, and what do they expect from them. Rémi Frentz suggested that part of PSC and subcommittees work could be devoted to such a follow up, instead of focusing all energy only on new pronouncements. It was proposed that some funds could be put into a survey on this matter, the results of which could be useful for the next SDP.
47. Khalid Hamid reminded the participants that the Global Stocktaking report from IDI has already done the survey on the status of ISSAIs. This was confirmed by Karma Tenzin, representing IDI. Karma mentioned that the Global Stock taking report contains a section on ISSAI implementation. The questions related to ISSAI implementation are answered based on aggregated SAI PMF assessment. Karma also mentioned the need to further discuss how to better provide feedback into the standard setting process.
48. PAS (Hege Larsen) raised the issue of technical problems on the ISSAI webpage, and the need to resolve them as a priority.
49. Rémi Frentz (SAI France) suggested that the leading SAI of the working group responsible for the development of a pronouncement could be responsible for following up on the use of the document. Alan pointed out that this is not possible when the group is disbanded after the pronouncement is approved, as sometimes happens.

50. Jan Van Schalkwyk (CBC) mentioned the large amount of surveys and data that is already available in the INTOSAI community and that before we consider creating yet a new survey, there needs to be a better understanding of what is already available. He also mentioned the Regional Coordination Platform that could be used to engage with regions and find out what information they already have.
51. Jennifer Thomson (World Bank) suggested, as a complement to the surveys, to make better use of the knowledge that development partners already have. The implementation of ISSAIs influences development partners' policies and the way they approach the assurance function in relation to the funding they make available. She mentioned it would be ideal to consider a partnership to include the World Bank, the PSC and the IDI in this regard.
52. Jan Van Schalkwyk (CBC) raised the issue that the list of consultative bodies focus mostly on organisations from developed countries, and that the PSC might also benefit from other perspectives. Even though all Goal Chairs were asked for suggestions for organisations to be included, is indeed a lack of organisations from developing countries. Alan pointed out that this list is not static and that anyone can make further suggestions to be taken into consideration by the PSC.
53. Rafael Torres informed the participants on the status of the task on the relabelling and renumbering of the pronouncements. The FIPP provided in December 2017 the complete list of pronouncements concerned, and the PSC secretariat has already started the work. There are a few difficulties, for example: the five languages, cross-referencing, accessibility to the original word document of the pronouncement, the numbering of documents that are undergoing changes in the current SDP and an inconsistency in format. There will be a standardisation of the format of documents and at the same time, there will be a change of the layout of the pronouncements, an example of which was shown to the meeting.
54. Kristoffer Blegvad pointed out that FIPP would need to review the track versions of the new relabelling pronouncements, as established by Due Process for editorial changes.
55. The PSC secretariat announced that the next PSC steering committee meeting will be hosted by the SAI of Poland and take place on 5-6 June 2019 in Warsaw.

### **Conclusions and next steps**

- The PSC secretariat will make the necessary calculations and put forward a proposal to the PSC SC for allocation and use of the budget;
- Relabelling and renumbering of pronouncements is still in process.





## Session 7 - Structure and functioning of INTOSAI standard setting - Principles

56. Geoffrey Simpson, representing the PSC secretariat, gave an overview of the principles proposed in the “Standard setting in the 21st century” paper: legitimacy, independence, transparency, accountability, adequacy of Due Process and balanced membership.
57. Paula Hebling gave a brief summary of the feedback from the session about standard-setting at the last meeting of the Governing Board. One of the conclusions was that while the pronouncements INTOSAI produces are relevant, their implementation continues to be low. The Governing Board made some concrete suggestions on what the committees could do to provide better support, e.g. improve translations, use IT tools and raise awareness within SAIs. The Governing Board also commented extensively on FIPP, noting that it needs to be properly sourced in order to work effectively. There was a strong support for establishing a TSF, although some Governing Board members raised concerns about the requirements for financial or human resources.
58. The IIA and the World Bank expressed their support for the concept note on standard setting. Concerns however were raised about the number of different bodies involved and the lack of accountability. It is not clear who is in charge and who is responsible for taking certain decisions.
59. Jan Roar Beckstrøm stressed that INTOSAI should always try to learn from the experience from other standard-setters such as the IIA, IFAC and others.
60. Khalid Hamid raised the question about the suitability of maintaining the same structures we have now to develop pronouncements or if INTOSAI should have a more fluid way of working, where experts could be called to contribute on a project basis through ad hoc teams.
61. Stuart Barr recalled that INTOSAI has a pronouncement (INTOSAI GOV 9200) on “The Importance of an Independent Standard-setting process” that comprises five elements. INTOSAI should look and reflect on how far these elements apply to its own standard-setting process.
62. Nand Kishore mentioned that there should be two principles to achieve: a) legitimacy through independence, transparency and membership and b) usefulness through quality, innovation and timeliness.
63. Concerns were raised about FIPP’s workload, which occasionally causes bottlenecks and delays. The reasons behind this seems to be a high volume of documents, a complicated

structure and unclear processes, as well as FIPP being a new body which is still experiencing the new Due Process for the first time. In this context, FIPP reminded delegates that one of its roles was to act as a gateway to ensure the quality of the pronouncements. This takes time.

### **Technical Support Function (TSF)**

64. Victor Hart, moderated the session and gave an overview of the TSF, the reason it is needed and its possible future role. Rafael Torres presented the proposal in detail, and informed the participants that initially it would be an arrangement for five years on a trial basis. Three criteria were taken into account for its design: the function should be simple, easy to set up and close at the end of the exercise; sustainable; and scalable. The function should consist of minimum three to maximum five people. They should work physically together; therefore, there is a need of a host SAI or organisation. It is believed that secondment would be the most appropriate model and that the staff chosen should have appropriate technical and language skills. The host SAI and the organisations which second staff will share the cost and funding. Additional support may possibly come from INTOSAI or individual SAIs. The list of activities were presented in detail in the project proposal. The PSC secretariat asked the SC to approve the proposal, in order to be put forward to the GB for launch in 2019 and to hopefully be operational by 2020. The PSC Chair will be responsible for the preparatory work, in collaboration with the Goal Chairs and the FIPP.
65. Regional bodies, as well as external stakeholders, were supportive of the function and the support that it will eventually provide. However, concerns were raised about resources as well as accountability, management as well as the coordination role of the function. PAS referred to comments that were made on the initial proposal of the function and which remains unresolved. PAS is supportive in principle, but recommends that an expert on performance audit should be included in the TSF (as well as experts in compliance and performance audit). AFROSAI-E proposed that the TSF might be better to have a long-term vision and look at a 10-year perspective. The INTOSAI General-Secretariat raised the question of the amount of funding which would be expected by INTOSAI for the TSF. Knowing a provisional amount would be helpful for the preparation of the budget for 2020-22. The PSC secretariat clarified that the main financial burden for the TSF would fall on the host SAI and as soon as more information is available, it will be communicated to the General-Secretariat and the Goal Chairs.
66. Several participants considered that the governance and management arrangements for the TSF were not clear. It is important that the proposal sets out to whom the TSF staff will report. In that regard, there was an agreement that the direct management of the

TSF shall be with the PSC Chair, and that neither the host SAI nor the parent SAI shall be involved in defining the activities to be performed by the TSF. Rafael asked the participants for any concrete suggestions on clarifying any of the proposed activities.

67. Several participants (CBC, KSC, PAS, FAAS and others) considered that despite good intentions concerning the TSF, the PSC should be prudent in defining the scope of TSF's activities in view of the obvious resource limitations.

68. Several participants highlighted that the profiles of the TSF staff should include good skills in communication, because it would be important that they serve as a kind of a "glue" connecting all parties involved in the development of the pronouncements. Nobuo Azuma (SAI Japan) was concerned about TSF staff's level of expertise in governmental auditing because only three staff are to cover financial auditing, performance auditing and compliance auditing at initial stage. Rafael replied that the staff's level of expertise will be considered together with the activities to be performed by the TSF.

69. Hege Larsen from PAS drew attention to the fact that the commitment of the host SAI seems to be left out from the proposal, and the importance of having the seconded colleagues fully integrated into the host SAI and not report back to their original SAI. Jan Roar asked clarification about what the procedure will be for the proposal to be put forward to the Governing Board, if there will be a written procedure on a updated proposal. The general feeling in the committee was that the documents need to be strengthened before they go out to the INTOSAI community.

### Conclusions and next steps

- The TSF concept proposal was approved. The following changes will be made in the paper, based on inputs from PSC-SC members and observers:
  - The PSC Chair will be responsible for the direct management of the TSF;
  - Although the job descriptions will be defined later, the proposal will mention that strong skills in communication are important;
  - The parent and host SAIs should have no power in defining the activities to be performed by the TSF.
- Additional concrete suggestions about activities to be performed by the TSF are invited, can be forwarded to the PSC Secretariat;
- The PSC Secretariat will revise the proposal to incorporate the aspects mentioned above. The revised proposal will be sent to PSC-SC members and observers.

### Session 8 – Process for developing the next SDP

70. PSC Secretariat (Rafael Torres) mentioned that main purpose of the session was to approve the proposal for the process of developing the next SDP. He explained the two relevant documents on the website – one is the FIPP’s proposal, and the other is the PSC Chair’s proposal in consultation with the other Goal Chairs, where some changes were made in the proposal forwarded by FIPP. He then invited the FIPP representative to explain the main points on the proposal and the reasoning behind it.
71. The FIPP highlighted the great amount of work dedicated to the development of the proposal. It briefly explained the four phases proposed: ‘scanning’, ‘gathering inputs’, ‘development’ and ‘approval’. FIPP suggests that the consultation should be based around the nine focus areas that were identified by FIPP in the scanning exercise. It pointed out that the objective of the focus areas is to structure the consultation rather than to influence its outcome.
72. The FIPP clarified that the overall aim of the SDP process is to arrive at a set of clear, consistent and adequate professional pronouncements. FIPP invited the PSC-SC to:
- endorse the process proposed by FIPP, taking on board the technical amendments proposed by the PSC chair, with which FIPP is comfortable;
  - organise the consultation around the proposed focus areas; and
  - note that the FIPP will vet suggestions to ensure consistency with ISSAI 100 and the overall conception of the IFPP and against the criteria proposed (consistency, clarity and adequacy).
73. FIPP accepts the changes proposed by the PSC Chair relating to the steps of the planning process, as well with the proposal that the next SDP cover a six year period, instead of three.
74. The PSC Secretariat explained the reasoning behind the idea the next SDP covering a six year time period. First, the process of preparing an SDP is very costly. Second, the timeline for developing an individual project is normally longer than 3 years. Therefore, six years seems to be reasonable for the overall plan, with a simpler revision taking place at mid-term. The PSC Secretariat also explained the changes in the proposal that came from FIPP, which were mainly to clarify some of the steps and adjust some deadlines. The FIPP representatives underlined that the time period of an SDP is the period in which projects can be launched following a thorough initial assessment. Projects may be completed after the end of the SDP period. During the first SDP many projects had been launched in a limited time, leading to an excessive workload for FIPP. FIPP hopes that this bunching effect will not occur with the next SDP.

75. The PSC Secretariat highlighted two important points in the process: the vision and criteria are being drafted by the PSC-SC, and that there will be 90 days for consultation, which should be enough to allow for ample participation. There will also be a process to scope in more detail the proposed projects for the next SDP, which will go some way to avoiding the problems faced in the current SDP.
76. Most participants supported the idea of the SDP covering a six-year period, but requested that a mid-term review take place to reflect new developments.
77. FAAS and INTOSAI Chair representative suggested aligning the timespan of the SDP with the next INTOSAI strategic plan, the convenient timing being the SDP mid-term review. Representative of some regions requested that the communication on the consultation should be clear and comprehensive, so as to achieve effective engagement and to avoid raising unrealistic expectations. Some concerns were raised about effectively matching demands and availability of resources.
78. Questions arose around the status of the proposed focus areas and if they should be used in the consultation exercise and the PAS expressed the objections which had previously been documented in writing to the PSC Chair and Vice-Chair. After some discussions, participants agreed that the focus areas should only be indicative and clearly marked as coming from the scanning exercise to avoid any misunderstanding. Some participants considered that the PSC-SC should significantly reduce the number of proposed focus areas (currently nine) or even disregard them. The key argument was that formal focus on specific areas might give the false impression that FIPP/PSC-SC support will intensify production of subject-matter guidance, rather than restrict it. For instance, ARABOSAI and EUROSAI indicated that not all guidance prepared within their respective regions should be included in the IFPP. However, they advocated for high quality and clear pronouncements.
79. The PSC Vice-Chair suggested that there might be benefits in replacing FIPP's original criteria by allowing for a clearer shortlisting process. He suggested that proposals should be relevant, realistic to achieve, and right-sized (i.e. focused content and appropriate format). Criteria for standards could be relevance of subject, principles-based approach (i.e. not instructions), and clear drafting (not open to interpretation). FIPP confirmed its openness to applying these and other criteria. Based on these considerations and on the discussions on session 5, the PSC Secretariat will come up with a list of criteria to be applied to develop the next SDP.
80. Other issues the PSC and FIPP should consider in developing the SDP are:

- need to avoid expectation gaps – limits to the SDP should be clear prior to starting the consultation;
- ensure clarity about the owner of the consultation process and its scope;
- absolute transparency and inclusiveness throughout the process;
- enhance and facilitate the sharing of information, and use a dedicated tool to collect proposals instead of circulating emails.

### **Conclusions and next steps**

- FIPP will revise the “focus areas” list, based on comments received and future comments to be sent until June 15 2018, and the name of the list will change to “results of the scanning exercise”;
- the PSC Chair will develop a document to explain and guide SAIs and stakeholders through the consultation process, including a clarification on which criteria would be used for shortlisting proposals and assessing pronouncements;
- the SDP will cover a period of six years, and include a mid-term review;
- the “results of the scanning exercise” identified by FIPP are indicative only.

### **Session 9 – Closing session**

81. The PSC Chair summed up the conclusions of the meeting.
82. The PSC Vice-Chair, as meeting host, thanked participants for making their active contribution and closed the meeting.