

Reflections on a technical support
function for INTOSAI's standard-
setting activities

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REFLECTIONS ON A TECHNICAL SUPPORT FUNCTION FOR INTOSAI'S STANDARD-SETTING ACTIVITIES

Introduction

1. Strategic objective 1.1 of INTOSAI's strategic plan 2017-2022 seeks to "provide a strong organizational framework to support INTOSAI's standard setting including a permanent standard-setting board (the common forum), a technical support function, and an independent advisory function". As part of this, key strategy #3 to achieve goal 1 and its strategic objectives is to "establish adequate technical supporting functions to ensure efficient operation and high quality in drafting of standards and to promote their wide recognition, acceptance and use".
2. This paper starts the discussion on the possibility of establishing a technical support function to support INTOSAI's standard setting activities. At this early stage, PSC's subcommittees, KSC, CBC and FIPP Chairs are invited to reflect on the potential benefits and risks to such an initiative. Based on these inputs, the PSC Chair and Vice Chair will present the PSC-SC with possible options for a way forward.

What is a technical support function (TSF)?

3. It is common practice for standard-setting boards in the area of accounting and auditing to be supported by full-time TSFs. Members of these secretariats are typically highly qualified and experienced.
4. TSFs have the potential to enhance quality, consistency and efficiency in standard-setting work:
 - i) Enhanced quality – the TSF frees board members from routine administrative tasks, such as setting out comments received in exposure before analysing them, and thus allowing them instead to focus on issues of substance. Furthermore, research conducted by the TSF may help make pronouncements more relevant to users and wider stakeholders.
 - ii) Enhanced consistency – the TSF should have the time and knowledge necessary to ensure both consistency in terminology, drafting style and presentation of each individual pronouncement, along with consistency of content and "doctrine" across the full range of pronouncements.
 - iii) Enhanced efficiency – as the TSF is performing similar operations on multiple occasions, it can build up and learn from experience to put in place efficient working procedures. It does not have to "reinvent the wheel" for each new pronouncement. In addition, the TSF can play a role in communicating the board's corporate view and vision and thus assist the board in establishing its values with both internal and external stakeholders.

5. Working under the direction of the board or of a working group drawn from the board, key activities of the TSF may include:

- i) Carrying out the research work necessary to identify emerging issues that might be treated in the future work of the board and assisting in the board's strategic planning processes;
- ii) Carrying out the research necessary to make the initial assessment of whether a new pronouncement is needed and of its potential scope, including consulting with stakeholders;
- iii) Drafting new or revised pronouncements in accordance with drafting conventions, whilst ensuring consistency and avoiding overlaps with existing pronouncements;
- iv) Preparing and managing the exposure phase;
- v) Analysing the comments received at exposure and preparing a draft position for consideration by the board;
- vi) Drafting the endorsement version of the pronouncement for approval by the board;
- vii) Managing the business of the board (drafting agendas, preparing board decisions, taking minutes, maintaining the corporate memory);
- viii) Managing communications and communication tools, such as websites, newsletters and community fora;
- ix) Preparing interpretations of existing pronouncements and enlarging the corporate memory;
- x) Participating in outreach work within the user and stakeholder communities and providing technical support to board members when representing the board in other fora.

6. A recent FIPP paper (as yet unpublished) looked at the TSFs supporting one national and one international standard-setter. The authors of the present paper have looked at one further national standard-setter. Whilst this is, of course, not a representative sample, it does serve to give an order of magnitude to the level of technical support provided to these three standard-setting boards. In two of the three cases, the TSF consists of six experienced full-time professional staff, including one at a senior level. In the third case, there are eight such staff, including one at a senior level. When their management and organisational structures and infrastructure support are taken into account, these TSFs are each costing in the order of 1,5 to 2,0 million euros per year (1,6 to 2,1 million USD).

7. In each case, the three TSFs support a single board most of whose meetings are held in the location at which the TSF is based. For INTOSAI, standard-setting work is decentralised to the various subcommittees and working

groups and to FIPP, who each typically meet at different locations on each occasion. This would add complexity and, probably, cost to any INTOSAI TSF.

The story within INTOSAI so far

8. The recommendation to establish a TSF to support INTOSAI's standard-setting was put forward in the November 2014 report from the PSC to the GB entitled "*Evaluation and recommendations to improve INTOSAI's standard setting*" (recommendation 5).

9. This recommendation was based on the 10 challenges identified by the evaluation report. One of the challenges mentioned was the need to ensure that as much institutional memory as possible is preserved, available and easily transmitted to new members / SAIs and chairs in order to reduce the adverse impact of rotation to a minimum.

10. Also according to the report, a TSF could:

- Reduce the current dependency of INTOSAI's standard-setting on the various 'secretariats' and other functions that have been established by different SAIs that serve as chair for a limited time (PSC Secretariat, FAS Secretariat, CAS Secretariat and others).
- Allow INTOSAI to continue the current principle of rotating chairmanship and reinforce the basic proposition that all members should be eligible as chairs of any committees or other groups established to organize the voluntary work by members as a result of the strategic plan.
- Provide a 'single contact point' for INTOSAI standards that meet the expectations from members, partners, auditors and users of audit reports to INTOSAI's standard-setting organization.
- Promote the recognition of the ISSAIs and use of INTOSAI GOVs among external stakeholders.
- Support the various bodies and groups involved in the standard-setting with technical assistance and facilitate their coordination and cooperation.
- Ensure that the governance for such supporting functions that are based on common means and represents INTOSAI towards members and external parties is vested in a collective INTOSAI body.
- In the longer term such functions may in addition provide new opportunities for:
 - generating income from publication, copyright and donations or by providing consultancy or other services to INTOSAI members on standard-related matters, e.g. in the field of training and standards implementation
 - carrying out analysis of the various national conditions and practices of public-sector auditing and gather experiences that may help ensure better standards for INTOSAI's members.

11. That report also suggested that the TSF would cost some 770.000 euros per year in full operation but, by providing administrative and secretarial support to the PSC and subcommittee chairs, would allow the chairs in turn to reduce their costs by some 300.000 euros per year.

12. INTOSAI's Finance and Administration Committee (FAC) considered this report at its meeting on 18 September 2014 in Paris. The minutes of that meeting record that *"There was general agreement that obtaining external funding for these needs was neither promising nor desirable, and that the funding should come from INTOSAI. There was also general agreement with the broad objectives of the PSC's proposals, but the committee cautioned against the development of elaborate structures and reorganisation and recommended that the team streamline the proposed organisation and process"*. At its meeting on 6-7 November 2014 in Vienna, the GB *"took note of the fact that the recommendations of the PSC evaluation report needed to be further elaborated by way of specific proposals, which would then have to be examined by the INTOSAI members and the Governing Board"*.

13. The positions of the FAC and the GB are reflected in the 2017-2022 strategic plan which states that *"INTOSAI's ambitions must be consistent with reasonable expectations of available resources and the financial realities of the member SAIs"* and that *"All of INTOSAI's activities depend upon sustainable resource levels. In-kind contributions remain the essential element of INTOSAI's ability to undertake its strategies and achieve results"*¹.

Possible staffing arrangements

14. There are two main issues regarding the staff of the TSF. The first is the contractual basis under which they are employed. The second is their professional profiles.

Contractual basis

15. Without, at this stage, considering the financing, we have identified three possible employment models that a TSF might use. The first is to establish a foundation under the national law of the host country that employs the staff ("foundation" model – similar to IDI). In the second model, the host SAI (or other INTOSAI organisation) employs the staff directly ("direct" model). In the third, a parent SAI seconds the staff member to the TSF and the host organisation pays a top-up expatriation allowance, if necessary ("secondment" model).

Professional profiles

16. Taking account of the range of potential TSF tasks outlined in paragraph 5 and by analogy to the staff of the three boards referred to in paragraph 6 above, the staff of the TSF should have professional profiles and experience of a level commensurate to the work and to building the credibility of the function. Collectively, this should include, inter alia, knowledge of and experience in the three audit streams, a good understanding of the IFPP and of due process and skills in communication and team work. Ideally, the appointed staff would be

¹ Both quotations in this paragraph are taken from the INTOSAI strategic plan, 2017 – 2022, page 37.

professionally qualified and one amongst them would have the additional knowledge and experience necessary to lead the function's day-to-day operations. A next step in this area would be to develop profiles, job descriptions and descriptions of required skill sets to be used in any recruitment process.

Moving forward

17. The evaluation report identified important challenges that have to be addressed in order to continue the development and improvement of the standard-setting process within INTOSAI. Nevertheless, it is clear from the reactions by the INTOSAI leadership in 2014 that further discussion on the establishment of a TSF is needed. To do that, the PSC Chair and Vice Chair would like to invite the PSC subcommittees, the CBC, KSC and FIPP Chairs to reflect on the following questions:

- What challenges have you regularly faced during the process of developing standards for INTOSAI?
- What benefits do you see with the establishment of a TSF?
- How could a TSF support the work you do in professional standard setting?
- What activities could the TSF carry out in order to give significant support to the INTOSAI standard setting, particularly to support your Committee/subcommittee/group?
- Please consider the examples of activities listed in paragraph 5 above. Which of these activities would be of benefit for your Committee/subcommittee/group? Which of these activities are desirable for a technical support function established to support the INTOSAI standard setting, and which are not?
- Please, consider the possible models listed in paragraph 15 above. What are the positive and negative aspects offered by each of these models? Do you envisage any another possible model? If so, please describe its main characteristics.
 - Please include any further considerations you deem relevant.
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18. Based on these inputs and the discussion carried among the INTOSAI standard setting bodies, particularly at the 14th PSC-SC meeting, the PSC Chair and Vice Chair will present a feasibility study on this matter including options for a way forward.
