

PSC Subcommittee on Internal Control Standards – Progress Report
66th INTOSAI Governing Board Meeting, 6-7 November 2014, Vienna
(developed: September 2014)

Members

28 SAIs: Austria, Bahamas, Bangladesh, Belgium, Bolivia, Brazil, Chile, Cook Islands, Costa Rica, Cuba, Egypt, El Salvador, France, Georgia, Hungary, Jamaica, Libya, Lithuania, the Netherlands, Oman, Poland (Chair), Romania, Russian Federation, South Africa, Spain, Tanzania, Ukraine, United States of America + one observer: the Institute of Internal Auditors (The IIA).

Activity in 2012-2014

In 2012, the Subcommittee on Internal Control Standards elaborated and conducted two surveys: (1) on risk management in the public sector, and (2) on reporting on internal control in the public sector. All INTOSAI members were invited to respond to the surveys. Replies were received from 62 and 64 SAIs respectively. On the basis of the results of the surveys, research papers were elaborated in 2013 which indicate that there is a need for revision of the guidelines on risk management (INTOSAI GOV 9130) and on reporting on internal control (INTOSAI GOV 9110). The revisions of these two documents have been included in the Subcommittee's work plan for 2014-2016.

An important aspect of the Subcommittee's activities is giving opinion on the documents developed and/or updated by the Subcommittee's partners and other organisations/institutions involved in the issues of the Subcommittee's interest. To this end, in 2012 the Subcommittee members and the members of the PSC Steering Committee presented comments on the draft changes to the COSO 1992 Internal Control – Integrated Framework. The comments were collected by the Subcommittee Chair, comprised and sent to COSO as an INTOSAI input.

Also in 2012, the Subcommittee Chair contributed to The IIA's survey on internal audit definition, by distributing it among PSC Members, analysing and comprising the replies, which were later forwarded to The IIA Global (works on the definition have been however suspended by The IIA). While in September 2013, the Subcommittee commented on the consultation draft of the *International Framework: Good Governance in the Public Sector* developed by IFAC and CIPFA that was released in July 2014.

Within cooperation between the Subcommittee and The IIA, the permanent representative of the Subcommittee to the International Internal Audit Standards Board of The IIA (IIASB) contributed, in 2012 and 2013, to the works on the document entitled *Leading Practices. IIA International Standards for the Professional Practices of Internal Auditing and INTOSAI International Standards for Supreme Audit Institutions – A Comparison*.

In spring 2014, the Subcommittee chair was asked by the PSC Chair to present an opinion and suggestions on the future of INTOSAI's standard setting processes. Several Subcommittee members presented their opinions, later comprised into one joint paper, and sent it to the PSC Chair. These opinions contributed a lot to the meeting held in Copenhagen in April 2014, dedicated especially to the standard-setting issue, in which the Subcommittee Chair participated.

The issue of standard-setting within INTOSAI was also one of the main topics discussed at the latest meeting of the PSC Steering Committee in May 2014 in Bahrain. The Subcommittee Chair took part in the meeting and presented the Subcommittee's work plan for 2014-2016.

As for the current activities, the Subcommittee will provide, on behalf of INTOSAI, an input to The IIA's strategic document by responding to the question on the top three obstacles/opportunities and the top three priorities for the internal auditing profession in the next five years. The Subcommittee is also intending to participate in the comment process on the exposure draft of the Proposed Enhancements to The IIA's International Professional Practices Framework (IPPF).

Meeting on 27-28 May 2014

The latest meeting of the Subcommittee took place on 27-28 May 2014 in Vilnius, Lithuania. In the meeting, 26 persons participated from 12 SAIs – members of the Subcommittee on Internal Control Standards, as well as representatives of the Subcommittee's partners: the ministries of finance of Lithuania and Poland, the Organisation for the Economic Cooperation and Development (OECD), the International Federation of Accountants (IFAC) and other subcommittees of the INTOSAI Professional Standards Committee that presented their current activities and future plans. Other topics discussed included good practices in the application of INTOSAI GOVs, and possible ways in which SAIs can influence good governance in the public administration. The meeting also focused on the discussion on the Subcommittee's work plan for the years 2014-2016 and its implementation.

Work plan 2014-2016

The following work plan was presented by the Subcommittee Chair to the Steering Committee of the INTOSAI Professional Standards Committee at its meeting in Bahrain in May 2014, and discussed at the Subcommittee's latest meeting in May 2014:

- 1) Draft revised INTOSAI GOV 9110 on internal control reporting, on the basis of the results of the survey conducted in 2012.
- 2) Draft revised guidelines on risk management (INTOSAI GOV 9130), on the basis of the results of the survey conducted in 2012.

- 3) Examine INTOSAI GOVs 9100, 9120, 9140 and 9150 and present a proposal on their revision in the following years.
- 4) Actively promote the INTOSAI GOVs on internal control (9100-9150).
- 5) Further develop the Subcommittee e-platform.

Work plan implementation

At the latest Subcommittee meeting and in the correspondence that followed, the tasks related to the work plan implementation were divided among individual members, and framework deadlines for subsequent stages of the planned reviews and revisions were set.

For the implementation of task 1 of the work plan – revision of INTOSAI GOV 9110 on reporting on internal control – a team volunteered composed of the SAIs of Poland (team leader), South Africa, the Russian Federation, and Lithuania from 2015 onwards.

For the implementation of task 2 of the work plan – revision of INTOSAI GOV 9130 on risk management – a team volunteered composed of the SAIs of Romania (team leader), Austria, France and Poland.

Project proposals for the revision of both INTOSAI GOV 9110 and 9130 are being developed, to be submitted to the PSC Steering Committee for approval.

It is expected that the drafts of the two documents will be ready by autumn 2015, when the next Subcommittee meeting is planned to take place.

As for the intended reviews of other INTOSAI GOVs of the 9100-series, the following teams have been constituted:

- Review Team for INTOSAI GOV 9100: Lithuania, Poland, Russian Federation;
- Review Team for INTOSAI GOV 9120: Lithuania, Poland;
- Review Team for INTOSAI GOV 9140: Belgium, the Netherlands;
- Review Team for INTOSAI GOV 9150: Belgium, the Netherlands.

It is expected that at the Subcommittee meeting planned for autumn 2015 a discussion will be held on the suggested ways of conducting an initial assessment on the potential revision of these four documents, scheduled for 2015-2016 (by the Subcommittee meeting in 2016).