

Governance of the Forum for INTOSAI Professional Pronouncements (FIPP)

The Forum for INTOSAI Professional Pronouncements (FIPP) was assembled in its preliminary form during 2015. In the interim period 2015-2016 the forum has been driven jointly by the goal chairs.

By INCOSAI 2016 in Abu Dhabi this interim period will come to an end. The permanent status and functions of FIPP are defined by the following documents which will be presented for endorsement:

- The revised statutes of INTOSAI which has been elaborated under the leadership of the Chair of INTOSAI (SAI of China).
- The INTOSAI Strategic plan 2017-2022, where FIPP is placed under goal 1.
- The revised *Due process for INTOSAI's framework of professional pronouncements*
- The terms of reference of FIPP, which provide for the goal chair's joint responsibility for FIPP

The revised due process reflects the important continued involvement of all working groups under goal 1 (standard-setting), 2 (capacity building) and 3 (knowledge sharing) and defines the general roles and responsibilities for the development of the International Standards of Supreme Audit Institutions (ISSAIs) and other professional pronouncements on www.issai.org.

The due process provides that the PSC Steering Committee will be the governance body of FIPP and shall include the chairs of the Capacity Building Committee (CBC) and Knowledge Sharing Committee (KSC).

After INCOSAI 2016 it will be for the new chairmanship for goal 1 to take any initiatives needed to strengthen and develop the PSC Steering committee and ensure it works as an effective governance body for FIPP. The PSC's terms of reference will define the relevant mechanisms of governance.

This paper has been prepared by the chair of goal 1 (SAI of Denmark) as part of the collaboration with the chairs of goal 2 and 3 (SAIs of South Africa and India) and the incoming chair and vice-chair for goal 1 (the SAI of Brazil and the European Court of Auditors).

The purpose of this paper is to provide an overview of the goal chairs considerations and explain how the governance of FIPP will work in practice. The paper describes:

1. The executive function of the goal chairs
2. The governance of FIPP by the steering committee
3. The strategic responsibility for FIPP under goal 1
4. The steering committee's role in relation to other INTOSAI bodies

1. The executive function of the goal chairs

The collaboration between the goal chairs ensures that INTOSAI activities of standard-setting, capacity development and knowledge-sharing support each other in the overall INTOSAI 'value circle' described by INTOSAI's Strategic Plan. The success of FIPP depends on the continued support and involvement of the different working groups under goal 1, 2 and 3, which develop content for the framework of pronouncements. This includes permanent subcommittees of the PSC and INTOSAI's Capacity Building Committee (CBC) and Knowledge Sharing Committee (KSC) as well as any cross-cutting working groups established for purpose of specific drafting tasks.

The chairmanship for goal 1 will be the leading part in the collaboration on any matters relating to FIPP. The chair and vice-chair for goal 1 will continuously take initiatives as needed to ensure the operation of FIPP and the overall effectiveness of INTOSAI's standard-setting efforts.

The role of the goal chairs will include responsibility for coordination, organisation and timeliness of individual projects to develop standards and other pronouncements. Each goal chair will ensure the alignment with INTOSAI's strategic goals and application of the revised due process – including the approval by FIPP – of all projects referred to their respective committee and will present the resulting standards and other pronouncements to the INTOSAI Governing Board for endorsement. INTOSAI's Goal 1 on standard-setting will in practice require a continuous and close practical collaboration between the secretariats of the three goal chairs as well as individual working groups and FIPP. In the future some of these needs may be better addressed if a common supporting function is established within INTOSAI in order to provide for technical support for FIPP.

The goal chairs will also have an important executive function in relation to FIPP. They will be responsible for handling any personnel matters. The goal chairs and vice-chairs of goal 1, 2 and 3 will jointly organize the open calls for nomination and handle the process of selection and appointment of members. The goal chairs will also select the chair of FIPP and the goal chairs and the chair of FIPP may consult on any aspects of the operation of FIPP. The appointments made by the goal chairs will be presented to the INTOSAI Governing Board for final endorsement.

It will be for the goal chairs to ensure an effective division of tasks between the three steering committees for goal 1, 2 and 3 in order to minimise overlaps between their agendas. General matters relating to FIPP and the overall framework of pronouncements will be considered by the steering committee for goal 1. Within the steering committee for goal 1 the representatives of the chairs of goal 2 and 3 will play a central role in ensuring that due considerations are taken to goal 2 and 3 in any decisions taken. The due process specifies the key decisions that will require the consent of the chairs of goal 2 and 3. The chairs of goal 2 and 3 will need to be consulted as relevant prior to and in between the steering committee meetings on any matters that may have implications for goal 2 and 3.

More generally, the goal chairs collaboration will serve to ensure coordination as needed between the activities under goal 1, 2 and 3 – for example between standards development and related efforts to support standards implementation. The subcommittees for financial, performance and compliance auditing play a special role in in such efforts by providing the technical expertise in the three main types of audits defined by INTOSAI. The goal chairs may therefore need to draw on these subcommittee chairs as relevant in order to coordinate the development and implementation of the ISSAIs.

2. The governance of FIPP by the steering committee

A visible and effective governance body for FIPP will be important for INTOSAI's effort to achieve a wider recognition as the international standard-setter for public-sector auditing.

The governance body will serve to assure INTOSAI's members that FIPP works in the public interest on behalf of the full INTOSAI membership and does not become too self-sufficiently independent or technocratic. The importance of governance has also been highlighted in the interactions with external stakeholders and through the PSC's evaluation of INTOSAI's standard-setting in 2014. INTOSAI's members and stakeholders will to some extent compare the governance of FIPP with the governance structures established by other standard-setters. INTOSAI will therefore need to clearly convey that the Steering Committee for goal 1 is the governance body for FIPP.

From INCOSAI 2016 the governance functions of the steering committee for goal 1 will include:

1. Approval of the *Strategic Development Plan (SDP) for INTOSAI's framework of professional pronouncements*, which is introduced by the revised due process. This will be a general strategy and working plan for the development of the framework towards a clear, consistent and adequate set of professional pronouncements. It will therefore provide for:
 - The priorities of INTOSAI's standard-setting work
 - A full record of any initiatives to develop, revise or withdraw professional pronouncements for www.issai.org

- Any changes in the classification principles which defines the overall INTOSAI Framework of Professional Pronouncements on www.issai.org.
2. Any issues in relation to the application and the procedures of the due process for INTOSAI's professional pronouncements
 3. The establishment of any supplementary procedures needed to make the due process work well in practice
 4. The budget for INTOSAI standard-setting activities (INTOSAI funds or voluntary contributions) as provided for by the principles for financial contributions to INTOSAI standard-setting as approved by the INTOSAI Governing Board in 2014 and annexed to the PSC's terms of reference.
 5. Any technical supporting functions for FIPP or the wider INTOSAI standard-setting activities as foreseen by the INTOSAI Strategic Plan 2017-2022
 6. INTOSAI's collaboration with other international standard-setters. This function is exercised in collaboration with the chair of goal 2, when it relates to standards or guidance on competencies, education or training.
 7. The wider efforts of raising awareness on FIPP and promoting the ISSAIs
 8. Approval of changes in FIPP's terms of reference before they are presented to the Governing Board for endorsement. This will follow the procedure applicable to the terms of reference of committees and subcommittees established by the INTOSAI Handbook.

The steering committee members will also have an important informal role in supporting FIPP by:

- Providing input and guidance to the work of FIPP
- Raising awareness on FIPP in the INTOSAI community and among external stakeholders
- Encouraging the relevant candidates for FIPP to come forward through the nomination process organized by the goal chairs
- Safeguarding the role of FIPP and the overall interest of INTOSAI in effective standard-setting

The individual steering committee members will in these regards provide an important linkage to INTOSAI's regions, the PSC's subcommittees, the CBC and the KSC as well as other INTOSAI fora.

The chair of FIPP has been included as observer in the Steering Committee for goal 1 in order to provide for an appropriate link between FIPP and its governance body. The chair of FIPP - or a substitute if needed - participates in Steering Committee meetings in order to obtain the views of the committee members on the work of FIPP and invite the committee to take decisions and provide directions as relevant.

In addition, the chair of goal 1 (SAI of Brasilia) will assign a staff member to participate as a permanent observer in FIPP in order to provide for the liaison to the Steering Committee as well as the group of goal chairs. This arrangement will also serve to ensure that the chair of goal 1 has accurate knowledge of the deliberations and decisions by FIPP in connection with approvals of individual pronouncements in the pipe-line. This will be important because the chair of goal 1 is responsible for ensuring reliable communications through the issai-website in line with the due process.

The organisation of the PSC and its subcommittees under goal 1 and the role of the Steering Committee is defined by the PSC's terms of reference. The establishment of FIPP under goal 1 will therefore need to be reflected in the PSC's terms of reference. It is foreseen in the revised due process that this will include provisions on the governance of FIPP by the Steering Committee.

The due process also provides that there should be mechanisms to ensure involvement of INTOSAI's partners and users of SAI audit reports. Under the current terms of references of the PSC, the World Bank, the Institute of Internal Auditors (IIA) and the International Federation of Accountants (IFAC) have status as observers in the PSC Steering Committee. In the future, these key partners may instead be included in a broader advisory group to the Steering Committee, which will also include other relevant stakeholders in INTOSAI's standard-setting work.

3. The strategic responsibility for FIPP under goal 1

In addition to the immediate responsibility for governance, it will be for the Steering Committee to drive the long-term development of FIPP and the governance of FIPP towards 2022. The development of FIPP will part of the Steering Committee's wider responsibility for goal 1, which will also include efforts to encourage implementation of the resulting ISSAIs and other pronouncements. The strategic plan provides for the following key strategies for 2017-2022 under goal 1 (as worded in the draft for comments by INTOSAI members distributed on 22 April 2016).

With regard to the functioning of FIPP:

- *Develop and maintain a common forum that encompasses INTOSAI's expertise in standards-setting, function as a standard-setting board for INTOSAI's framework of Professional Standards and represent the broad views of INTOSAI's members on standards-setting issues.*
- *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.*

With regard to the governance of FIPP:

- *Strengthen the standards-setting governance structure to enhance the trust of INTOSAI members, Donors, and other stakeholders in INTOSAI's standards-setting function and ensure sufficient coordination between the development of new guidance and any related INTOSAI initiatives to support ISSAI implementation and sound professional practices.*
- *Establish and maintain an advisory group, including the current observers in the PSC as well as representatives of users, international audit organizations, and other relevant parties.*
- *Monitor INTOSAI's standards-setting activities to ensure that the overall due process for professional standards is followed and facilitate further development and improvement if necessary.*

With regard to implementation of ISSAIs and other pronouncements:

- *Further develop the ISSAI website to ensure continued steady growth in the number of visitors and that it is as accurate and useful as possible.*
- *Implement a monitoring system to obtain feedback from SAIs on their implementation of the ISSAIs and their practical experience using the ISSAIs in audits or as a basis for national standards and to feed this information back into the standards-setting process.*
- *Collaborate closely to develop a competency framework and certification program established under Goal 2.*
- *Collaborate closely on initiatives taken under Goal 3 to promote knowledge sharing and develop expertise that can be leveraged in the development of INTOSAI's Professional Standards.*
- *Collaborate closely with IDI, other INTOSAI bodies, other international standards setters and partners who share the overall goal of promoting strong, independent, and multidisciplinary SAIs and encourage good governance.*

4. Relations to other INTOSAI bodies

An important emerging result of the process of strategic planning for 2017-2022 is the increased representation of goal 1 as well as goal 2 and 3 in INTOSAI's decision-making bodies. In addition to the new function as governance body for FIPP the steering committee for goal 1 will therefore also have an increasingly important role in clarifying and preparing matters that need to be decided on and endorsed by other INTOSAI bodies.

The chairmanship for goal 1 will be responsible for the objectives of INTOSAI's strategic plan towards the INTOSAI Governing Board and INCOSAI. Any proposals by the steering committee that need to take effect as official INTOSAI decisions in order to achieve the key strategies of goal 1 will have to be brought forward by the chair to the Governing Board and INCOSAI for endorsement.

The chairmanship will also represent the steering committee for goal 1 in other key INTOSAI bodies including:

- The steering committees for goal 2 and 3 which are responsible for capacity building and knowledge-sharing activities and therefore also for important aspects of the ISSAI implementation
- The Policy, Finance, Administration and Policy Committee, which will among other things be responsible for the overall INTOSAI budget and any future allocations for INTOSAI's strategic goals, including standard-setting
- The Supervisory Committee on Emerging Issues, which will among others be responsible for the establishment of INTOSAI's enterprise risk management

It will be important for the success of goal 1 that the steering committee works as an effective leadership body in this wider INTOSAI context. This will require that the individual steering committee members are able in practice to represent their respective constituencies at the level of the SAI leadership.