August 7, 2014

Ms. Bettina Jakobsen, Chair
INTOSAI Professional Standards Committee
Deputy Auditor General
Rigsrevisionen
PSC Secretariat
St. Kongensgade 45
DK-1264 Kobenhavn K

Dear Ms. Jacobsen:

Thank you for providing us the opportunity to comment on your Evaluation and recommendations to improve INTOSAI’s standard setting draft.” We very much appreciate your comprehensive and thoughtful analysis of this important challenge. It is apparent that tremendous efforts have gone into this evaluation and the development of the report. Your work reflects a genuine appreciation for the importance of the issue and I am sure the entire INTOSAI community respects and welcomes your leadership.

As we have commented in the past, our fundamental goal, which it is clear you share, is to ensure that INTOSAI standard setting is a professional, inclusive and transparent process that consistently produces high quality standards. Standards are the foundation of the SAI’s work, and as such they are integral to all of our efforts to ensure accountability of our governments for the benefit of our citizens. Our standards provide the basis for the structures and procedures we create to perform our missions and accomplish our mandates.

In a similar manner, the standards form the infrastructure for INTOSAI’s work and activities. The performance measurement framework, the training conducted by IDI, and the potential auditor certification process we may develop all flow from our standards and therefore must be considered in any standard setting process. Thus, the importance of INTOSAI standards and the integrity and credibility of the process cannot be overemphasized.

Until the Task Force on Strategic Planning has conducted sufficient analysis to ensure the alignment between the INTOSAI strategic plan and the PSC’s recommendations, we hesitate to give endorsements to specific proposals. Nevertheless, we hope the following feedback and comments will be helpful in developing a final product.
In the past, we have strongly supported the following key elements for a standard setting process:

1) Better coordination between the standard setting function and INTOSAI programs related to the recognition, support and implementation of standards;
2) A common solution for improving controls over all standard setting to ensure the benefits of potential new standards are carefully evaluated before work begins, standards are consistent across the framework, and standards are updated/revised as appropriate;
3) Optimal utilization of other standard setters;
4) Consideration of developing categories of "guidance" that are helpful to members but do not rise to the level of standards;
5) An advisory board that oversees the integrity of the standard setting process;
6) Strengthening the due process for standard setting;
7) Common administrative and secretarial supporting functions; and
8) Developing a long term perspective relative to standard setting.

In reviewing the evaluation's approach and recommendations, we appreciate that our concerns have been considered. While we are not in a position to endorse a specific scenario, in reviewing the various options it appeared to us that there may be some promise in creating a hybrid scenario. For example, a combination of scenario 2 "Strengthening the PSC" and scenario 3 "Building common solutions within INTOSAI" may be feasible. The elements of scenario 3 that include an enhanced INTOSAI Governing Board role and an independent advisory board combined with the stronger PSC of scenario 2 may result in structural change that is more manageable for INTOSAI to incorporate while still significantly enhancing the standard setting process. We offer this as one option for consideration and recognize other suitable options may yet arise. And, as noted above we would like to see the results of the Task Force on Strategic Planning analysis before endorsing a specific proposal or combination thereof.

Regardless of the proposal's structure, we emphasize that in our view a credible standard setting system should include some authoritative entity that can make judgments about standards for INTOSAI and implement those judgments; has a clear demarcation of roles and is applicable to all bodies that generate standards; and considers the implications of standards on other INTOSAI activities.

More generally, in order to enhance the understandability of the extraordinary effort and analysis you have provided and thereby increase the likelihood of more cogent INTOSAI response to the ideas presented here, we offer some operational suggestions. First, it is not entirely clear from the cost analysis whether the funding sources presented for each scenario are tied to only the stated scenario or whether there is an opportunity or possibility that some financing supports under one scenario could be applied to another. Secondly, it is not clear from the presentation the extent to which the conclusions reached and analysis provided reflect the views of the INTOSAI community based on the PSC's survey and other outreach efforts. It may be helpful to more explicitly state the overall conclusions reached from the survey input with specific reference to the data analyzed.
We hope you see the comments offered above as constructive and helpful as the analysis proceeds. I reiterate our sincere appreciation for the commitment of the effort and the quality of the result you have provided. Please feel free to contact me at any time if you would like to discuss any of these comments further.

Sincerely yours,

Gene L. Proctor
Comptroller General
of the United States