Presentation of FIPP’s proposal for revising INTOSAI’s Framework of Professional Standards (The ‘ISSAI Framework’).

The need to find ways to improve and clarify INTOSAI’s Framework of Professional Standards – which includes the ISSAIIs and the INTOSAI GOVs - has been an ongoing discussion at the meetings of the PSC Steering Committee over the past years.

During 2015, the chairs of the PSC, CBC and KSC assembled a common forum of experts to address the issue. The forum has been named Forum for INTOSAI Professional Pronouncements (FIPP). It started its work in December 2015 and is now ready to present the first results.

FIPP has developed the enclosed consultation paper on a revised INTOSAI framework of professional pronouncements. The word ‘pronouncements’ is used to refer to standards (ISSAIIs) as well as any additional principles, guidance or similar texts, that may be included in the framework and serve to support and elaborate on the ISSAIIs.

At the meeting in Copenhagen, the consultation paper will be presented by the chair of the FIPP. All delegates will be invited to provide their comments and reactions.

This agenda item is closely linked to two other items on the agenda:
- Under agenda item 6, the steering committee is invited to consider the status on improving INTOSAI’s standard-setting processes and the steering committee’s role in the governance of the FIPP.
- Under agenda item 7, the steering committee is invited to approve the revised due process that will take effect from INCOSAI 2016 and make it possible to implement changes in the overall framework of standards and other pronouncements.

The revised due process will introduce a strategic development plan for the overall framework of pronouncements. This plan will provide a common basis for the FIPP and all contributing working groups who work to clarify and improve the pronouncements of the framework. The development of the plan will be among the steering committee’s future responsibilities.

The PSC chair has consulted the chairs of the CBC, KSC and FIPP on the process of carrying the FIPP’s proposal forward.

The chairs recommend that the steering committee approves that the consultation paper – with the comments provided at the meeting - will serve as the basis for the continued work of the FIPP. The chairs also suggest that the following directions are agreed by the steering committee in order to define the next steps:

1. Decision on the outline of the new framework by 2016
   Section 3 of the paper outlines the new framework which will include the following categories of pronouncements: INTOSAI Principles (INTOSAI-P), Auditing Standards (ISSAI-A), Auditing Guidance (GUID), Competency Standards (ISSAI-C) and possibly also competency and other guidance. The existing ISSAIIs at level 1, 2, 3 and 4 as well as the IN-
TOSAI GOVs are to be transferred into this new framework and aligned to the common formats that will be defined for each category of pronouncements.

**Directions on next steps:** In collaboration with the PSC chair, FIPP will invite comments by INTOSAI members and stakeholders on the outline of the new framework. The steering committee – including the chairs of the CBC and KSC - will approve the final proposal through a written procedure prior to the Governing Board meeting so a principal decision on the outline of the new framework can be presented for endorsement in connection with INCOSAI in 2016.

**2. Implementing the changes by 2019**

The proposal to change the framework implies that all existing documents need to be reclassified and revised as necessary. Section 4 and annex 2 of the paper describe FIPP’s initial steps to develop the classification principles and drafting conventions for pronouncements in the new framework. Section 5 and annex 3 provide a preliminary assessment as to how existing ISSAIIs and INTOSAI GOVs can be aligned to the principles and conventions of the new framework. The implementation of any changes in the overall framework will require a shared effort between the FIPP and the many different contributing working groups and subcommittees in PSC, CBC and KSC. The strategic development plan envisaged in the revised due process will therefore need to provide for the necessary initiatives to revise existing ISSAIIs and INTOSAI GOVs.

**Directions on next steps:** The FIPP will continue the efforts described in sections 4 and 5 with the aim of developing these sections into a proposal for a strategic development plan for the framework. The plan should include a revised set of classification principles and should as far as possible reflect all individual projects in 2017-2019. The elaboration of the plan should be advanced as far as it is achievable by INCOSAI 2016 in order to provide the best possible starting point for all subcommittees and working groups from 2017. During 2017-2019 the plan may be updated and further elaborated as needed in light of the experience gained and progress achieved. The ambition is that the transition to a new framework is completed and all necessary revisions are carried through by INCOSAI 2019.

**3. Managing the subcommittee’s planning for 2017-2019**

Some subcommittees and other working groups are already well advanced in planning for 2017-2019 and will wish to present on their plans in connection with the upcoming INCOSAI. Working groups that plan to engage in standards-related work will therefore already now need to take account of the proposed new framework.

**Directions on the next steps:** The chairs of the PSC, CBC and KSC will inform their respective subcommittees and working groups and encourage inputs on envisaged projects for the purpose of the strategic development plan for the framework. The PSC steering will consider future projects to develop, revise or withdraw pronouncements in connection with the strategic development plan and will therefore not need to approve work plans of the individual PSC subcommittees. FIPP is encouraged to provide drafting guidelines for each category of pronouncements as early as possible in 2017 and to draw on assistance from subcommittees and working groups in order to review existing documents and assess the need for revisions.
4. Facilitating the transition to a new framework on www.issai.org

It follows from previous INCOSAI decisions that any ISSAI and INTOSAI GOVs endorsed at INCOSAI in 2007, 2010, 2013 or 2016 will remain in force until they have been revised or withdrawn in accordance with the due process. The issai-website provides information on the regular maintenance reviews as well as any ongoing revisions or withdrawal processes (see the column to the right of each document on www.issai.org). In 2016-2019 this information will serve to facilitate the transition to a new system for classifying and numbering the pronouncements.

**Directions on next steps:** www.issai.org will for each ISSAI or INTOSAI GOV provide information on the planned new category (for example INTOSAI-P, ISSAI-A or GUID) and document number. The information is posted when the strategic development plan for the framework of pronouncements has been decided on by the PSC Steering Committee and will remain on the website until the changes to the documents have been implemented as provided for by the due process.

May 2016
Consultation paper from the Forum for INTOSAI Professional Pronouncements (FIPP) on a revised INTOSAI framework of professional pronouncements

1. Purpose of this paper

The INTOSAI Governing Board decided in 2015 to establish a common forum of experts to address standard-setting issues across the full Framework of Professional Standards. The forum has been assembled by the chairs responsible for INTOSAI’s strategic goals on standard-setting, capacity-building and knowledge-sharing through a process of nomination and selection. The forum was selected to represent the broad view of INTOSAI’s members and is a diverse group of a chairperson and 15 members with a high level of expertise in different areas. The common forum was renamed in April 2016 as the Forum for INTOSAI’s Professional Pronouncements (FIPP) as this document was being finalised.

In the period leading up to INCOSAI 2016, our primary task is as set out in box 1:

<table>
<thead>
<tr>
<th>Box 1 – primary task of the common forum in the period leading up to INCOSAI 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>To consider and propose how the ISSAI Framework can be further developed by:</td>
</tr>
<tr>
<td>- providing clearer distinction between auditing standards, other standards (requirements), guidelines, best practice documents, etc. covering both auditing, ethics, independence and capacity development</td>
</tr>
<tr>
<td>- providing clearer directions on the format and quality requirements for each of these different categories of documents as established by the common forum</td>
</tr>
</tbody>
</table>

This may involve development of proposals to replace the ISSAI classification principles defined by INCOSAI in 2007 by more elaborate definitions as well as development of comprehensive technical drafting conventions for all levels of the ISSAI Framework to replace current conventions defined by the PSC.

Source: common forum terms of reference

The INTOSAI framework of professional pronouncements is intended to serve the public interest by providing credible and high-quality standards and guidance that enhance the trust in SAIs and their work to the benefit of citizens.

- it is the purpose of the ISSAIs to promote accountability by enabling users of SAI products to make decisions and exercise better oversight. It is important that these users consider the work of SAIs to be credible, and are able to rely on it;
- the ISSAI framework should become an authoritative framework for public sector auditing that is structured in such a way that SAIs are reasonably capable of properly implementing it or of using it to determine consistency with national auditing standards;
- the ISSAIs need to be clear, conceptually sound and of high technical quality.
We address this paper to the goal chairs. In it we describe the main changes proposed and outline the revised classification principles that should be used. After this we outline the migration process that should be followed and the next steps that should be taken.

2. The present framework

The present framework is formally named the ‘INTOSAI Framework of Professional Standards’ (IFPS). It is often also just referred to as the ‘ISSAI Framework’. The IFPS defines how INTOSAI’s different standards and related guidance documents are organized and presented to users. Until now, it has included two overall categories of documents – the International Standards of Supreme Audit Institutions (ISSAI) and the INTOSAI Guidance for Good Governance (INTOSAI GOV).

The IFPS results from INTOSAI’s first strategic plan 2005-2010. Goal 1 of the plan, under the responsibility of the Professional Standards Committee (PSC), aimed to provide INTOSAI’s members with an up-to-date framework of professional standards. The IFPS was the PSC’s first deliverable and became reality in 2007 when INCOSAI endorsed the document ‘The International Standards of Supreme Audit Institutions (ISSAI) – INTOSAI’s Framework of Professional Standards’.

Since 2007 the IFPS has developed considerably. Taking into account the documents that are likely to be endorsed by INCOSAI 2016, we estimate that the framework will consist of some 93 pronouncements extending over some 3100 pages.

See annex 1 for a fuller description of the present framework.

That the goal chairs have included in the terms of reference for the common forum (see box 1 above) the task of considering and proposing how the ISSAI can be further developed indicates a need for change. Amongst other things, in the light of the endorsement of the Fundamental Principles of Public-Sector Auditing (ISSAI 100), there is the opportunity to review the existing framework on the basis of updated classification criteria to identify those pronouncements that are central to these principles and those that provide discretionary implementation guidance and to identify gaps in the framework (i.e. fundamental principles in ISSAI 100 that are not presently supported by appropriate standards and guidance).

3. The main changes proposed

We are proposing a series of changes that will improve the credibility of INTOSAI’s professional pronouncements, assist in making them an authoritative framework for public sector auditing and enhance their technical quality. These changes recognise the central importance of the fundamental principles of public sector auditing and thus enhance the role and standing of ISSAI 100 within the framework. However, changes in the framework cannot address all the challenges faced by SAIs in implementing the ISSAI 100 and they should be seen in the context of other reforms that are under way to strengthen due process in the setting of INTOSAI pronouncements.

The key changes will revise and clarify the framework along the following lines:
• the revised framework will be called the INTOSAI Framework of Professional Pronouncements (IFPP) to reflect the fact that it includes documents other than ISSAIs (standards);
• the ISSAI brand is retained and ISSAIs are part of the IFPP;
• only documents that set out requirements to support ISSAI 100 and are consistent with ISSAI 100 are named as ISSAIs;
• other documents may be included in the IFPP under other categories or linked to it on the ISSAI web site (www.issai.org) – we propose that two other categories are relevant in the IFPP, the INTOSAI Principles (INTOSAI-P) and the Auditing Guidance (GUID);
• the IFPP reflects the need to reduce the number of ISSAIs that have to be implemented to achieve ISSAI compliance, thereby facilitating easier ISSAI implementation;
• we have also foreseen the need to accommodate the future development of an INTOSAI competency framework for public sector auditing1 as well as other pronouncements that may facilitate better ISSAI implementation.

The revised framework is illustrated in box 2 (next page). There are three large groups of documents within this framework. At the top level are the INTOSAI principles, including the Lima Declaration and the Mexico Declaration on SAI Independence. These appear in green in box 2. Next come the auditing standards - the ISSAIs – and, with them, a new category, the competency standards - the ISSAI-C documents. Appearing in red in box 2, these are the requirements that would have to be fulfilled by an SAI that wishes to claim ISSAI compliance in its audit reports. Finally, there are the guidance documents. Marked in blue in box 2, these documents are non-mandatory and offer the SAI and the auditor assistance in implementing the ISSAIs, insights when planning, executing or reporting on specific subject matters or tools for assessing ISSAI compliance, etc.

---

1 Elements of a competency framework appear in paragraphs 36, 37 and 39 of ISSAI 100 which refer to “professional competence” (§36), to “the application of collective knowledge, skills and experience” (§37) and to auditors possessing or having access to “the necessary skills” and being offered “staff development and training” (§39).
This revised framework addresses a number of the issues identified by the common forum:

- it identifies clearly those pronouncements that have to be complied with by an SAI that wishes to claim ISSAI compliance in its audit reports and limits this to those needed to achieve a framework of credible, high quality ISSAIs;
- it opens up the possibility for INTOSAI to develop pronouncements on competencies as a complement to the work that is being undertaken under the leadership of the CBC on auditor education and certification;
- it makes a clear distinction between the standards (in red, and mandatory for ISSAI compliance) and non-mandatory guidance (in blue);
- under “other guidance”, it opens up space within the framework to include elements that might be useful for SAIs which are on the road towards ISSAI implementation (such as the current ISSAI 5600 on peer reviews);
- by clarifying the overarching role of ISSAI 100 – the fundamental principles of public sector auditing (component 4), it is possible to place the subject-specific guidance that currently appears in the 5000 series ISSAIs in their appropriate place as supplementary non-mandatory subject-specific
guidance that SAIs and auditors might find useful when carrying out financial, performance or compliance audits in the areas concerned;

- by splitting audit principles and audit standards for financial, performance and compliance audits (see the blue line in each of the relevant blocks in box 2), the framework acknowledges that, as set out in ISSAI 100, paragraph 8, SAIs may adopt their own standards providing these are consistent with the principles set out in the present ISSAIs 100 to 400;
- finally, this clarification of the overarching role of the fundamental principles opens up the possibility of systematically reviewing existing pronouncements to ensure that they are coherent with these fundamental principles and free of inconsistencies.

4. Classification principles

Classification principles that are clear, logical and can be simply followed help to ensure that the framework of professional pronouncements is time-proofed to provide the necessary quality guarantees into the future. We believe that the classification criteria set out in annex 2 are a first step towards meeting this need and will serve to maintain the logic and clarity of the IFPP which we are seeking to establish.

We clearly understand the significance of the Lima declaration and consider that it should continue to have prominence at the top of the revised INTOSAI Framework of Professional Pronouncements. However, we also discussed whether the United Nations Declarations 66/209 and 69/228 of 22 December 2011 and 19 December 2014 respectively are of such significance that they should also figure at a high level in the IFPP. We decided to refer this question to the goal chairs.

Annex 2 reflects our preliminary conclusions and is intended to illustrate our direction of travel. Based on the table in this annex, we will elaborate a final proposal on classification principles along with a numbering system and drafting conventions. In doing this, we will be particularly concerned to ensure that the fundamental significance of the INTOSAI founding and core principles is not in any way undermined by this proposal to situate them outside the “ISSAI” block in the revised framework.

5. The migration process

If our proposal for revising the framework is taken up, it will be necessary to manage a migration process. The complexity of that process will depend largely on the nature of changes to existing pronouncements in order to accept them into the revised framework. The INTOSAI due process document that should be endorsed by INCOSAI allows for a lighter process when changes are editorial in nature.

---

2 ISSAI 100, §8 (extract):

“The Fundamental Auditing Principles form the core of the General Auditing Guidelines at level 4 of the ISSAI framework. The principles can be used to establish authoritative standards in three ways:

- as a basis on which SAIs can develop standards;
- as a basis for the adoption of consistent national standards;
- as a basis for adoption of the General Auditing Guidelines as standards.”
Our initial analysis of the migration process is set out in detail in annex 3. From this, our initial conclusion is that the changes needed to existing level 1, 2 and 3 documents are likely to be largely editorial in nature.

For the level 4 documents in the 1000, 3000 and 4000 series, changes should again largely be editorial. Our view is that they could be accepted into the revised framework, but reviewed as necessary in time for the 2019 INCOSAI. Similarly, some guidance documents – such as those on IT and environmental audit could migrate into the “GUID” part of the revised framework immediately, subject to their being reviewed under the same conditions.

For the remaining level 4 documents, we consider that a more thorough review and updating process will be necessary, particularly so that they can properly reflect the terminology and principles of ISSAI 100. We consider that they should only enter the revised framework when this process has been completed. It is possible that some of these pronouncements, or parts thereof, will be included as ISSAIs in the revised framework. However, we propose that they should remain outside the “red box” pending the review and updating process.

The INTOSAI Guidance for Good Governance (INTOSAI-GOV) documents serve a variety of purposes and have few common denominators. In some cases, these documents aim to provide guidance to SAIs and their auditors. An assessment needs to be made of each INTOSAI-GOV document to determine whether this is the case and if this guidance should be included in the auditing guidance. Where this is not the case, the document should not be included in the revised framework. However, they are valuable documents and should continue to have the same prominence on the www.issai.org web site as they enjoy at present.

We will carry out a more detailed analysis of the migration process as soon as possible if our proposal to revise the framework is taken up. We consider that the detailed review and updating work should be carried out by the various sub-committees and working groups. In particular, it seems likely that migration will generate a need for close collaboration between the different sub-committees and working groups and, as part of defining a detailed migration plan, we will identify the cross-cutting projects that will be necessary.

6. Next steps

We have established that there is a strong case for revising the framework of INTOSAI standards and for migrating to the IFPP that we set out in section 3, based on classification principles constructed around section 4 and annex 2.

If the goal chairs share our view, we will complete the classification principles along with a numbering system and drafting conventions and draw up a detailed migration plan which identifies the tasks to be undertaken, proposed responsibilities and a timetable.

We invite the goal chairs to give us their feedback on this paper.
The present INTOSAI Framework of Professional Standards

The present framework is formally named the ‘INTOSAI Framework of Professional Standards’ (IFPS). It is often also just referred to as the ‘ISSAI Framework’ (i.e. the framework of International Standards of Supreme Audit Institutions). The IFPS defines how INTOSAI’s different standards and related guidance documents are organized and presented to users.

The IFPS results from INTOSAI’s first strategic plan 2005-2010. Goal 1 of the plan, under the responsibility of the Professional Standards Committee (PSC), aimed to provide INTOSAI’s members with an up-to-date framework of professional standards. The IFPS was the PSC’s first deliverable and became reality in 2007 when INCOSAI endorsed the document ‘The International Standards of Supreme Audit Institutions (ISSAI) – INTOSAI’s Framework of Professional Standards’.

With this decision, all the relevant official INTOSAI documents were merged into the IFPS and presented together as a set of standards on www.issai.org. The outline of the IFPS was based on a review of all existing documents on auditing practices or the closely related matters of independence, internal control and accounting upon which INCOSAI had pronounced its views. An important part of these documents has been developed by INTOSAI working groups outside the PSC and concerned audits of specific subject matters such as environmental issues, public debt or IT. As it stands today, the framework reflects the PSC’s forward planning to provide a comprehensive set of ISSAIs covering financial, performance and compliance auditing as well as other key issues.

The structure of the IFPS was defined by a set of classification principles. These classification principles provide the basis for deciding whether a pronouncement belongs to the IFPS or not, whether it is an ISSAI or INTOSAI GOV, at which of the four levels any ISSAIs belong and how the document is numbered. The basic definitions of the IFPS are:

• the IFPS comprises all documents endorsed by INCOSAI with the purpose of guiding the professional standards used by SAIs. The documents are listed in a systematic number system;

• the name International Standards of Supreme Audit Institutions (ISSAI) is used as the common name for the body of documents concerning the responsibilities of SAIs. Each document gets an ISSAI-number;

• the name INTOSAI Guidance on Good Governance (INTOSAI GOV) is used for documents issued by INTOSAI for guidance to the administrative authorities, e.g. on internal controls and accounting. Such documents get a 4-digit INTOSAI GOV-number;

• the IFPS emphasizes the hierarchical relationship between the documents. The number of digits in the ISSAI-number indicates the document’s level in the hierarchy.
Since 2007 the IFPS has developed considerably. Taking into account the documents that are likely to be endorsed by INCOSAI 2016, we estimate that the framework will consist of some 93 pronouncements extending over some 3100 pages.

As shown in the diagram below, the present INTOSAI Framework of Professional Standards is grouped in four levels and has 13 distinct “clusters” of documents.

The International Standards of Supreme Audit Institutions (ISSAI)

Level 1 - Founding Principles
- ISSAI 1: The Lima Declaration

Level 2 - Prerequisites for the Functioning of SAIs
- ISSAI 10: The Mexico Declaration on SAI Independence
- ISSAI 12: Value and Benefits of SAIs
- ISSAI 20: Principles of Transparency and Accountability
- ISSAI 30: Code of Ethics
- ISSAI 40: Quality Control for SAIs

Level 3 - Fundamental Auditing Principles
- ISSAI 100: Fundamental Principles of Public Sector Auditing
- ISSAI 200: Fundamental Principles of Financial Auditing
- ISSAI 300: Fundamental Principles of Performance Auditing
- ISSAI 400: Fundamental Principles of Compliance Auditing

Level 4 - Auditing Guidelines
- General Auditing Guidelines
  - ISSAI 1000-1099: Financial Audit Guidelines
  - ISSAI 2000-2999: Performance Audit Guidelines
  - ISSAI 4000-4999: Compliance Audit Guidelines

Guidelines on Specific Subjects
- ISSAI 5800-5899: Audits on International Institutes
- ISSAI 5810-5919: Audits on Environmental Audit
- ISSAI 5820-5929: Audits on Privatization
- ISSAI 5830-5939: Audits on IT and E-Government
- ISSAI 5840-5949: Audits on Public Debt
- ISSAI 5850-5959: Audits on Anti-corruption and Integrity
- ISSAI 5860-5969: Peer Reviews
- ISSAI 5870-5979: Audits on Co-operative Audit between SAI

INTOSAI Guidance for Good Governance
- INTOSAI GOV 5100-5199: Internal Control
- INTOSAI GOV 5200-5299: Accounting Standards
- INTOSAI GOV 5300-5399: Audit Arrangements

The four levels

Level 1 - Founding Principles (ISSAI 1-10): This level contains the founding principles of INTOSAI. These are found in the Lima Declaration.

Level 2 - Prerequisites for the Functioning of Supreme Audit Institutions (ISSAI 10-99): Based on the founding principles, the documents on this level develop further on the basic prerequisites of the proper functioning and professional conduct of SAIs. These documents contain general statements and principles on a high level and should not be changed very often.

Level 3 - Fundamental Auditing Principles (ISSAI 100-999): Documents on this level are based on level 1 and 2 and contain the fundamental principles for carrying out audits of public entities. Whereas
institutional issues will be regulated by the documents on level 2, the documents on level 3 concern issues related to the process of carrying through an audit.

**Level 4 - Auditing Guidelines (ISSAI 1000-5999):** Documents on this level translate the fundamental auditing principles into more specific, detailed and operational guidelines that can be used on a daily basis for auditing tasks.

In addition, there is often also a certain hierarchy within each series of documents: Numbers dividable by 1000 (or 100 or 10) are preferably given to documents of a general scope while the subsequent numbers x001-x999 (or xx01-xx99 or xxx1-xxx9) are used for documents on more specific subjects within the same general theme.

**The 13 “clusters” of documents**

The main clusters of documents, as numbered in the diagram above, are described in the following:

A. the Lima Declaration from 1977 – generally regarded to be an important historical document for INTOSAI

B. high level principles on overall institutional issues – provides guidance to SAIs and advocate for their important role and status to the wider public. These include prominent statements on the importance of SAIs applying auditing standards.

C. requirements of SAIs at an organisational level. In ISSAI 100 these are treated as important preconditions for undertaking individual audit engagements.

D. ISSAI 100 - Fundamental Principles of Public-Sector Auditing from 2013. Represent the officially endorsed consensus within INTOSAI on the key principles and concepts that should underpin the full set of ISSAIs in the future. It also provides a common INTOSAI platform and point of reference for SAIs that prefer to use national standards rather than the ISSAIs.

E, F and G. – Fundamental Principles for the three main types of public-sector auditing as defined by ISSAI 100. Supplements ISSAI 100 and provides a more elaborate common basis for ISSAIs as well as national standards on financial, performance and compliance auditing.

H. Financial Auditing Guidelines. As a result of Governing Board’s decisions in 2002-2004 and a massive investment by interested SAIs as well as external donors these ISSAIs consist of the ISA’s issued by IAASB (IFAC) supplemented by practice notes developed by INTOSAI.

I, J. the general performance and compliance audit guidelines. These will be replaced by a new set of standards for performance as well as compliance auditing by 2016.

K. guidelines on specific subject matters. In general these describe a subject matter which SAIs may have to audit. Often the audit will be a performance or compliance audit (often both types combined) but some guidelines also concern aspects of financial auditing. In general the terminology established by ISSAI 100 is still to be implemented in these guidelines so they do not necessarily refer to these three audit types. Some guidelines include descriptions of a general subject that might be of interest to government authorities or other parties as well as auditors.
L. two guidelines in the 5000-series stand out as they concern issues of collaboration and capacity development of SAIs rather that audits of specific subject matters. These have been developed by the Capacity Building Committee.

M. INTOSAI GOVs includes an increasingly diverse collection of documents. This includes products by the Internal Control Sub-Committee of the PSC as well as documents produced by working groups in KSC who are responsible for guidance to auditors in the 5000-series on a specific matter and also have important messages to convey to government authorities on the subject.
ANNEX 2 - CLASSIFICATION CRITERIA FOR THE INTOSAI FRAMEWORK OF PROFESSIONAL PRONOUNCEMENTS

INTOSAI Principles (INTOSAI-P)
1. INTOSAI founding principles
2. INTOSAI core principles

Auditing Standards (ISSAI-A)
3. SAI organisational requirements - SAI level
4. Fundamental principles of public sector auditing - Engagement level
5. Financial audit principles
6. Financial audit standards
7. Performance audit principles
8. Performance audit standards
9. Compliance audit principles
10. Compliance audit standards
11. Other engagements (Reserved for future development based on ISSAI 100)

Financial audit:
- Financial audit principles
- Financial audit standards

Performance audit:
- Performance audit principles
- Performance audit standards

Compliance audit:
- Compliance audit principles
- Compliance audit standards

Other engagements:
- Other engagements

Auditing Guidance (GUID)
12. Supplementary financial audit guidance
13. Supplementary performance audit guidance
14. Supplementary compliance audit guidance
15. Subject matter specific guidance
   (Guidance on how the ISSAs can be applied to specific subject matters such as environment, privatisation, public debt, disaster-related aid, corruption prevention, internet control, etc.)

16. Supplementary guidance on other engagements

Competency Standards (RSAS-C)
(Reserved for future development)
(Possibly) competency principles
... and competency standards

International Standards of Supreme Audit Institutions

Competency Guidance
15. Supplementary competency guidance

INTOSAI Guidance
17. Other guidance

Other guidance
### Compliance Audit Principles

These define the elements and principles of compliance auditing, with reference to the fundamental principles of public sector auditing (see 4 above). An SAI can claim ISSAI compliance in their compliance audit reports if it develops its own or adopts national standards which conform to these principles.

### ISSAI 400 - Financial Audit Standards

Standards on financial auditing, in conformity with the financial audit principles (see 4 above). An SAI can claim ISSAI compliance in their financial audit reports if it develops its own or adopts national standards which conform to these principles.

### ISSAI 200 - Performance Audit Principles

These define the elements and principles of performance auditing, with reference to the fundamental principles of public sector auditing (see 4 above). An SAI can claim ISSAI compliance in their performance audit reports if it develops its own or adopts national standards which conform to these principles.

### ISSAI 300 - Performance Audit Standards

Standards on performance auditing, in conformity with the performance audit principles (see 6 above).

# Table: INTOSAI Principles (INTOSAI-P)

<table>
<thead>
<tr>
<th>CATEGORY NUMBER</th>
<th>CATEGORY</th>
<th>CLASSIFICATION CRITERIA</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INTOSAI Founding Principles</td>
<td>Founding principles specifying the role and functions of an effective SAI. These principles may be informative to Governments and Parliaments, as well as SAIs and the wider public and maybe used as reference in establishing national mandates for SAIs.</td>
<td>ISSAI 1 – Lima Declaration</td>
</tr>
</tbody>
</table>
| 2               | INTOSAI Core Principles     | Core principles that operationalize the founding principles for an SAI, clarifying the SAI’s role in society as well as high level prerequisites for the proper functioning and professional conduct of an SAI. | ISSAI 10 – Mexico Declaration on SAI Independence  
ISSAI 12 – Value and Benefits                                   |

# Table: Auditing Standards (ISSAI)

<table>
<thead>
<tr>
<th>CATEGORY NUMBER</th>
<th>CATEGORY</th>
<th>CLASSIFICATION CRITERIA</th>
<th>EXAMPLES</th>
</tr>
</thead>
</table>
| 3               | SAI Organisational Requirements (SAI level) | Requirements for quality control regarding organizational functions of an SAI that will ensure the performance of quality audits. Meeting the requirements at an organizational level is a precondition for the SAI to claim ISSAI compliance in their audit reports. | ISSAI 30 – Code of Ethics  
ISSAI 40 – Quality control for SAIs                                |
| 4               | Fundamental Principles of Public Sector Auditing (engagement level) | Requirements and definitions of public sector auditing on which further standards and guidance are based. Meeting the requirements at an engagement level is a precondition for the SAI to claim ISSAI compliance in their audit reports. | ISSAI 100                                                                |
| 5               | Financial Audit Principles            | These define the elements and principles of financial auditing, with reference to the fundamental principles of public sector auditing (see 4 above). An SAI can claim ISSAI compliance in their financial audit reports if it develops its own or adopts national standards which conform to these principles. | ISSAI 200                                                                |
| 6               | Performance Audit Principles          | These define the elements and principles of performance auditing, with reference to the fundamental principles of public sector auditing (see 4 above). An SAI can claim ISSAI compliance in their performance audit reports if it develops its own or adopts national standards which conform to these principles. | ISSAI 300                                                                |
| 7               | Compliance Audit Principles           | These define the elements and principles of compliance auditing, with reference to the fundamental principles of public sector auditing (see 4 above). An SAI can claim ISSAI compliance in their compliance audit reports if it develops its own or adopts national standards which conform to these principles. | ISSAI 400                                                                |
| 8               | Financial Audit Standards             | Standards on financial auditing, in conformity with the financial audit principles (see 5 above). | (Subject to discussion with FAS)  
IAASB’s International Standards on Auditing                               |
| 9               | Performance Audit Standards           | Standards on performance auditing, in conformity with the performance audit principles (see 6 above). | (Subject to discussion with PAS)  
New ISSAI 3000 to be endorsed at INCOSAI 2016                             |
| 10 | Compliance Audit Standards | Standards on compliance auditing, in conformity with the compliance audit principles (see 7 above). | (Subject to discussion with CAS) Part of new ISSAI 4000 to be endorsed at INCOSAI 2016 |
| 11 | Other Engagement Principles and Standards | Elements and principles for other engagements in conformity with fundamental principles of public sector auditing (see 4 above). This may include other INTOSAI audit types or standards developed by other recognized standard setters and adopted by INTOSAI. | (Available for future development) |

**AUDITING GUIDANCE**

| 12 | Supplementary Financial Audit Guidance | Non-mandatory assistance to an SAI for implementing the ISSAIs on financial auditing, and help the auditor to gain a better understanding of how to apply the elements and principles of the standards during the planning and execution of a financial audit. | (Subject to discussion with FAS) Practice Notes in ISSAI 1200 to 1810 |
| 13 | Supplementary Performance Audit Guidance | Non-mandatory assistance to an SAI for implementing the ISSAIs on performance auditing, and help the auditor to gain a better understanding of how to apply the elements and principles of the standards during the planning and execution of a performance audit. | (Subject to discussion with PAS) New ISSAI 3100 and 3200 to be endorsed at INCOSAI 2016 |
| 14 | Supplementary Compliance Audit Guidance | Non-mandatory assistance to an SAI for implementing the ISSAIs on compliance auditing, and help the auditor to gain a better understanding of how to apply the elements and principles of the standards during the planning and execution of a compliance audit. | (Subject to discussion with CAS) Part of new ISSAI 4000 to be endorsed at INCOSAI 2016 |
| 15 | Supplementary Guidance on Other Engagements | Non-mandatory assistance to an SAI for implementing the ISSAIs on other engagements, and help the auditor to gain a better understanding of how to apply the elements and principles of the standards during the planning and execution of such an engagement. | (Available for future development) |
| 16 | Subject Matter Specific Guidance | Non-mandatory assistance to the auditor to gain a better understanding of a specific subject matter. Assists the auditor in the planning and execution of an audit of a specific subject matter, in conformity with the elements and principles of the ISSAIs relating to the three audit types (financial, compliance and performance). | ISSAI 5110 on Environmental Audit |

**OTHER GUIDANCE**

| 17 | Other Guidance | Non-mandatory tools for assessing SAIs practices and compliance with the ISSAIs, for promoting good governance and practices and for providing other guidance | Tools, such as ISSAI 5600 on Peer Reviews |

**COMPETENCY STANDARDS (ISSAI-C)**

| 18 | Competency Principles and Standards | Principles and standards laying down the competencies and professional skills, values, ethics, and attitudes required by the public sector auditor to undertake high quality audits. | (Available for future development) |
|   | Supplementary Competency Guidance | Non-mandatory assistance to an SAI in implementing mechanisms and programs for competency development for their auditors in accordance with ISSAI-C. | (Available for future development) |
Annex 3

The migration process

This annex sets out our initial analysis of the migration process from the present IFPS to the revised IFPP. In particular, it examines the extent to which it will be necessary to modify the existing ISSAI's before admitting them into the IFPP and the implications this might have for the due process to be followed. If our proposal to revise the framework is taken up, we will need to carry out a more detailed analysis to confirm or modify the tentative position set out in the following paragraphs.

A further early task for the common forum would be to complement the classification principles with a revised numbering system and to allocate numbers to existing ISSAI’s as they are transferred into the revised framework.

In some cases, it will be possible to migrate existing ISSAI’s into the revised framework with only limited editorial changes. This is likely to be the case, for example, for most (if not all) of the existing levels one, two and three and for the existing Financial Audit Guidelines (ISSAI’s 1003 to 1810), for which the Financial Audit Sub-committee (FAS) already intends to propose a project to separate out and review the Practice Notes. The migration of these pronouncements could be achieved under the “editorial changes” procedure described in point 2.2 of the revised due process document that will be submitted to INCOSAI 2016 for endorsement.

In the cases of the Performance and Compliance Audit Guidelines, revised versions of these documents are currently going through due process with a view to their endorsement at INCOSAI 2016. The changes introduced are being made largely to bring the guidelines into line with the level 3 fundamental principles – and thus aligned to the underlying structure of the revised framework. Once endorsed, these documents could be admitted into the revised framework as they stand for the moment, although the Performance Audit Sub-Committee (PAS) might be invited to consider whether the new ISSAI 3000 should be treated as the pronouncement on performance audit standards whilst the revised ISSAI’s 3100 and 3200 should enter the revised framework as “supplementary performance audit guidance”. Similarly, the Compliance Audit Sub-committee (CAS) might be invited to review the new ISSAI 4000 in time for INCOSAI 2019 to clearly distinguish between those elements that are mandatory standards and those which are non-mandatory supplementary guidance. PAS and CAS, in conjunction with the PSC might be invited to assess whether any necessary changes could be considered as “editorial”, or if it will be necessary to apply full due process.

The guidelines on specific subjects (the “5000” series) in general describe subject matters which SAIs may have to audit. Often the audit will be a performance or compliance audit (or a combination) but some guidelines also concern aspects of financial auditing. In general, the terminology established by ISSAI 100 is still to be implemented in these guidelines so they do not necessarily refer to these three audit types. These guidelines should not set out any specific requirements as these should already be established in the standards for the three main audit types (although it may be quite appropriate for these guidelines to make a link between the principles and standards established for the three audit types and the specific audit procedures applicable to the specific subject concerned). There is a need to carry out a systematic review of these guidelines before they are brought into the revised framework. The common forum could support the Knowledge Sharing Committee (KSC) and its working groups in this process by setting out in a
transparent manner the criteria to be used to assess whether such guidelines, once revised and updated, are admitted into the framework.

Two sets of “5000” series guidelines in effect provide tools that SAIs can use in the context of peer reviews (ISSAIs 5600 – 5699) and for cooperative audits between SAIs (ISSAIs 5800 – 5899). Whilst the nature and final destination of these guidelines is different to the rest of the “5000” series, we suggest that they should go through the same review and updating process as above before being admitted into the framework.

The INTOSAI Guidance for Good Governance (INTOSAI GOV) contains guidance on matters within the administrative sphere of responsibility. As defined in 2007 this ‘include documents guiding SAIs in their assessment of the measures taken by administrative authorities or guiding administrative authorities and encouraging good practice’. The current INTOSAI GOVs serve a variety of purposes and have few common denominators. In some cases, documents in the INTOSAI GOV-series aim to provide guidance to SAIs and their auditors. As a result, valuable guidance has often been split between the current ISSAI 5000-series (describing the subject matter) and text in the related INTOSAI GOVs, which is describing relevant audit criteria. Readers may therefore find it difficult to identify ‘the full story’. In other cases, INTOSAI GOV’s convey INTOSAI’s views the wider internal community on matters like auditing arrangements and the standard-setting process for accounting standards. In these cases, important messages risk getting lost as they are ‘hidden away’ in the INTOSAI GOVs.

In the proposed IFPP the INTOSAI GOVs are therefore abolished as a separate category. An assessment will need to be made for each of the texts to determine how it can best be put to good use:

- texts that aims at providing guidance to auditors may be integrated into the auditing guidance (GUID);
- texts that constitute INTOSAI core principles may be included in this category; and
- other valuable guidance which may either be included as other guidance or simply linked to in line with other materials that can be found on www.issai.org.