



INTOSAI
PSC

Professional
Standards
Committee

INPUTS FROM THE BREAKAWAY SESSION ON STANDARD SETTING 70th INTOSAI Governing Board Meeting

During the 14th meeting of the PSC Steering Committee (June of 2017) a discussion was held on the options for setting up a possible technical support function (TSF) for INTOSAI standard setting. Some members expressed the view that further changes may be needed to the standard setting process to ensure that INTOSAI can become the strong, independent, internationally recognized standard setter for the public sector it aspires to be.

The concerns raised moved the discussion away from the specific topic on the agenda and started a much broader debate on INTOSAI's standard setting approach. In order to bring the attention of this fundamental issue to a higher level within the Organisation, the Steering Committee commissioned the PSC Chair to prepare a paper for the Governing Board, reflecting the discussions held about the theme.

The paper was presented to the INTOSAI Governing Board on its 70th meeting in Graz, on 7/8 November, 2017 and discussed during a dedicated session. Members were invited to discuss based on the three broad questions. The contributions received during the session, and by email shortly afterwards, are summarized below. A full account of all the contributions received is included in the annex.

1) The discussion paper shows evidence that the INTOSAI community considers the pronouncements to be relevant, but their effective level of implementation seems to be low. What are the main reasons?

The views expressed by GB members confirm the evidence that the pronouncements are relevant/important, but that their implementation seems to still be low. Many contributions have pointed out the need to acknowledge the achievements INTOSAI had in the last 20 years in the development of standards and that ISSAI implementation is a long and difficult journey. This seems to show that, despite implementation still being considered low, members see advancements in the path to ISSAI implementation. They are, however, aware of the challenges and the need to give SAIs time to overcome these challenges. There is wide recognition that ISSAI implementation is not only a matter of developing manuals, but also needs to be supported by SAI leadership commitment and an effective change management approach.

For INTOSAI to better start understanding implementation, a good starting point would be to get a common INTOSAI understanding/definition of what we mean by ISSAI implementation. It is not just saying that a SAI has adopted the ISSAIs, but assessing if true changes have taken place. For that, GB members consider that the best, and maybe only, way to assess ISSAI implementation is through SAI-PMF. As the number of completed SAI PMFs increases, the picture will become clearer.

2) Is INTOSAI giving enough priority to ISSAI implementation in its activities? If not, what else can be done? What could be the roles of PSC and other INTOSAI committees in this regard?

The contributions received recognize the important efforts carried out by IDI's 3i programme in advancing ISSAI implementation. Nevertheless, some important challenges were mentioned, and members put forward the following suggestions:

- Improve quality of translations;
- Translation to more national languages is crucial;
- Handbooks are very important for users and the Regions could be involved in developing more comprehensive and concrete guidance (this could accompany the standards as a package for implementation);
- Secondment of experienced staff to SAIs requiring support;
- More accurate and timely inputs about standards implementation - INTOSAI regions can provide useful insight in this regard by preparing regional reports on a regular basis;
- Use of appropriate IT tools;
- Provision of support and advice on issues such as the implementation and interpretation of the pronouncements (to be done by those INTOSAI working bodies responsible for the particular pronouncement, or as a specific role for the Technical Support Function);
- promote and facilitate good practices in peer-to-peer cooperation and encourage a focus on ISSAI implementation (CBC and INTOSAI Regions);
- Raise awareness on professional pronouncements with SAI senior management, through workshops held every few years (or more frequently as necessary);
- For INTOSAI to encourage INTOSAI-Donor Cooperation donors to allocate even more resources to support the implementation of pronouncements;
- Feedback loop to FIPP and the PSC in terms of the understandability and usability of the pronouncements. By learning from experience, we can support future ISSAI implementation initiatives with pronouncements that are easier to understand and use.

3) Is the current set-up likely to provide standards for SAI auditors with an appropriate level of quality, or should INTOSAI promote deeper change the way it produces its standards, for example by moving closer to other standard setting organisations such as IFAC and IIA?

In general, members were supportive of the importance of INTOSAI maintaining its status as the leading standard setting body for public sector auditing. However, they recognized the need for clarity regarding its level of ambition for standard setting.

Although there were many comments regarding the working of the Forum for INTOSAI Professional Pronouncements, there is also wide recognition that as FIPP is still a relatively new body, it is too early to judge whether it is successful or not. Many have highlighted that for FIPP to perform its work independently and effectively -- and therefore be credible -- it needs appropriate resourcing and support. This likewise requires the support of INTOSAI's leadership.

There seems to be a general consensus about the benefits of establishing a technical support function for INTOSAI's standard setting process, as an essential next step in the development of that process. The TSF would increase the capacity of the standard setting process, in line with INTOSAI's ambitions.

Those members who raised doubts were mainly concerned about the possible risks to independence of bringing into INTOSAI standard setting non-SAI representatives and external financial resources (eg, from donor agencies).

Therefore, any concrete proposal for moving the project forward should take these concerns into consideration. Other suggestions to deal with limited resources available to INTOSAI standard setting included prioritizing projects in accordance with the INTOSAI Strategic Plan, expanding the number of FIPP members or creating FIPP observers and rescheduling SDP implementation by extending some of the deadlines.

Another important aspect brought up by the comments were concerns regarding independence of INTOSAI standard setting, since SAls are presently developing technical content to be applied by SAls themselves. Independence and public interest are a core concern for other standard setters worldwide. There is a view that a permanent technical body could also support specific public interest activities.

Some recommendations that we can take for the new SDP:

- Ensure the SDP focuses on the highest priority projects only, and doesn't overstretch INTOSAI's capacities;
- Standards should be fit for purpose, and take account of the views of different stakeholders;
- Improve the transparency of the development of the SDP - SAls must be given sufficient time to provide their feedback;
- The SDP should be more flexible in accommodating urgent issues, and be based on the needs of the INTOSAI community;
- Guidance development based on a more significant contribution from INTOSAI regions should be encouraged and welcomed as an integral part of the standard setting process.
- Proposals need to be ambitious in their conception, but realistic in their execution.

The full notes for contributions received during the discussion session of the 70th GB meeting and further comments received by emails after the meeting are available at http://psc-intosai.org/en_us/site-psc/news-events/