

Issai.org and accessibility of the financial audit standards

In connection with FIPP's work on the new ISSAI 2000 and GUID 2900 on financial auditing, we have observed that the issai-website no longer provides links to the individual ISAs. Information on this fact is included in the introduction part of the exposure draft for ISSAI 2000.

This fact has raised a number of concerns in FIPP. It creates a challenge for users of the ISSAIs as well as for the overall INTOSAI ambition - towards which FIPP works – of providing a clear and use-friendly set of ISSAIs.

FIPP's role and mandate concern however only the content of the IFPP and not the way the IFPP is presented on issai.org and the ISSAIs are made available to SAIs and auditors. We have therefore found it relevant to ask the PSC Steering Committee to consider the matter.

FIPP kindly requests the PSC Steering Committee to add a topic on 'accessibility of financial auditing standards (ISSAI 2000-series) for INTOSAI members' to agenda of the next meeting.

This would enable assessing costs and benefits for INTOSAI of providing access to the ISSAIs on financial auditing through the issai.org. We hope the PSC Steering Committee will be able to conclude on the matter in due time before the ISSAI and GUID are to be approved in their endorsement version by FIPP.

It is FIPP's observation, that it would contribute to clarity and further the use of the ISSAIs in line with INTOSAI strategic goals if all ISSAIs – including the ISSAIs on financial auditing - could be made easily available on issai.org.

Background

In the INTOSAI Framework of Professional Pronouncements (IFPP) the international standards on auditing (ISA) are included in the ISSAIs in the category of *ISSAI 2000-2899 Financial Audit Standards*. The ISAs are issued by the International Federation of Accountants (IFAC). The content is decided on by the International Auditing and Assurance Standards Board (IAASB), which is established by IFAC.

While IFAC standards are focused and generally designed for private sector audits, INTOSAI is a standard-setter for public-sector auditing aiming to serve the community of SAIs. Since there could be certain differences between private sector financial auditing and the role and function of SAIs, INTOSAI and IFAC have in the past had a well-established collaboration on the development of the financial audit standards. This collaboration originally had a number of elements: INTOSAI representatives participated in IAASB's task forces when new ISAs were developed and INTOSAI had a designated member of IAASB, who could ensure the public-sector perspectives were considered. In addition INTOSAI *supplemented* the ISAs by developing its own *practice notes* (PN) to each ISA.

Consequently, the ISSAIs for financial audit then comprised the International Standards for Auditing (ISA) issued by IFAC and the corresponding PN developed by INTOSAI by means of PSC's Financial Audit and Accounting Subcommittee (FAAS).

It was part of the good collaboration between INTOSAI and IFAC that these ISSAIs (consisting of the ISAs and the PN), were made publicly available on the issai-website. This gave the INTOSAI community and the users of the issai-website an easy access to all ISSAIs, including the financial audit standards. Originally the ISA and PN was published in one document (the ISSAI). Later these were split into two different documents so the issai-website provided a direct link to each ISA as well as each accompanying PN.

The current problem

For some reason the easy access to the financial audit standards has been lost in recent years together with most other elements of the INTOSAI-IFAC collaboration on financial auditing.

In terms of financial auditing, the IFPP is expected to include:

- 1) ISSAI 200 which was recently endorsed by INCOSAI and defines INTOSAI's financial auditing principles
- 2) a new ISSAI 2000 on the application of ISAs by SAIs/auditor who have adopted the ISSAIs as their standards and refers to these in their audit reports, and
- 3) the full set of ISAs developed and maintained by IFAC as these are incorporated as ISSAIs 2200-2815
- 4) a new GUID 2900 (a guideline) comprising former (but updated) PNs with limited further development.

The new draft ISSAI 2000 and GUID 2900 are currently at the stage of exposure drafts.

The ISSAI webpage is INTOSAI's authoritative channel that defines the standards that are applicable within INTOSAI. However, the ISSAI webpage no longer includes the ISSAIs for financial audit but rather a link to the iaasb.org

webpage, where only the ISAs are available. Within the IFAC/IAASB framework the ISA's form part of a wider framework (Handbook) of standards of which only the ISAs are relevant for the ISSAIs.

Furthermore, the issai.org webpage visitors are advised to register / log in to access the ISA, which can be done only by filling a questionnaire. The removal of links for the issai-website to the individual ISAs have therefore also in practice made them much less accessible for INTOSAI's members.

The webpage issai.org include an (interpretable) explanation for the link between the ISSAI and the ISA but unlike the situation earlier, the documents named ISSAI 2000-2899 no longer exist, neither as single documents nor as IAASB has done with the ISAs - include each ISA in one document called "Handbook...". Consequently, the 'package' of public sector financial auditing standards is nowhere available in its entirety.

INTOSAI's goals

INTOSAI strategic plan, Goal 1 defines, among others, the following strategic objectives:

1.2 Ensure that the ISSAIs are sufficiently clear, relevant and appropriate to make them the preferred solution for INTOSAI's members. The ISSAIs should be widely recognized by all stakeholders as the authoritative framework for public sector auditing.

1.5 Monitor the implementation and adoption of standards and feed any problems or issues back into the standard-setting process to ensure the standards are as useful and relevant as possible.

The strategic objectives would suggest that INTOSAI should aim to remove all potential obstacles to enhanced application of ISSAIs, which imposes:

- as easy and understandable accession to pronouncements as possible,
- as clear demonstration of added value of INTOSAI pronouncements as possible, and
- on-going dialogue between the standard-setters and users to ensure constant updating of pronouncements.

Feedback from individual FIPP members and their representing SAIs as well as from the IDI indicate that the chosen solution to get access to the financial audit ISSAIs do not contribute to the strategic objectives of goal 1. Stakeholders also believe that the regularity of updating ISAs would not impose a significant workload in terms of monitoring and updating the issai.org webpage.

The need for clarity

From FIPP's side, our main concern is that the lack of links to the individual ISSAI/ISA on financial auditing creates an element of unclarity that can easily lead to misunderstandings:

- it could signal that INTOSAI is no longer (as strongly) behind its endorsement of the ISAs. It makes it less clear that the ISAs are part of INTOSAI's standards – the ISSAIs – and that SAIs must comply with ISAs in their financial audits if they wish to assert that they comply with the ISSAIs (cf. ISSAI 100). At least it creates an unnecessary practical barrier for SAIs and auditors who wishes to use the ISAs.

- it could also be seen to lower the status and value of the issai-website and work against the overall ambition that INTOSAI aims to develop the ISSAIs into one clear and consistent set of standards covering all three types of auditing. At least it means that INTOSAI expects users of issai.org to search in other places to establish the full set of ISSAIs

- in addition, there is a risk of confusion as to what extent other IFAC-standards than the ISAs also have a relevance within the ISSAIs. At least it means that the users of issai.org will need to be well informed on the full IFPP and authority of the ISSAIs as well as the structure of IFAC's standards in order to understand which standards apply to a financial audit in accordance with the ISSAIs.