



**INTOSAI  
PSC**

Professional  
Standards  
Committee

## Final minutes

of the 20<sup>th</sup> PSC Steering Committee Online Meeting 28 June 2022, held virtually on Teams

### 1. Welcome

Ms. Paula Hebling opened the meeting on behalf of the PSC Chair (SAI Brazil) and extended a warm welcome to the participants and observers.

### 2. News from the PSC Secretariat

#### **INTOSAI Strategic plan Goal 1: A version of designed draft sent to all INTOSAI members for final review 01 to 29 July**

Ms. Paula Hebling informed the meeting about the INTOSAI strategic planning. The new draft for the INTOSAI Strategic Plan is now out for consultation. Goal 1 in the plan presents the goals for the PSC for the next six years. The GAO is responsible for leading the task force. The new plan is shorter than previous editions because the operational aspects will be presented separately.

#### **Overview of on-going projects**

Mr. Paweł Banas had technical problems to join the meeting, but submitted the following comment on the development of the standards for the work of internal auditors:

“Regarding the meeting with FIPP – it was very interesting, focusing mainly on the question: should the 2.6 Guid be addressed to SAIs as organisations or to SAI auditors. We received pieces of working advice. It is valuable and inspiring, but it also can change direction of our work up-to-date. We have to discuss it then with the ICS members and sure with the PSC Chair. The process of internal ICS consultation has started, but it will most probably be concluded at the Subcommittee meeting this September. Important from this point of view will also be for us the direction of the conclusions based on the Component 1 discussion.”

Mr. Geoffrey Simpson gave an update on the review of the ISSAI 140 (Quality control) to take into account the new ISQM 1 and 2. The project group presented the project proposal to FIPP in June, the project is advancing quickly and they are now preparing the exposure draft. The project group consists of more than 40 people but a smaller group is leading the detailed drafting.

Ms. Hebling mentioned that the GUID for audit of Public Procurement has just finished its exposure period.

Mr. Jan van Schalkwyk expressed his gratitude to everyone who worked on the competence ISSAIs and GUIDs, which were recently approved. He also mentioned that the translations are almost completed thanks to the help of the INTOSAI community. The documents will soon be on the website.

### **3. Update of the IFPP to define the format of SAI organizational requirements (ISSAIs 130-199) and SAI organizational guidance (GUID 1900-1999)**

Ms. Åse Hemsén (FIPP Chair) was unable to join, but this agenda item was presented by the Vice-Chair, Mr. Kristoffer Blegvad.

Mr. Blegvad began by explaining that IFPP is the way that INTOSAI has decided to classify documents in the framework, and is based on ISSAI 100. It has set up a set of classification principles that serve as a basis for the FIPP to decide to include or not new projects for the IFPP, how they are classified and what the expectations are for the document for and the purpose it serves.

It is the role of the FIPP to propose changes to the classification principles, when needed. The changes need to be approved by the PSC SC.

In this instance, the proposed changes are minor and limited to the category of organisational requirements (ISSAIs 140-199) following the development of the competency documents by the CBC (ISSAI 150) and will also be necessary anticipating the preparation of the revised ISSAI 140.

Mr. Blegvad mention that in future other changes may be required to the classification principles.

There were no comments from the floor and the document was approved without amendment.

### **4. News from the Review of the PSC Terms of Reference (ToR)**

Mr. Alan Findlay gave news of the update to the PSC SC Terms of Reference which have not been revised since 2017, and still shows links to the INTOSAI Strategic Plan 2017-2022 and to the changes stemming from INCOSAI 2016.

We need a generalised and future-proof form for the ToR, however no new elements are being added nor taken out.

So far, an internal revision has been made, and the PSC subcommittees have given their comments. Currently the Goal Chairs are examining it and then it will go to FIPP and the General Secretariat. It is expected to be approved in the PSC SC meeting in September 2022, and then by the Governing Board in November 2022.

### **5. News from the Mid-Term Review of the Technical Support Function**

In 2019, staff were recruited and started working in June 2020. The original concept plan of the TSF provided for feedback in 2022 on the proof of concept and on a decision if the TSF should move to a permanent location and have employees funded by INTOSAI instead of by secondment by their SAI. Due to the pandemic and low uptake of TSF services, the PSC proposal is to extend the exercise for

one year and then evaluate in 2023. The PSC will raise attention to the TSF's functions across the community in order to enhance the interest and the use of the TSF.

Mr. Peter Rosted (SAI Sweden) agreed with the proposal to extend the proof of concept for one more year. He suggested that the advertising is focused on the bodies that work with development of standards, instead of broadly targeting all INTOSAI members.

Ms. Hebling clarified that the TSF support is being advertised to all working groups and Mr. Findlay also referred to advertising for recruitment purposes.

Mr. Adrian Gogolan shared his experience and mentioned that the TSF is available and willing to interact more with the INTOSAI working bodies.

Ms. Andrea Loevenberger said that the General Secretariat supports the initiative and suggested that the research findings are made available to the wider INTOSAI Community especially to the working groups. Ms. Hebling clarified that the working groups were involved in the development of the research.

Mr. Wynand Wentzel commented on the future funding possibilities for the TSF and provided information on the support provided by the Norwegian Agency for Exchange Cooperation (NOREC).

## **6. Approval of the SDP process**

The development of the new SDP requires that the PSC SC approve the process for the developed by the FIPP. The new SDP document will be sent to the Governing Board for approval in 2023.

Mr. Blegvad explained that the FIPP has been working in cooperation with the Goal Chairs since the beginning of the year to apply all the lessons learnt from the previous SDP processes. The pandemic brought the opportunity to involve more people through online meetings. The idea was to engage the working groups at an early stage and input has already been received. The FIPP also analysed the Global Stocktaking report together with the Goal Chairs at the FIPP June meeting. The work will continue into September with a joint seminar with the Goal Chairs and after that with meetings with relevant subcommittees and working groups to come up with a solid draft for the SDP.

The findings of the Component 1 review will be concluded by projects (to follow due process) being included in the SDP to develop the framework further. The SDP will also include other types of project. The INTOSAI strategic plan must be approved first, and then the SDP will then represent operational strategy for standard setting.

Ms. Hebling noted that the PSC is working with the FIPP in order to have a more inclusive process than before.

Mr. Morita Yuji (SAI Japan) asked to what extent the Component 1 results will be reflected in the SDP. He stressed that the Component 1 is a top priority in the current SDP and that a lot of time was spent on the analysis, but the FIPP does not seem to have a positive attitude towards it.

Mr. Hebling explained that the review of Component 1 has been a long and extensive process, which has given everyone concerned a lot of perspective and a wider view for the development of the framework, and it will give important input and recommendations to the SDP.

Mr. Simson added that the full report of the Component 1 results will be presented and discussed at the PSC SC meeting in September.

Mr. Blegvad said that the FIPP is not reluctant to change the IFPP but has been working towards the development of the framework. The full Component 1 results are awaited in order to continue the discussions. The FIPP has a balanced composition of members, and its views represent the diverse views of INTOSAI.

No further comments were presented and FIPP's proposal for the SDP process was approved.

## **7. Presentation of the overall results of the Review of the IFPP**

Before the next agenda item Ms. Hebling and Mr. Findlay reminded delegates that the PSC SC annual meeting will be in Luxembourg on 26 & 27 September. All members and observers are encouraged to participate and register as soon as possible. Ms. Hebling also welcomed the PSC SC to the INCOSAI meeting in Brazil in November.

Mr. Radek Majer presented a high-level overview of the preliminary findings of the two years of research. He recalled that all the material of the review is on the PSC website and the complete report will be available online by the end of the year.

The presentation of Mr. Radek Majer is available on the PSC SC meeting page at the PSC website.

## **8. Next steps of Review of the IFPP**

Mr. Radek Majer concluded the presentation by emphasising that there is a lot of merit to the material we have now in the framework. All the work since the Lima Declaration, the harmonisation project and all the work the groups have done in the meantime has been invaluable. However, the world has changed, and technology advances bring great opportunities, and we need to lead the way forward in public sector audit standard setting.

The floor was opened for comments, but it was also reminded that in-depth discussions will be held in Luxembourg at the September PSC meeting.

Mr. Daniel Boutin (FAAS Chair, SAI UAE) has been involved in INTOSAI standard setting since 2015 and considered that the right questions have been asked and that the PSC is on the right track with the answers. He expects ambitious recommendations out of this process as the chair of FAAS as well as a user of the standards. He agrees that finding information is sometimes difficult and some concepts can be confusing, and it would be appreciated if the material were presented in a clearer way. The content is good, but locked in a presentation that makes it difficult to extract the full value of it.

Mr. Rosted sees great opportunities to present the framework in an accessible way. He asked to bear in mind the users of audit reports, the Parliaments and their expectations since many mandatory concepts are based on the INTOSAI framework.

Ms. Lene Christiansen (PAS Chair) noted that the PAS has no problems, as such, on the possibilities to make the IFPP more accessible and to clarify concepts. The PAS wants to maintain the distinction by audit type, and is eager to discuss more when the full report is available.

Ms. Hebling clarified that it is more a question of additional ways of organising the material so that the users can choose the way they wish to access the material which is meaningful to the way the work.

Ms. Archana Shirsat (IDI) noted that the PSC is moving in the right direction, although the vision seems quite ambitious since not only the presentation, but also the content, will need to be updated. She noted that many SAIs use the standards but do not know what it means to adopt the standards. The definition in ISSAI 100 is not enough. Many SAIs have manuals, not standards. The term “adoption of the standards” needs to be clearer. Similarly, the term “ISSAI compliance” is not well understood. Many SAIs want a certificate to show that they comply, but this is difficult as nobody really knows what it means.

Mr. Simpson agreed that the terms are not clear. The aim is to have people follow the framework, but more clarity is needed for the concepts.

He also clarified that what the auditors need to do will not change. How to find the information needs to change. He answered Ms. Christiansen’s question about that audit types stressing that they will remain unchanged– the question is how to present pronouncements in a way whereby the users can find the information in a way that is relevant to them. Around 85% of the content in performance audit and compliance audit standards is the same, but written and described differently. More than half of the audits combine PA and CA, but need to use two standards, which have the same concepts but presented differently. The aim is to get rid of repetition and find a single and consistent way to describe things. Mr. Simpson thanked Mr. Boutin for his supportive comments.

SAI Japan pointed out that according to the current SDP a list of specific projects will be developed as the final step of Component 1 and asked about specific projects. The ISSAI framework was migrated to the IFPP in 2016, and the IDI Global Stocktaking report and the PSC survey indicate that it has been well assimilated by INTOSAI members. SAI Japan expressed its concern about substantial changes in the framework at this point. They wish that the Component 1 projects do not change audit practice that are conducted in accordance with IFPP requirements. Correcting repetition, nevertheless, should be given the highest priority.

Ms. Hebling appreciated the comments and said that it will be taken into account in the SDP process.

Mr. Boutin said that it would be important as a standard setter to reflect why we think that applying standards improves audit quality, and to explain this to the community. SAIs should understand why IFPP compliance benefits them. In the UAE it is not possible to apply all standards, for example, on reporting. Is it necessary to comply with every single requirement, since just filling templates does not necessarily improve the quality. He recommended options on how to use the framework, how to use it from the quality improvement point of view, rather than just compliance.

Ms. Hebling agreed that compliance is a challenge.

Mr. James Gunn (IFAC) complimented Mr Majer on an inspiring presentation. IFAC and the 3 standard setting boards have embarked on digitalisation, which allows greater accessibility and common definitions, but reminded delegates that it was a major task. He is available to share their experience. He welcomed Mr. Simpson's analysis on what accessibility really is. Accessibility not only encompasses digitalisation, but also a solid codification of pronouncements to help better understand how the standards can be utilised effectively without necessarily changing the underlying pronouncements.

Another important point is the staffing/resources/technical team issues, and not to under resource any of them.

Mr. Simpson welcomed the positive feedback and looked forward to taking this task forward combining the leadership of the PSC as the standard-setter and the talents of all INTOSAI organs and advisory and consultancy bodies. He was especially receptive to the IFAC's experience on digitalisation and on ways to avoid repetition in standards.

Specifically regarding Mr. Boutin's comment, Mr Simpson agreed that the purpose of the Component 1 review is ultimately to improve the framework. Practitioners should want to apply it, while always maintaining the distinction between those who use it as a reference framework and those who want to comply fully. The important point is to engage people with the framework, establish online practice communities and gather feedback on the process with the help of technology.

Mr. Wentzel echoed Mr Gunn's comments and recalled that at the recent IDI regions' meeting in Oslo the question of compliance was frequently discussed, not only in relation to standards, but also compliance in organisational issues. There is a huge gap between what the audit offices are doing and what they are offering to their stakeholders. The concept and necessity of quality assurance is not always shared with the larger public.

Ms. Loevenberger also echoed the need for clarification in the meaning of compliance, a tangible document would be welcome.

Ms. Hebling closed the meeting recalling that the changes to the classification principles and the SDP process were approved as presented by the FIPP.



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