



## Draft minutes

12th PSC Steering Committee Meeting 27 – 29 May 2015, Ottawa, Canada

### 1. Welcome

The chair of the PSC, Bettina Jakobsen, opened the meeting and gave the floor to Michael Ferguson, Auditor General of SAI Canada, who welcomed the committee members to Ottawa and wished them a pleasurable stay in Ottawa. Mr Ferguson went on to say that SAI Canada has been actively involved in the activities of the Professional Standards Committee for many years as chair of the Accounting and Reporting Subcommittee and members of both the Performance Audit Subcommittee and the Financial Audit Subcommittee. He emphasised the importance of standard setting, but emphasized also that standards do not necessarily provide insurance of the value of audits. Compliance with standards is important, but one should never lose sight of the overall perspective on value creation.

Bettina Jakobsen thanked Mr Ferguson and SAI Canada for hosting the PSC Steering Committee meeting and extended a warm welcome to the participants and observers.

### 2. News from the chair

Under this agenda item, Bettina Jakobsen briefly informed the steering committee members of the following:

#### Meetings in the Finance and Administration Committee (FAC) in 2014 and 2015

At the FAC meeting in September 2014, the chair presented the PSC draft evaluation report and the six recommendations to improve INTOSAI's standard setting. On this occasion, the chair also presented the draft principles for financial contributions and the request to allocate funding to INTOSAI's standard-setting activities from INTOSAI's budget.

At its meeting in November 2014, the Governing Board decided that the chairs of the CBC, KSC and PSC should have permanent seats on the FAC. All three goals chairs were therefore present at the FAC meeting in Washington in May 2015. At the request of FAC, the PSC chair presented progress made in assembling a common forum for the ISSAI framework, in accordance with the Governing Board's motion from November 2014, and progress made in the search for a new PSC chair.

#### Review of ISSAIs

Bettina Jakobsen briefly referred to the list of ISSAIs that are currently being developed, revised or withdrawn (circulated prior to the meeting) and noted the vast number of ISSAIs that are currently being reviewed by the KSC. Stefanie Ludes from the SAI of Germany informed the chair that the SAI of Slovakia is now chairing the revision of ISSAI 5600, which was duly noted.

#### MoU with IFAC

A new MoU with IFAC was signed in January 2015. It contains no major changes compared to the previous version. It expires end of 2016 and it will thus be among one of the new chair's first tasks to discuss a renewal with IFAC

#### INTOSAI Information Database

Under this heading – and at the request of the Auditor General of Mexico – the chair drew the attention of the members to the valuable information on SAIs that can be drawn from the INTOSAI Information Database. The SAI of Mexico is in charge of the database and all members of INTOSAI are encour-

ages to enhance its topicality by providing data to the Working Group on Value and Benefits when called upon to do so.

#### Update of Glossary of Terms

The Glossary of Terms is also an INTOSAI activity headed by the SAI of Mexico and the chair kindly reminded the PSC subcommittee chairs to submit any comments/corrections or other input they might have to the glossary before the deadline of 28 May.

#### Candidates for chair of the PSC

Two candidates came forward in response to the call-for-candidates letter that was sent out in February this year, namely the SAI of Brazil and the European Court of Auditors.

The chair has laid down a timeline for the nomination process according to which the Governing Board is expected to approve a new chair at its meeting in November 2015. The formal transfer of the chairmanship will take place at INCOSAI 2016.

#### Miscellaneous

Bettina Jakobsen informed the committee that she was in the process of being appointed member of the European Court of Auditors and would therefore step down as chair of the PSC Steering Committee after the meeting. Once the procedures preceding her appointment have been performed, a formal announcement of her appointment and successor as chair for the remaining months of SAI Denmark's chairmanship will be issued.

Bettina Jakobsen went on to thank the committee members for their never failing engagement and commitment, which had made it a true pleasure to chair the steering committee meetings.

### **3. ISSAI 30**

Jacek Jezierski, presented the progress report of the ISSAI 30 review team, highlighting that the main objective of the revision was to make the document more useful to auditors and SAIs and at the same time ensure that it would meet the challenges of the current public-sector environment. The main change in the revised version of ISSAI 30 is, however, that focus has been shifted from the individual auditor to the perspective of the SAI, and that it is now a framework-type of document, which can serve as a basis for the individual SAI's development of its own code of ethics.

A preliminary draft of the new ISSAI 30 had been distributed to the members of the steering committee a couple of days before the meeting and Jacek Jezierski invited the members of the steering committee to comment on the draft either at the meeting or in writing after the meeting.

Dagomar Lima asked about the review team's decision to address the issue from the perspective of both the SAI and the auditor in a document placed on level 2 of the ISSAI framework, which concerns the prerequisites for the functioning of SAIs, and suggested developing a separate document on ethics aimed exclusively at auditors.

Richard Bellin had noticed that declarations of interest were referred to in line with the more specific gifts and hospitality register. Declarations of interest should, due to their importance, be referred to and addressed separately. He also suggested that the very clear definition of the concept of conflict of interest from the former version of ISSAI 30 should be included also in the new version.

Lars Florin had a general comment to the use of *shall*, *should* and *must* in the document. These verbs are generally used in connection with requirements. He stressed the importance of ensuring alignment with requirements included in other ISSAIs and making clear distinctions between what is mandatory and what is optional, and suggested that the review team work out a list of the requirements of ISSAI 30 to avoid confusion.

Jens Gunvaldsen suggested the inclusion of more relevant links to, for instance, ISSAI 10 and ISSAI 40. Josephine Mukomba supplemented this comment by saying that ethics are also dealt with in other documents in the ISSAI framework and conformity among all these documents is of the essence.

*An exposure draft of ISSAI 30 is expected to be circulated to the members of the PSC steering committee for written approval in mid- or late September 2015. Exposure period on issai.org is assumed to run from mid-October 2015 to mid-January 2016.*

#### **4. Approval of exposure drafts/project proposals and highlights from subcommittees**

##### Financial Audit Subcommittee (FAS)

Daniel Boutin presented the FAS progress report, which reflected a high level of activity in the subcommittee. In addition to the project proposals presented below, the FAS secretariat has also developed an online workspace to facilitate the management of projects for both the secretariat and members of FAS.

Daniel Boutin's presentation of the first project proposal on ISSAI 1000 - Roadmap for sustainable ISSAI implementation was followed by a lengthy debate on the scope and nature of the project, i.e. part technical revision and part development of the document into guidance on implementation. Josephine Mukomba and Greg Schollum suggested dividing the project into two separate projects to avoid confusion between standards development and implementation guidance and to give FAS and other stakeholders an opportunity to clarify the exact scope and contents of a potential project to develop a roadmap for sustainable ISSAI implementation.

Neil Usher and Daniel Boutin accepted this solution, and it was agreed that they should work on developing two new proposals for approval by the steering committee on the third and last meeting day.

The second FAS project proposal concerned maintenance of financial audit guidelines that incorporate IAASB/IFAC's International Standards on Auditing (ISA). In the English-language version of the ISSAIs, the full text of each ISA is currently included in the corresponding ISSAI. In the four other official INTOSAI languages, the text of the ISSAIs includes only the Practice Notes issued by INTOSAI. It was proposed that the text of the ISAs should no longer be re-stated in the English-language versions of the ISSAIs. Having the ISAs embedded in the ISSAIs puts a heavy administrative burden on the FAS secretariat, since changes made by the IAASB to the ISAs generally have a cascading effect and cause changes to multiple ISAs, which again affects numbering, formatting, etc. of the ISSAIs. Rather than including the ISAs in the ISSAIs, FAS therefore proposed incorporating the ISAs into the ISSAIs by means of reference and links as appropriate on issai.org.

In addition to the two project proposals, FAS had also submitted several revised Practice Notes that needed the approval of the steering committee before they could go into exposure. Daniel Boutin went through the changes that had triggered the revision of the Practice Notes.

Greg Schollum provided input to the Practice Notes concerning ISAs 701 and 720 and it was agreed to incorporate these comments before the exposure on [www.issai.org](http://www.issai.org).

*The chair summed up the decisions made under this agenda item:*

*- The steering committee approved the project proposal to remove the ISAs from the ISSAIs. In compliance with the INTOSAI Due Process, it is considered a conforming change and therefore does not require public exposure. The chair stressed that the committee would expect FAS to present a proposal to the PSC secretariat – for approval by the PSC Steering Committee – on how this change could be implemented on issai.org in an appropriate manner.*

*- The steering committee approved that the Practice Notes – after incorporation of the comments made by Greg Schollum – would be ready for exposure on issai.org.*

*- Daniel Boutin and Neil Usher were to divide FAS' proposal on ISSAI 1000 into two separate projects, one on a review of ISSAI 1000 and one on a roadmap for sustainable ISSAI implementation. Both should be presented to the members of the steering committee for approval on the third meeting day.*

#### Performance Audit Subcommittee (PAS)

Dagomar Lima presented a summary of the activities in the PAS working group, which had primarily been focused on developing the revised ISSAI 3000-series. He elaborated on the key considerations preceding the development of ISSAI 3000 and its status as an authoritative standard for performance auditing with requirements and short explanations of the requirements. ISSAI 3100 provides supporting guidance, emphasising central concepts of performance auditing and ISSAI 3200 provides guidance on the performance auditing process including examples of good practice.

Dagomar Lima then informed the committee members of PAS' involvement in the 3i Programme and the many activities it is pursuing in the INTOSAI regions, and lastly he announced that the SAI of Brazil is stepping down as chair of the PAS at INCOSAI 2016 after having chaired the subcommittee for 10 years. The chair of PAS has sent out a call-for-candidates letter to the members of the subcommittee and is expecting its successor to host the next PAS meeting, which is scheduled for March 2016.

Bettina Jakobsen congratulated the PAS chair with the draft ISSAI 3000-series and invited the committee members to comment on the documents. The subsequent discussion mainly revolved around the structure of the three documents and the level of detail in explaining the requirements of ISSAI 300. A couple of comments touched upon consistency in use of terminology (team leader/auditor – requirements/concepts). Greg Schollum suggested clarifying the close connection between the three documents by inserting more references in ISSAI 3000 to ISSAIs 3100 and 3200.

*Overall, the members were comfortable with the new versions of ISSAIs 3000-3200 and with a few adjustments they were subsequently approved for exposure on issai.org.*

#### Compliance Audit Subcommittee (CAS)

Jens Gunvaldsen started his presentation by announcing that SAI India will take over the chair of CAS when SAI Norway steps down at INCOSAI 2016. He then proceeded to update the committee members on the subcommittee's activities in the past year, which had included work on the iCAT and implementation support under the 3i Programme. Main focus had, however, been on getting the new ISSAI 4000 ready for exposure on issai.org. In the early stages of the review process, CAS had decided to develop only one new ISSAI, which was to include also the perspectives and requirements of court-model SAIs. CAS had strived to make the document more useful and provide clear definitions and dis-

tinctions concerning, for instance, direct reporting engagements and attestation engagements, limited and reasonable assurance.

Jens Gunvaldsen's presentation of ISSAI 4000 was followed by a discussion of various elements in the document concerning the communication of limited and reasonable assurance, the use of formal versus informal criteria, and the definition of regularity and propriety. Greg Schollum had a number of minor, specific comments to the document concerning references and consistency in use of terminology. Richard Bellin made a specific comment to the explanation provided under the heading *Identifying Audit Criteria*, which stated that audits may examine compliance with general principles governing the conduct of public officials (propriety) also on the basis of more informal criteria like, for instance, codes of ethics. Richard Bellin drew attention to the fact that codes of ethics are often prescribed by law or regulations and went on to say that if codes of ethics were considered to be informal criteria, it would entail a risk that the conduct of public officials could be subjectively assessed.

The chair of CAS will consider all input provided and adjust the document accordingly.

*With a few adjustments, ISSAI 4000 was approved by the steering committee for exposure on issai.org.*

#### Internal Control Standards Subcommittee

Kamila Zyndul updated the committee on developments since the last meeting in Bahrain in regard to the updating of INTOSAI GOVs 9110 and 9130. During the written procedure that was initiated to have the two project proposals regarding the revision of INTOSAI GOVs 9110 and 9130 approved, members of the PSC Steering Committee suggested that the subcommittee should first update INTOSAI GOV 9100 and secondly await the outcome of the revision of the COSO *Enterprise Risk Management – Integrated Framework*, which should be taken into account in connection with the revisions of INTOSAI GOV 9130.

On the basis hereof, the subcommittee decided to adjust its work plan and aim for endorsement of revised versions of INTOSAI GOVs 9100, 9110 and 9130 at INCOSAI in 2019 instead of 2016, which is in compliance with the maintenance frequency laid down for these INTOSAI GOVs. New project proposals will be developed in the course of the next year.

#### Accounting and Reporting Subcommittee

Adriel Gionet reported on the activities of the subcommittee on behalf of Stuart Barr and highlighted the creation of a new IPSASB oversight body – The *IPSASB Public Interest Committee (PIC)*. INTOSAI has been invited – and accepted – to participate in this body, along with the World Bank Group, the OECD and the IMF. INTOSAI is represented by Richard Bellin, who supplemented the information provided by Adriel Gionet by informing the members of the PSC Steering Committee that minutes of meetings in the PIC will be published on [www.psc-intosai.org](http://www.psc-intosai.org). At its recent meeting in Paris in March this year, the members of the PIC had discussed a proposal by IFAC to establish a CAG (Consultative Advisory Group) to support the users of IPSAS and offer them an opportunity to interact on the process of standard setting. The intention is for this group, which will most likely be established in the 1<sup>st</sup> or 2<sup>nd</sup> quarter of 2016, to include also representatives of the SAI community and Richard Bellin will return with more information on this issue, so that interested SAIs may apply for a seat on the CAG.

## **5. World Bank**

Jennifer Thomson did a presentation on SAIs and stakeholder engagement for enhanced accountability. In addition to the well-known stakeholders, i.e. government, parliament and donors, she included also citizens/civil society organisations and media, and communicated the message that although citizens are the most important stakeholders of SAIs, they are very often the least informed about the work of SAIs. She also emphasized that engaging with stakeholders involves more work for SAIs – it is not done merely by publishing their reports. Engagement is making sure that the reports are understandable and communicating messages that are relevant for the respective stakeholders.

*Jennifer Thomson's presentation is available on [www.psc-intosai.org](http://www.psc-intosai.org)*

## **6. Update on progress made to improve INTOSAI's standard setting**

Bettina Jakobsen introduced this item with a brief summary of progress made since May 2014 including the chair's participation in two FAC meetings and the close collaboration established among the three committee chairs. She then gave the floor to Nanna Schnipper and Kristoffer Blegvad, who updated the steering committee members on events at the Governing Board meetings and in the Task Force on Strategic Planning (TFSP) in respect to the six recommendations made in the PSC report to strengthen INTOSAI's standard setting.

At the Governing Board meeting in November 2014, it was decided that PSC's six recommendations to strengthen INTOSAI's standard setting should be turned into six work-streams, following two separate tracks: Activities to set up a permanent committee on professional matters (recommendation 1), a common supporting function (recommendation 5) and long-term objectives for INTOSAI's standard setting (recommendation 6) should also be addressed by the FAC and the TFSP. The establishment of a common forum (recommendation 2), the revision of the INTOSAI Due Process (recommendation 4) and the creation of an advisory group (recommendation 3) should be pursued by the PSC and the goal chairs in consultation with all relevant parties, as described in the Governing Board's motion. The recommendations and six work-streams are based on the five conclusions that were drawn by the chairs of FAS, PAS, CAS and ICS at their meeting in Copenhagen in 2014 and presented at the previous steering committee meeting. In line with the evaluation report, implementing the six recommendations is a step-wise process that will depend on the support and resources of all members of the PSC. As the SAI of Denmark steps as chair of the PSC in 2016, the continued process will, to a large extent, depend on the engagement of other SAIs.

At its meeting in November 2014, the Governing Board also gave the chairs of goal 1, 2 and 3 joint responsibility for creating a common forum of technical experts to address standard-setting issues.

The first steps to create this forum have been taken and the members that are selected and appointed for the forum will be expected to take up work immediately after the next Governing Board meeting in November 2015. The common forum will be asked to report on progress made to the PSC Steering Committee at its meeting in 2016. The forum will – until the Governing Board decides on the matter – be a non-permanent group with no formal responsibilities in the standard-setting process. The goal chairs provided draft terms of reference as a basis for interested SAIs to consider whether to nominate candidates. The forum will – as any other INTOSAI working group – consider its terms of reference in line with the INTOSAI Handbook for Committees, before they are submitted to the Governing Board for approval.

A first draft of a revised INTOSAI Due Process that reflects the establishment of the common forum will be presented to the Governing Board in November this year after having been discussed and approved by the PSC, CBC and KSC Steering Committees. The deliberations of the common forum concerning the structure of the ISSAI framework are bound to have a bearing on the due process and a second version will therefore be elaborated in due time for presentation to the Governing Board and INCOSAI in December 2016, along with the forum's terms of reference and project report on the efforts to clarify the ISSAI framework.

Kristoffer Blegvad closed this agenda item with a reference to the PSC Steering Committee meeting last year in Bahrain where the members agreed that the PSC should focus on providing solutions to the most pressing problems facing the ISSAI framework, i.e. clarity of the framework, a single gateway into the framework and a simpler standard-setting process. Establishing a common forum to handle these issues would relieve the PSC Steering Committee of its responsibilities in terms of approving and discussing the many technical issues that generally emerge in connection with the approval process. Instead the PSC Steering Committee should focus – as originally intended – on the overall picture and the achievement of the strategic objectives under goal 1.

Bettina Jakobsen summed up the discussions and noted with satisfaction the great interest in both the common forum and the revision of the due process. She informed the committee members that they would have ample opportunity to continue the discussions the following meeting day under agenda items 7 and 8.

#### **7. Review of Due Process for INTOSAI Professional Standards**

In the introduction to this agenda item, Bettina Jakobsen stressed that of the six recommendations made by the PSC in its evaluation report, she considered the establishment of the common forum the single action that would generate the most immediate and effective change to standard setting in INTOSAI. She went on to emphasise that the Governing Board's approval from November 2014 very specifically stated that the Governing Board had not yet decided whether the common forum should become a permanent body, and that this should be decided in connection with the approval of the revised due process. At this stage the forum was a non-permanent group and the vehicle of appointment by the 3 goal chairs might also be an interim measure.

Kristoffer Blegvad then went through the principal steps of the current due process and highlighted the challenges associated with the fact that ISSAIs and INTOSAI GOVs flow into the framework from three independent sources, i.e. the PSC, the KSC and the CBC. He also referred to the continuously growing volume of work linked to maintaining the ISSAIs and INTOSAI GOVs. He went on to summarise the discussions among the three goal chairs that had preceded the proposal to the TFSP to restructure INTOSAI's standard setting, involving, among other things, the establishment of a common forum and inviting the current PSC subcommittees to participate in the annual steering committee meeting of the KSC, which is already developing most documents for the framework. Kristoffer Blegvad emphasised that this exercise would not interfere with the current responsibilities of any of the standards-developing subcommittees or working groups. The committee members expressed their support for the establishment of the common forum, which would provide the much desired single gateway into the framework and secure its clarity and consistency. There was thus general consent on the proposal to transfer the 3-stages of approval and decisions on classification from the Steering Committees of the PSC, CBC and KSC and the PSC Chair to a single common forum through a revision of the due process.

This overall conclusion was followed by a more detailed discussion on the aspects and consequences of this change. This touched upon a variety of issues, ranging from the reporting obligations of the forum, the risk of overburdening the forum with work and the future consequences for the role and composition of the PSC Steering Committee.

Kristoffer Blegvad asked the members of the Steering Committee if they wanted to consider the seven points for decision that were highlighted in the draft to a revised due process, but instead it was agreed that the document could be approved with a few adjustments. He then raised the question concerning the inclusion of competency and training standards in the framework (and thus also in the revised due process) and whether the requirements to standards and other types of documents (guidance/good practice) should be differentiated. It was concluded that these questions should not be addressed at this stage, but the PSC Chair should consult with the chairs of the KSC and CBC to make any appropriate adjustments to the document to ensure its easy passage through the two other steering committees.

Jan van Schalkwyk took this cue to update the committee members on the CBC's Whitepaper on certification that prescribed the development of an initial competency framework including development of principles on the use of such a framework. He emphasised the importance of having a credible "home" for these principles and other relevant guidance on education and training and made it clear that he was confident that the common forum would be able to make the required distinctions between the various types of documents and find a place for them in the framework.

*The committee members then approved that the proposal for a revised due process can be forwarded to the steering committees of the CBC and KSC with the intention that all approval functions of the three steering committees under the current due process will be transferred to the common forum.*

## **8. Common forum**

The chair introduced this agenda item with a reference to the concerns raised by members of FAC and the Governing Board about the contents of the draft terms of reference and letter of commitment that had accompanied the call for experts for the common forum. She emphasized that these concerns would be addressed and resolved to ensure that both the Governing Board, FAC and individual SAIs involved in the forum would be comfortable with the framework set for the activities of the body. Bettina Jakobsen then gave the floor to Meenakshi Sharma, who informed the steering-committee members that the three goal chairs had received 82 applications for membership of the common forum from 30 SAIs. The chairs of the three goal chairs subsequently put together a shortlist of 20 candidates that mirror the membership of INTOSAI in a balanced manner, i.e. in respect to regional representation, SAI models, audit types and audit/capacity-building expertise.

Expectations are to carry out interviews with the candidates in the course of June, July and August and have the final (15) members of the preliminary common forum nominated in September and ready for presentation to the Governing Board in November 2015.

In response to a question from Rafael Lopes Torres on the independence of the members of the common forum, Bettina Jakobsen clarified that it was never the intention to establish a body that should be independent of INTOSAI nor should the members of the forum be independent of their respective SAIs, although they would be expected to strive to work for the common good of INTOSAI and not exclusively focus on promoting the interests of their SAIs. She repeated that the current draft Terms of Reference would be corrected to clarify this issue.

*The chair informed the committee members that their input would be summarised by the PSC secretariat and passed on to the future members of the common forum for further consideration.*

## **9. Strategic Plan 2017-2022**

The purpose of this agenda item was to update the members of the steering committee on the PSC, CBC and KSC chairs' collaboration with and input provided to the TFSP. The main content of the item was, however, covered under item 7 where Kristoffer Blegvad presented the goal chairs' proposal for a restructure of INTOSAI's standard setting, which, among other things, recommended that the PSC subcommittee chairs should participate in the annual KSC meeting. The committee members will return to the issue of the future role and composition of the PSC Steering Committee at its next meeting.

## **10. Group sessions – strategic objectives**

Nanna Schnipper informed the committee members of the TFSP's decision to keep the development goals from the Strategic Plan 2011-2016, but that these should be supplemented with strategic objectives and performance indicators. She then introduced the group session with an explanation of what should be achieved and divided the delegates into three groups, each with the assignment to develop SMART targets related to the three strategic objectives for INTOSAI's standard setting that were presented in the PSC evaluation plan.

Each group presented the results of its discussions on the strategic indicators. Overall, it could be concluded that the members of the steering committee considered it premature and inappropriate to develop performance indicators for INTOSAI's standard setting on the basis of the proposed and not yet approved long-term strategic objectives.

Martin Aldcroft referred to the IDI's experience on setting performance indicators, according to which it was essential to have both the strategic plan, objectives and a baseline in place, before you start formulating indicators. Moreover, he stressed the importance of linking indicators to sources of data already available, since measuring the performance would otherwise be immensely time and resource consuming.

This discussion was followed by specific input to rephrasing the current long-term objectives for INTOSAI's standard setting.

*The steering committee authorised the PSC Secretariat to work on the formulation of the long-term objectives and decide on the scope of input to be provided to the TFSP on performance indicators.*

## **11. The IIA presentation**

Gerry Cox started by giving the steering-committee members a brief introduction into The IIA and then proceeded to present in more detail The IIA's activities within certification.

Gerry Cox's presentation triggered several questions, spanning from the academic qualifications of candidates (basic requirement a bachelor degree), whether the programmes directed at audits in the public sector take into consideration the audit streams that are specific to this sector (risk-based auditing is the general approach applied by The IIA), how are The IIA standards validated (through consultations with an internal "touch-down" group and external leaders in the profession).

*Gerry Cox's presentation is available on [www.psc-intosai.org](http://www.psc-intosai.org).*

## 12. Summing-up on yesterday's discussions and conclusions

Bettina Jakobsen started the third and last meeting day by summing up the decisions made by the steering committee in the course of the two preceding days,

- Draft ISSAI 30 to be approved for exposure in written procedure.
- Project proposal to remove the ISAs from the ISSAIs approved.
- Draft ISSAIs 3000, 3100 and 3200 approved for exposure, with comments.
- Draft ISSAI 4000 approved for exposure, with comments.
- Due Process – first draft version of revised document approved.
- Strategic objectives – PSC Secretariat will formulate new draft within the following areas: Goal 1 organisational setup, use of ISSAIs by SAIs, link between standard-setting and implementation/ capacity development activities and external recognition of ISSAIs.

She then gave the floor to Neil Usher, who presented the outcome of the decision made under item 4 to split the original project proposal on a *Roadmap for sustainable ISSAI implementation* into two separate proposals, i.e. a proposal for a review of ISSAI 1000 and a proposal for a consultation process on the development of a *Roadmap for sustainable ISSAI implementation*. This presentation was followed by a discussion among the members concerning the actual scope and nature of the future roadmap and whether it was intended to become a tool for auditors or be directed at SAIs.

Archana Shirsat mentioned that developing a roadmap for ISSAI implementation had been on the IDI's programme in 2014, but that it was taken out when FAS announced that they would take on the task. The IDI would, however, be happy to facilitate a process within the 3i Programme to assist FAS in the development work.

Neil Usher responded that FAS would be happy not to have ownership of the full exercise, and that FAS would now proceed to identify the interests of the various players and stakeholders and then return to the PSC chair for guidance on the establishment of the project.

*The PSC Steering Committee approved the project proposal on a review of ISSAI 1000 and the proposal for a consultation exercise in relation to the development of the Roadmap for sustainable ISSAI implementation.*

*FAS will present the outcome of the consultation exercise to the PSC chairmanship, which will subsequently decide who should chair the project.*

*The steering committee also approved that the Practice Notes presented by FAS – after incorporation of Greg Schollum's comments – could be posted on [www.issai.org](http://www.issai.org) for exposure.*

## 13. IFAC presentation

James Gunn started by commending the committee for having made huge progress during the past two meeting days. He then proceeded to provide an update on IFAC's activities in the past year, which included IFAC's capacity-building activities that are directed at auditors in both the private and public sector.

His presentation was followed by a discussion of the adoption of accrual-based accounting on the basis of the IPSAS. It was agreed that standards are not the answer to all questions, but they help management make informed decisions.

Alexandra Popovic reminded the steering-committee members that adopting accrual-based accounting was currently – incorrectly - perceived as synonymous with applying the IPSAS as a package. INTOSAI announced at the UN Symposium that accrual-based accounting should be the preferred accounting method in the public sector. SAIs play a major role in the efforts to increase the transparency of financial reporting in the public sector, and the implementation of the ISSAIs, particularly on level 4 of the ISSAI framework, requires the auditors to evaluate the adequacy of the financial reporting frameworks. She therefore suggested that INTOSAI should provide more assistance to SAIs in their efforts to evaluate the financial reporting frameworks.

*James Gunn's presentation on developments in IFAC is available on [www.psc-intosai.org](http://www.psc-intosai.org)*

#### **14. INCOSAI 2016**

Daniel Boutin referred to the one-page description of the two themes that have been agreed for INCOSAI 2016, i.e. professionalization and the UN Sustainable Development Goals (SDG). SAI UAE is still in the early stages of the INCOSAI planning, but progress is being made.

Theme on professionalization. The SAI UAE has engaged various groups within INTOSAI to generate ideas for the discussions. One of the subjects raised has been the need for INTOSAI to develop a more robust standard-setting body and the difficulties experienced by some SAIs in implementing the ISSAIs. The project proposal concerning a transformation of ISSAI 1000 is a reflection also of these challenges.

Theme on UN Sustainable Development Goals. SAI UAE is currently exploring how the SDGs can be translated into operational objectives for SAIs. How can INTOSAI position itself to respond to its role in achieving the SDGs? What type of work are SAIs currently doing to fulfil their role in the SDGs? How can information in this respect be accumulated and shared across INTOSAI?

#### **15. News from the IDI**

Archana Shirsat briefly referred to the very positive external evaluation of the 3i Programme, which is accessible on [http://www.idicommunity.org/3i/index.php/3i-library/cat\\_view/4-resources](http://www.idicommunity.org/3i/index.php/3i-library/cat_view/4-resources). She and Shofiqul Islam proceeded to update the committee members on the progress of the programme, which has by now been rolled out in all five official INTOSAI languages and in 138 SAIs and two sub-national audit offices around the globe.

Archana Shirsat then gave the floor to members of the PSC subcommittees, who had assisted the IDI in its efforts with the 3i Programme. Ingvild Gulbrandsen, Neil Usher, Dagomar Lima and Daniel Boutin all shared the same experience from the field, namely that there are significant differences among the SAIs when it comes to experience, qualifications and level of technical understanding.

Alfred Enoh pointed out the special challenges facing the members of CREFIAF; critical mass, since the SAIs in this region are mainly quite small with two or three staff members; technology, because many of the SAIs do not have access to the Internet, and lastly monitoring to prevent drop-outs in connection with the e-learning programmes.

Archana Shirsat rounded off her presentation with a question for the committee members regarding the implementation of the ISSAIs. The IDI is held accountable for the implementation of the ISSAIs, but what mechanisms can provide evidence-based data on the status of the implementation in the SAIs?

#### **16. News from the General Secretariat**

Monika Gonzalez presented an update on activities pursued by the INTOSAI General Secretariat, which included the UN Resolutions on the role of SAIs in achieving the Sustainable Development Goals and the UN/INTOSAI Symposium on UN Post-2015 Development Agenda.

Monika Gonzalez also briefly touched upon a community of practice established by the Knowledge Sharing Committee and the IDI, which will eventually replace the current INTOSAI Collaboration Tool and – through a project team – develop audit guidelines for reviewing the level of preparedness of countries for implementing the SDGs.

Kristoffer Blegvad congratulated the INTOSAI General Secretariat on the adoption of the UN Resolutions that are dedicated to the role and importance of SAIs. He encouraged the strategic director to elaborate on the planned revision of the INTOSAI Statutes.

Monika Gonzalez informed the committee that the TFSP had concluded that standard-setting should be explicitly mentioned in INTOSAI's mission. The process of revising the INTOSAI Statutes will be launched in 2016 where proposed amendments will be circulated.

*The INTOSAI General Secretariat's progress report is available on [www.psc-intosai.org](http://www.psc-intosai.org).*

#### **17. Miscellaneous**

Bettina Jakobsen invited the delegates to Copenhagen for the last steering committee meeting with SAI Denmark as chair. The meeting is scheduled for 25 – 27 May 2016 (reception in the evening of 25 May).

SAI Denmark's Head of International Relations, Ms Nanna Henning, is expected to chair the meeting in Copenhagen provided that Bettina Jakobsen is accepted by the European Parliament as the Danish member of the European Court of Auditors.

Kristoffer Blegvad then took the floor and asked the delegates to reflect both on the achievements of the PSC in the past, but also on the road ahead. The important process of consultation in INTOSAI is about to start and the members of the PSC Steering Committee all have an obligation to explain the background for the decisions made at this meeting to move in the direction of a sustainable standard-setting function in INTOSAI i.e. clarifying the ISSAI framework, ensuring a single gateway into the framework and providing for a simpler due process.

Bettina Jakobsen thanked the delegates for their inspiring engagement and contributions during the meeting. She thanked SAI Canada for organising and hosting the meeting so expertly, and for taking such good care of us all during our stay in Ottawa. With these closing remarks, the meeting was adjourned.

7 July 2015