



Discussion and group sessions on INTOSAI's standard setting

At INCOSAI XXI the PSC was mandated to '... evaluate and improve the standard-setting processes...'. We have furthermore been asked to present the result of the evaluation to the Finance and Administration Committee (FAC) and to the Governing Board (GB) at their meetings in September and October 2014.

In April 2014, the PSC chair met with four of the PSC subcommittee chairs in Copenhagen (the chair of the Reporting and Accounting Subcommittee was unable to attend). At this two-day meeting, the chairs did an assessment of the results of the survey and the benchmark, and discussed the challenges and the long term goals for INTOSAI's standard setting in great detail. The outcome of this meeting will be used in the report to the FAC and GB, but is also providing the basis for the discussions at this year's PSC Steering Committee meeting. The outcome of the meeting in Copenhagen will be presented under agenda item 6 along with presentations of the results of the PSC survey on INTOSAI's standard setting and the PSC benchmarking.

Input for the PSC evaluation report, which is to be presented to FAC and the GB later this year, has been gathered from different sources, all of which are described in the plan for the evaluation that was forwarded to the members of the PSC Steering Committee in December 2013. Data and input include; the results of a survey carried out among persons who have participated in the development of ISSAIs or INTOSAI GOVs, benchmarking against other standard setters, contributions from the IDI, input from the chairs of the PSC subcommittees, the PSC Steering Committee and INTOSAI's regions. The report will include also short-term and long-term recommendations on how to move forward in improving INTOSAI's standard-setting processes.

The PSC secretariat has started drafting the report and agenda item 7 on the agenda of this year's PSC Steering Committee meeting is meant to generate input from the Steering Committee members to the evaluation report.

We have therefore – under item 7 - prepared two group sessions. The primary purpose of these will be to obtain the Steering Committee members' input on two key elements of the evaluation report. The outcome of the group sessions will provide input for chapters 3 and 5 of the evaluation report and our recommendations to FAC and the GB.

For the group sessions we have prepared the following documents:

- Introduction to group session 1: Long-term goals for the development of INTOSAI's standard setting.
This note provides an introduction to the first group session where we will consider the steps necessary to reach the long-term development goals set for 2028.
- Introduction to group session 2: SWOT analysis
This note provides an introduction to the second group session where we identify the strengths, weaknesses, opportunities and threats of the current standard-setting set-up.

For your information we have also enclosed an outline of the report to the Governing Board that reflects its current stage of development.

Introduction to group session 1

Long-term goals for the development of INTOSAI's standard setting.

At the meeting in Copenhagen in April 2014, the chair of the PSC and the chairs of FAS, PAS, CAS and Internal Control Standards identified three long-term development goals that we believe should guide INTOSAI's standard-setting activities towards 2028.

We will have to identify what steps to take in order to determine how we can reach our long-term development goals. Building on the solid steps already taken in developing and establishing the ISSAI framework, it is now time to find the best way to ensure the sustainability of the standards.

Improvements will be achieved through an incremental (step-by-step) process.

In this first group session you are kindly asked to participate in a discussion of what steps we shall need to take in the coming years in order to reach our development goals 2028. The outcome of group session 1 will be used as input to the evaluation report's chapter 3 and the final recommendations to FAC and the GB.

You may use the attached template to make your own notes in preparation or during the session.

Development goals for 2028:

1. Standard-setting is a core task for INTOSAI and underpinned by robust structures
2. ISSAIs are the preferred solution for SAIs and provides the basis for schemes of education and accreditation that defines public-sector auditing as a profession
3. The ISSAIs are widely recognized and ensures high quality audits that add value to the public sector

Fifth step

- ???
- ???

Fourth step

- ???
- ???

Third step (2016?)

- INTOSAI's long term ambitions defined
- The first set of auditing standards for performance and compliance auditing
- The first set of drafting conventions for all ISSAIs
- Authority of the ISSAIs established – clarity on direct and indirect references to the ISSAIs
- Fundamental principles of public-sector auditing - common key concepts and principles for all ISSAIs
- Increasing number of standards developed and approved through the 3 different committees: PSC, CBC and KSC

Second step (2010)

- Launch of the ISSAI roll-out process
- First comprehensive set of guidelines – practice notes to ISAs and guidelines on performance and compliance auditing
- Due process for professional standards – public exposure
- The first two classes of documents: ISSAI and INTOSAI GOV and distinction between professional standards and other documents
- Professional standards gathered in a single Framework on issai.org
- Dual approach
- Established that SAIs need to follow recognized auditing standards: ISSAI 10 (Mexico declaration), ISSAI 20 and South Africa Declaration on ISSAIs

First step (2004)

- Professional Standards defined as goal 1
- Documents produced by various different working groups and endorsed at congresses

Group session 2 – SWOT analyses

At the meeting in Copenhagen, the chairs of FAS, PAS, CAS and Internal Control Standards and the chair of the PSC identified five areas that may serve as a means to further improve INTOSAI's standard setting.

In order to develop a robust set of recommendations for the INTOSAI GB, we will, however, need to consider carefully how each of these areas can best be strengthened. We will also need to assess how far each initiative can realistically take us in overcoming the current challenges and how they can be combined into a solution that can be further elaborated on in the coming years and implemented and adjusted, as needed in an incremental process.

In this second group session you are kindly asked to provide input to a SWOT analysis of the current PSC set-up with focus on the following functions:

- SWOT 1: The coordination by chairs
- SWOT 2: The functions of the PSC Steering Committee and chair
- SWOT 3: The overall responsibility for the ISSAI framework
- SWOT 4: Supporting functions
- SWOT 5: The role of PSC's subcommittees

The SWOT analyses will represent an additional source of information in the evaluation process and will be reflected in chapter 5 of the evaluation report - see the draft outline.

You may use the SWOT-templates attached for your own notes in preparation for or during the session. *Strengths* and *Weaknesses* will normally reflect inherent features and/or past experiences. These may, for instance, draw on survey results. *Opportunities and Threats* will normally reflect external influences and/or expectations to future developments, and may draw on information from external stakeholders and benchmarking.

SWOT 1: The coordination by chairs

One possible element in a future set-up could be to rely more on the chairs to provide for a stronger planning and coordination.

This might involve increased cooperation among:

- The chairs of the PSC, KSC and CBC regarding the overall coordination and development of the framework. Currently there is mutual representation in the steering committees of all three committees.
- The chairs of the PSC and its five subcommittees (FAS, PAS, CAS, ICS and RAS) regarding PSC matters. In addition to ongoing liaison, the circle of chairs has on occasions held meetings in between the steering committee meetings.
- The chairs of FAS, PAS and CAS regarding the General Auditing Guidelines (ISSAIs 1000-4999). The three chairs have taken initiative to closer cooperation in relation to current projects.

And increased focus on:

- The PSC Chair's role in ensuring effective business procedures within the PSC Steering Committee.
- The five PSC Subcommittee chairs' role in ensuring effective business procedures within each subcommittee.

You are kindly asked to help us identify the Strengths, Weaknesses, Threats and Opportunities of the current role of chairs in ensuring cooperation and coordination in these aspects. You may draw on your own experiences and observation as well as any of the information you may extract from the data provided through the evaluation process.

The purpose of this exercise is to explore how and to what extent INTOSAI would be able to improve its standard-setting work by relying more on the various chairing SAIs to drive a coordinated effort.

1. Current set-up - SWOT with regard to the coordination by chairs

For your notes:

<i>Weaknesses</i>	<i>Strengths</i>
<i>Threats</i>	<i>Opportunities</i>

SWOT 2: The functions of the PSC Steering Committee and Chair

One possible element in a solution could be to strengthen some of the functions which the PSC Steering Committee and/or the chair currently have.

Current responsibilities of the Steering Committee include:

- Overall responsibility for goal 1 of INTOSAI's Strategic Plan and elaboration of any proposals to the Governing Board regarding the overall Framework and due process for professional standards
- Decisions on any project proposals to develop new ISSAIs or INTOSAI GOVs, the organization of the project, as well as any further directions the steering committee may decide to give
- The approval of draft standards under the due process and final responsibility for the content and quality of any ISSAIs developed within the PSC
- Forum for mutual exchange of knowledge including advice and observations from external observers (World Bank, IFAC and IIA)

Current responsibilities of the PSC Chair include:

- Decisions on classification based on the ISSAI classification principles from INCOSAI 2007 (depending on the circumstances this may include decisions on whether a document can be regarded as an ISSAI or INTOSAI GOV and how it should be numbered)
- Responsibility for the official publication of standards through the ISSAI website including some level of guidance and gatekeeping to ensure adherence to due process by the many different standards-developing projects within PSC, KSC or CBC.
- Ensure maintenance of all ISSAIs and INTOSAI GOVs by taking initiatives to establish project groups or permanent subcommittees as needed
- Relations to Governing Board, CBC, KSC and external parties including other standard-setters

These functions concerns matters of different nature; some concern considerations of strategic importance to INTOSAI's standards-setting and the overall ISSAI Framework that may require leadership involvement at a high level. Other matters are more technical issues which may call for in-depth knowledge on ISSAIs and other auditing standards and/or the INTOSAI GOVs and sufficient meeting time to allow for thorough discussion on the implications for SAIs, auditors and users of audit reports. It is also the PSC Steering Committee that ensures regional representation as well as input and advice from external partners.

At the previous Steering Committee meeting and at the PSC Main Committee meeting – held in conjunction with INCOSAI 2013 in Beijing – it was discussed whether the nature of these tasks and responsibilities call for different meeting fora rather than just one yearly steering committee meeting. Some members also emphasized the importance of ensuring that the voice of the users of audit reports is also taken into consideration in the standards developing process.

You are kindly asked to help us identify the Strengths, Weaknesses, Threats and Opportunities with regard to the way in which these different functions are currently ensured. You may draw on your own experiences and observation as well as any of the information you may extract from the data provided through the evaluation process.

The purpose of this exercise is to explore how and to what extent INTOSAI would be able to improve its standard-setting work by strengthening and/or finding other solutions for some of the functions that are currently undertaken by the PSC Steering Committee and/or Chair.

2. Current set-up - SWOT with regard to the functions of the PSC Steering Committee and Chair

For your notes:

<i>Weaknesses</i>	<i>Strengths</i>
<i>Threats</i>	<i>Opportunities</i>

SWOT 3 – The overall responsibility for the ISSAI framework

One possible element in a solution could be to strengthen or seek to unite the overall responsibility for INTOSAI's efforts on development, implementation and promotion of professional standards.

While the original intention of the INTOSAI Strategic Plan from 2004 was that there should be one responsible committee for each goal, the situation today is more complex: All three committees – the PSC, KSC and CBC – contribute to goal 1 by producing ISSAIs and INTOSAI GOVs and new standards can be approved by the respective steering committees of these three committees. This means that no single body has the overall responsibility for setting directions for the development and implementation of standards.

Instead the leadership responsibility is shared between the three steering committees of the PSC, CBC and KSC as well as other INTOSAI bodies such as the INTOSAI Governing Board.

Some issues where overall directions may be relevant in the future include:

- The dynamic development of the ISSAI framework. (Should definitions of the levels be amended? Are new categories of documents needed in addition to the ISSAIs and INTOSAI GOVs?)
- The monitoring of the process of implementation of ISSAIs and coordination between standard-setting and implementation (How much more text is useful? Will there be a need for a moratorium at some point to allow for implementation of the standards already developed?)
- The promotion and recognition of ISSAIs and INTOSAI GOVs. (How can we best encourage a wide recognition of the ISSAIs among external stakeholders? How can standard-developers support INTOSAI's and IDI's efforts to provide means to support implementation?)
- The needs of the heads of SAIs. (How can the ISSAIs and INTOSAI GOVs best achieve to serve all INTOSAI members in their various national systems?)
- The level of expectation raised by the standards (What are the right balances between the costs of compliance with ISSAIs and technical audit quality and between the needs of auditors, the responsible parties. (How should INTOSAI position itself in relation to other standard setters?)

You are kindly asked to help us identify Strengths, Weaknesses, Threats and Opportunities with regard to the overall leadership and responsibility for INTOSAI's efforts on development, implementation and promotion of professional standards.

The purpose of this exercise is to explore how and to what extent INTOSAI would be able to improve its standard-setting work by strengthening or uniting the overall responsibility for development, implementation and promotion of its professional standards.

You may draw on your own experiences and observation as well as any of the information you may extract from the data provided through the evaluation process.

3. Current set-up - SWOT with regard to the overall responsibility for the ISSAI framework

For your notes:

<i>Weaknesses</i>	<i>Strengths</i>
<i>Threats</i>	<i>Opportunities</i>

SWOT 4 - Supporting functions

One possible element in a solution could be to strengthen and/or uniting some of the supporting functions provided by the various secretariats in relation to INTOSAI's development and implementation of professional standards.

Within INTOSAI there are several secretariats and general supporting functions (INTOSAI General Secretariat, Donor Trust Fond Secretariat, IDI, the INTOSAI Strategic Director, the collaboration tool). Also some of the SAIs that chairs a committee or subcommittee for a limited term have established 'secretariats'. The PSC Secretariat - established by the SAI of Denmark - primarily supports the PSC Chair and the PSC Steering Committee. It involves around 2 staff years (4-5 persons who also have other duties) and will not be continued by SAI Denmark after 2016. Similar 'secretariats' have been established by other PSC subcommittee chairs that also serve on a limited term.

The support provided by these functions include:

- The official publication of ISSAIs on the ISSAI website as well as additional information on the general INTOSAI-website (e.g. ISSAI summaries) and the websites of the PSC, KSC, CBC and their various subcommittees
- The PSC Secretariat's support for the Steering Committee and advice to various ISSAI developing projects within PSC, KSC and CBC e.g. in relation to questions over due process
- Providing discussion papers or carrying out drafting work to support standards developing projects
- Carrying out surveys and other analysis to inform the standard-setting and/or monitor implementation
- Managing relations to external stakeholders that may support the development, implementation and wider international recognition of the ISSAIs in various ways
- Facilitating expertise – e.g. ensure that persons involved in development of ISSAIs are also engaged in supporting their implementation.
- Promotion of the ISSAIs, organization of events and presentations at conferences

You are kindly asked to help us identify Strengths, Weaknesses, Threats and Opportunities with regard to the support by secretariats and the functions mentioned above. You may draw on your own experiences and observation as well as any of the information you may extract from the data provided through the evaluation process.

The purpose of this exercise is to explore how and to what extent INTOSAI would be able to improve its standard-setting work by strengthening and/or uniting some of the supporting functions that are relevant for development, implementation and promotion of the ISSAIs and INTOSAI GOVs.

4. Current set-up - SWOT with regard to supporting functions

For your notes:

<i>Weaknesses</i>	<i>Strengths</i>
<i>Threats</i>	<i>Opportunities</i>

SWOT 5 - The role of the PSC subcommittees

One possible element in a solution could be to extend the role of PSC's permanent subcommittees beyond the development of standards.

The 5 subcommittees (FAS, PAS, CAS, ICS and RAS) are established to ensure the maintenance of standards in those areas of the ISSAI Framework where relatively frequent updating is required (ISSAIs 1000-4999 and INTOSAI GOVs) or where INTOSAI provides ongoing input to standards issued by other standard setters. The due process provides that the subcommittees should monitor developments within their field and ensure regular reviews of ISSAIs and INTOSAI GOVs within their designated sections of the ISSAI Framework in order to identify any needs for updating and further development. The subcommittees also provide a main vehicle for drafting of any new standards within their designated sections of the Framework.

At the same time the PSC's terms of reference defines the total membership of the PSC – consisting of all members of the five subcommittees as well as any ad hoc groups established for specific purposes – as a common pool of resources that can be generally drawn upon to pursue INTOSAI's goal 1.

Until now, the subcommittees' role with regard to implementation has largely been limited to awareness-raising efforts. Other important roles are fulfilled by other parties such as the capacity building committee, knowledge sharing committee, INTOSAI's regions, IDI, external donors and consultants as well as the individual SAIs. Still, there have been discussions within the subcommittees that reflect that many members are interested in broader issues than reviewing and updating of the ISSAIs/INTOSAI GOVs and there have also been interest from some of the implementing parties in drawing more on the subcommittee's expertise. The issue was also raised in connection with the meeting for all PSC members in connection with INCOSAI in 2013 in Beijing. The PSC's new mandate for 2013-2016 therefore gives the PSC subcommittees the possibility to support implementation of the ISSAIs and there may also be further areas where the expertise of the five subcommittees could be drawn upon.

At the meeting we will therefore ask Steering Committee members to help identify Strengths, Weaknesses, Threats and Opportunities with regard to the resources of the membership of the PSC's 5 permanent subcommittees and the way they are currently used by INTOSAI. You may draw on your own experiences and observation as well as any of the information you may extract from the data provided through the evaluation process.

The purpose of this exercise is to explore how and to what extent INTOSAI would be able to improve its standard-setting work by extending the role of PSC's permanent subcommittees beyond the development of standards in order to engage more in implementation efforts or make better use of their expertise in other relevant ways.

5. Current set-up - SWOT with regard to the role of the PSC subcommittees

<i>Weaknesses</i>	<i>Strengths</i>
<i>Threats</i>	<i>Opportunities</i>