



Principles on the use of financial contributions

As the members of the PSC Steering Committee will be aware that voluntary financial means have now been made available to INTOSAI's work on professional standards. It is the PSC Chair's ambition to provide a high degree of transparency and be able to guarantee INTOSAI's members that any such means are used in the best possible ways to pursue our common purposes. **At the meeting in Bahrain we will therefore ask the Steering Committee to consider the general principles on the use of funds provided for standard setting on the basis of the draft attached.**

INTOSAI's Financial Rules imply that the organization's financial means are distributed for designated purposes according to a fixed percentage. The use of each share is determined by the SAI responsible for the activities. The framework of Professional Standards and the ISSAIs and INTOSAI GOVs are currently not among these activities. There are, however, a few other mechanisms through which funds may be provided in the future.

At its 64th meeting in Beijing in October 2013, the Governing Board approved and endorsed nine resolutions regarding INTOSAI's financial issues. Among these was an appeal to the members of INTOSAI to provide additional financial contributions that would not have to be applied according to the fixed percentage distribution of membership fees determined by INTOSAI Financial Rules. The Financial Rules were amended to make such donations possible and the appeal was sent to INTOSAI's members by the Secretary General. So far two donations have been made:

- The Auditor General of the SAI of **Norway** has donated EUR 10,000 to INTOSAI for the **development and maintenance of the ISSAIs on financial, compliance and performance auditing on level 4 of the ISSAI framework**. These are projects under 3 of the PSC's sub-committees, FAS (chaired by the SAI of UAE), PAS (chaired by the SAI of Brasilia) and CAS (chaired by the SAI of Norway).
- The Auditor General of the SAI of **Saudi Arabia** has donated USD 25.000 of which USD 3,500 annually for three years (2014, 2015 and 2016) is earmarked for **the development and maintenance of ISSAIs**.

No single SAI is responsible for the designated purposes referred to in the above in the same way as a specific SAI is responsible for carrying out the respective activities that are financed through the fixed percentages of INTOSAI's budget. More than 70 members contribute to the work of the PSC. It will therefore be for the PSC Steering Committee to decide on the use of these means before any payments can be made to the beneficiaries. The proposed principles will serve as the basis for any such decisions. We also hope the principles may help encourage further donations.

In light of all the good results achieved under goal 1 of INTOSAI's strategic plan and the deliberations of INCOSAI in 2013, it is a possibility that other sources of income for INTOSAI's standard-setting work may emerge in the future.

Draft proposal

To be considered by the Financial and Administration Committee and the Governing Board and annexed to the PSC's terms of references. The proposed principles might also be incorporated into a wider solution on administration of financial contributions that extends beyond standard-setting.

Principles for financial contributions to INTOSAI's professional standards

1. Grants and donations

Financial contributions to INTOSAI Professional Standards fall into two categories

- individual grants and donations designated for INTOSAI's professional standards, as defined in 1.1;
- INTOSAI means designated for INTOSAI's professional standards, as defined in 1.2.

These principles apply to all financial contributions to INTOSAI's professional standards.

1.1

'Individual grants and donations designated for INTOSAI's professional standards' refers to grants or donations received from individuals or private or public institutions in accordance with Article 9, para 1 lit b of the INTOSAI Statutes, which

- fall under Rule II.A.1 the INTOSAI Financial Rules and are therefore not subject to the allocation and distribution pursuant to Chapter II.2 of the INTOSAI Financial Rules;
- are designated for a purpose related to INTOSAI's activities in the field of professional standards whether in general, for a specific standards developing project or another specific purpose.

1.2

'INTOSAI means that have been designated for professional standards' refers to dues, grants, donations or other income, which

- are received by INTOSAI in accordance with Article 9, para 1 of the INTOSAI Statutes and is
- subject to the allocation and distribution pursuant to Chapter II.2 of the INTOSAI Financial Rules, but have been renounced by the body responsible for the designated purpose in order to provide financial means for INTOSAI's activities in the field of professional standards.

Chapter II.2 of the INTOSAI Financial Rules provides for the following distribution:

- 35% for General Secretariat operations (including 5% for the SAI in charge of the
- INTOSAI Collaboration Tool)
- 35% for training activities/symposia (including 5% for IDI)
- 25% for the International Journal on Government Auditing
- 5% for hosting the Congress.

2. Use of financial contributions to INTOSAI's professional standards

2.1

All financial contributions to INTOSAI's professional standards shall be used for purposes that will add incremental value to INTOSAI's standard setting beyond what can be achieved through in-kind contributions.

2.2

Financial contributions to INTOSAI's professional standards received without any specific purpose designated by the grantor or donor shall be used for activities serving the establishment of the ISSAIs as a widely recognised set of international standards for public-sector auditing in the following way:

- Financial contributions of a permanent or long-term nature shall be used for enduring standard-setting activities that can address the needs expressed through the Beijing Declaration to provide better guarantees that the Framework and Due Process of INTOSAI's professional standards are maintained and developed for the future.

- One-off contributions of limited amounts shall be used in connection with projects aiming to ensure high-quality professional standards on specific SAI/public-sector issues such as independent auditing and advancement of economy, efficiency and effectiveness and legality of government.

3. Decisions on the use of financial contributions to INTOSAI's professional standards

3.1

The use of financial contributions designated for INTOSAI's professional standards, shall be determined by the Steering Committee of the Professional Standards Committee (PSC Steering Committee) on the basis of the general principles listed in section 2 and in accordance with the PSC Steering Committee's' Terms of Reference as approved by the INTOSAI Governing Board.

3.2

If a grantor or donor has designated a contribution for a specific purpose relating to INTOSAI's professional standards, the PSC Chair shall consult with the grantor or donor and the subcommittees and/or project groups involved, before a decision is taken by the PSC Steering Committee.

3.3

The PSC Steering Committee's decisions on the use of contributions can be taken at its meetings through approval of the budget, cf. item 4, approval of project proposals in accordance with the Due Process for INTOSAI's professional standards, or as separate decisions between meetings. The PSC Steering Committee may establish further procedures to facilitate decision making.

4. Budget

4.1

A budget prepared by the PSC Chair shall be presented to the PSC Steering Committee at each meeting including

- an accumulated record of all contributions made since the XXI INCOSAI in 2013;
- indication of whether contributions are covered by decisions taken by the PSC Steering Committee and whether the means have been used;
- all decisions taken on the use of current and future available means. The payments shall be made to the final beneficiaries on the basis of the wording of these decisions.

4.2

The budget shall be posted on the PSC website following each PSC Steering Committee meeting and shall be forwarded to the Financial and Administration Committee for information.

5. Administration of financial contributions and payments

[May include principles or a reference to more general information on how the entitled organisations or persons can receive payments from the General Secretariat. The issue is to be discussed and decided on by FAC on the basis of a proposal from the Secretary General]

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