

INTOSAI



Financial Audit Guidelines
Subcommittee

FAS Workplan 2014

Background:

During the 17th to 18th March 2014 the Financial Audit Subcommittee (FAS) meeting was held in Dubai, United Arab Emirates. There were 19 participants from 11 countries. The basic objective of the session was to complete a FAS work plan for the forthcoming year with ideas for the future direction of FAS. Initially all countries presented a brief overview of their status with regard to implementation of Auditing Standards with a brief discussion of their experiences in moving to full compliance with standards.

The next part of the session was to elaborate on the areas of focus for FAS. These included the following discussion areas:

- FAS Governance Roles and Responsibilities.
- Maintenance of standards and keeping in line with IFAC changes to the underlying ISSAIs.
- Roadmap for Revision of ISSAI 1000 and related implementation initiatives.
- Knowledge sharing and communication strategies in the short and long term.

1. FAS Capacity and relationship with other key stakeholders

1.1 Although the FAS members were keen to support the initiatives linked to the ISSAI implementation, our capacity remains a significant challenge. To address this issue it was noted that during the compilation of the practice notes the previous FAS Chair established additional expertise to assist in the project. FAS will write to these experts and identify other expertise for example, through the IDI ISSAI certification program to assist in any programs requiring FAS capacity and support. This will require some form of assessment of the individuals to ensure that their understanding of the ISSAIs is at the right level of quality. On establishment of the panel this resource will be made available for implementation initiatives.

Responsibility and Timeframe:

FAS Secretariat will undertake the necessary work above and prepare an updated listing of level 4 financial audit ISSAI experts. This listing will be made available through the FAS website December 2014.

- Obtain listing of review panel members from SNAO.
- Obtain listing of ISSAI Facilitators from IDI.

Undertake an assessment of the individuals and create an expert group.

1.2 FAS will undertake an exercise to review its terms of reference. This will include references to protocols involving the standard setting responsibilities including preparation of practice notes as well as involvement with the IAASB. This includes ensuring that the issuance of amended or new practice notes is in a timely manner.

Responsibility and Timeframes:

The project team will revisit the current FAS protocols and update them in order to provide a streamlined and more efficient process. This will ensure the timing for issuance of the practice notes and other related standard setting responsibilities will be improved. This project will be undertaken prior to the maintenance and updating of the ISSAIs for 2014. The project team will consist of the members who will be involved in updating ISSAI 1700 series, namely:

- Canada;
- Sweden;
- European Court of Auditors;
- Norway;
- South Africa;
- UK; and
- New Zealand.

2. ISSAI Maintenance and involvement in IFAC Task Groups

2.1 The objective of FAS will be as far as possible to incorporate FAS views in joint statements to the IAASB prior to issuance of the underlying ISA. This should reduce the need for extensive practice notes in the future.

2.2 FAS should ensure consistency and quality of documents related to the level 3 and 4 ISSAIs issued by FAS. This includes reference made by other sub committees of the PSC, working groups of the KSC and also by implementing authorities such as IDI.

2.3 In future, an assessment of the need to issue an additional practice note with the associated research will be made. If it is concluded that the additional practice note is not required, this will result in a standard form of words that can be issued with an updated ISA to form the ISSAI essentially explaining the ISA is fully applicable and further application (in the form of a practice note) is not required.

2.4 To fulfill our responsibilities for the 2014 cycle of maintenance and updating of the ISSAI the following have been identified.

2.4.1 Comment on underlying ISA 720 to be provided by OAG Norway, European Court of Auditors, Swedish NAO and GAO and SAI Canada.

2.4.2 Practice note development for ISSAI 1700 series plus ISSAI 1570.

Responsibility and Timeframes:

Preparation of practice notes and comments on underlying ISSAI in line with the protocols as defined under point 1.2 above. Project team will include: Canada, Norway, ECA, AGSA, UK and New Zealand.

2.5 Request to participate in the IFAC strategic planning as well as commenting on the areas of strategic focus for IFAC. Also a letter will be prepared to IAASB expressing FAS interest and commitment to involvement in their strategic planning focus areas.

Responsibility and Timeframes:

FAS secretariat will liaise with previous chair and INTOSAI representative from the IAASB to agree on the responsibilities as well as nominations for involvement with the IAASB. A letter to be issued **May 2014**. Draft letter attached to the workplan.

3. Roadmap for Revision of ISSAI 1000 and related implementation initiatives

3.1 To ensure that the messages within the ISSAIs 1000 to 2999 are understood and applied more comprehensively, it was agreed that a document or roadmap for ISSAI implementation is required. To facilitate this, a revision to ISSAI 1000 could be considered. After discussion with other Chairs of Compliance, Performance and Internal Controls it was agreed that this could include the broader areas of public sector auditing as elaborated by the ISSAI on level 3 and 4. The following areas are to be considered within the scope of the initial research are as follows:

- Auditing principles and consistency of application between audit types
- Overlap between the difference types of audits
- Linkages to accounting frameworks
- Audit responsibilities beyond financial statements e.g. including opinion on internal controls
- Common glossary of terms

At this stage these are very difficult concepts, however these are required to be addressed for the users of the standards. A small group of SAIs will be involved and they will liaise with the other sub committees as far as practical.

Responsibility and Timeframes:

The small group of India, Sweden, Norway, Kuwait, Germany and the European Court of Auditors will take part and provide a concept paper on the purpose and scope for a revised **ISSAI 1000** for the next **FAS meeting 2015**. This should also include a tentative project plan.

4. Knowledge Sharing and Communication

4.1 Knowledge sharing has been split into the short and long term. The following is summary of each:

4.2 Short Term:

4.2.1 Try and use more up to date communication methods including improved usage of current website and improved references to other websites.

Responsibility and Timeframes:

FAS Secretariat to undertake the improvements listed above, following up the initiatives undertaken by SAI Kuwait. These are to be included in updates to FAS members on a quarterly basis.

4.3 Long Term:

Long term options include

- Case studies.
- FAQ'S possibly through the web sites.
- Improving Methodologies or practice notes.

This requires a mechanism to receive feedback from practitioners in the field. Such a mechanism needs some kind of check and balances to ensure the feedback is robust.

Responsibility and Timeframes:

Preliminary research to be undertaken with agents such as IDI and a report will be provided to FAS meeting 2015.

Next meeting

❖ *Proposed: to be hosted by the European Court of Auditors in 2015.*