

To: The Steering committee of the Professional Standards Committee (PSC-SC)
From: FIPP

Report by the Forum for INTOSAI Professional Pronouncements (FIPP)

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The PSC Steering committee is the governance body for FIPP. According to PSC terms of reference (ToR) from June 2017¹, the PSC-SC responsibility include:

- Driving the long-term development of FIPP.
- Providing input and guidance to the work of FIPP.
- Ensuring that FIPP contributes to reliable and effective standard setting in accordance with the key strategies defined for goal 1 in INTOSAI's Strategic Plan.
- Encouraging relevant candidates for FIPP to come forward through the nomination process organized by the goal chairs.
- Approving the changes in FIPP's terms of reference before they are presented to the Governing Board.
- Providing a linkage of FIPP to INTOSAI's regions, the PSC's subcommittees, the CBC and the KSC as well as other INTOSAI bodies.

In order for PSC-SC to carry out this responsibility FIPP shall report annually to the PSC-SC. Possible content of the report is listed in the annex III to the PSC ToR and include status and challenges in projects as well as proposed changes in the SDP, FIPP Terms of reference or working procedures. The purpose of this report is to enable the PSC-SC to carry out their responsibility as well as to cover the items listed in the annex. As the PSC-SC is to report to the yearly Governing board meeting on all of its activities, this report on FIPP's work covers the period from October 2021-September 2022.

Overview of content

1. Status of projects from the IFPP Strategic Development Plan (SDP) 2017-2019
 - a. Pronouncements endorsed by the INTOSAI Governing Board in 2021
 - b. Pronouncements to be endorsed by the INTOSAI Governing Board in 2022

¹ The PSC Terms of reference is to be updated in 2022. This report refer to the current version of the PSC Terms of reference.

- c. On-going pronouncement projects from SDP 2017-2019
2. Status of projects from the IFPP Strategic Development Plan (SDP) 2020-2022
3. FIPP meetings
4. Process for developing the next IFPP Strategic Development Plan
5. Other main tasks achieved by FIPP in 2021-2022

Motion

The PSC SC is requested to take note of the report including the overview of FIPP activities 2021/2022 and the status of the projects in the IFPP Strategic Development Plans for 2017-2019 and 2020-2022.

On behalf of FIPP

Åse Kristin Hemsén

FIPP chair

1. Status of projects from the IFPP Strategic Development Plan 2017-2019 and 2020-2022

The Governing board endorsed two pronouncements from the SDP 2017-2019 in 2021, while a number of pronouncements are still under development.

a) Pronouncements endorsed by the INTOSAI Governing Board in 2021

- GUID 2900 Guidance to the financial auditing standards
- GUID 5320 Guidance on Performance Audit on Privatization

b) Pronouncements to be endorsed by the INTOSAI Governing Board in 2022

- GUID 5280 Guidance for Public Procurement Audit
- ISSAI 150 International Standard for Supreme Audit Institutions (ISSAI) 150: Auditor Competence
- GUID 1950 Guidance on the development of competency frameworks for auditors
- GUID 1951 Guidance on the development of pathways for professional development of auditors²

c) On-going pronouncement projects from SDP 2017-2019

- SDP 2.3 Using ISSAIs in accordance with the SAI's mandate and carrying out combined audits
- SDP 2.5 Consolidated and improved guidance on understanding internal control in an audit
- SDP 2.6 Consolidated and improved guidance on reliance on the work of internal auditors.
- SDP 2.7 Guidelines for audits of Public-Private partnerships
- SDP 2.8 Consolidating and aligning guidance on IT-audit with ISSAI 100

All these five projects original aim was to produce a new or updated GUID to be included in the IFPP. These projects have faced different challenges since they were approved in 2016. For more details on each of the projects, see annex 1.

Issues for PSC-SC consideration

Standard setting is one of the strategic goals of INTOSAI where FIPP and the three Goal chairs together play a vital role. INTOSAI as a standard setting organisation have come a long way the last 5-10 years but there are still areas for improvements both in the organisation itself as well as in running the day-to-day business.

In 2021 FIPP provided input to the Task Force on Strategic Planning (TFSP) on issues related to the standard setting function. The full input is attached to this report. Most of these issues are still relevant and include:

² In connection with the appraisal of the Component 3 pronouncements, FIPP had identified a need for an update of ISSAI 100 to correspond to the new ISSAI 150 and to facilitate the inclusion of a new fundamental principle of auditor competency management in the IFPP. Hence a revision of ISSAI 100 was developed by FIPP in close collaboration with the PSC and the CBC.

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- In building a reliable standard setting function INTOSAI need to overcome the inherent barriers for organizational change.
- The governance of FIPP and the responsibility for producing content to the IFPP rest with the same INTOSAI body. FIPP suggested potential routes to take in order to address this issue and to avoid duality.
- INTOSAI as a whole have limited resourced to develop pronouncements and we rely on in-kind contribution when we do. There is a need to strengthen further the secretarial and technical support function to use the resources in the most efficient way.

These challenges were also parts of the discussion at the FIPP meeting and SDP Joint seminar in Copenhagen on 5-9 September 2022. Based on these discussions:

FIPP suggest that INTOSAI invite external partners to perform an evaluation of the standard setting organisation. The results from such an evaluation could provide important inputs in developing the organisation in the future. A possible timing for such an external evaluation might be in 2024/2025.

Below FIPP present some areas for improvement where the steering committee or the individual goal chair potentially could take action even in the shorter run.

Support for robust standard setting processes

Due process describe the process and the criteria for these steps as well as roles and responsibility for the relevant steps in the process. One of the findings from Component 1 was that the process is considered to be too long. From FIPPs perspective the due process is crucial to ensure INTOSAI are provided with high quality pronouncements that have legitimacy within the INTOSAI community. A robust due process is also important for the external recognition of INTOSAI as a standard-setter and the general acceptance and use of the ISSAIs.

Consultation with the INTOSAI community is an important step to ensure legitimacy for the individual pronouncement and for the IFPP as a whole. This require a reasonable number of SAIs providing feedback to the exposure draft. At the moment about 10-15 SAIs give comments to exposure drafts for GUIDs while the response rate for ISSAI 150 were slightly higher. Especially for ISSAIs introducing new requirements feedback from the INTOSAI community is crucial. More publicity and easy access to the drafts that are out for exposure as well as an understanding of the importance of these exposure comments could improve the response rate.

We ask for PSC SCs help in communicating a strong recognition of due process as a tool to ensure IFPP is a high quality framework with legitimacy in the INTOSAI community. We also suggest to consider other means to increase the response rate to individual pronouncements.

Mitigating the project risk

In developing or updating new pronouncements a working body or ad-hoc group are given the responsibility for the project. Before the group start drafting the project proposal is sent to FIPP for approval. The template for the project proposal is developed to ensure all involved INTOSAI bodies agree on what should be produced and to enable project lead and relevant Goal chair to mitigate the project risk. By project risk we refer to the risk of delays as well as the risk that the draft developed will not be smoothly approved through FIPP and win wide support within INTOSAI. In approving the pro-

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ject proposals FIPP discuss the project risk but we are not in a position to mitigate the risk or to address it in a relevant way other than providing feedback on content and provide advice on possible directions to take.

We request the goal chairs to involve with the project groups on a regular basis to identify potential project risk as early as possible. We also suggest that the responsibility for mitigating the project risk is clearly stated in the relevant terms of reference, either for the working body or relevant goal chair.

Cooperation between relevant working bodies

In SDP 2017-2019 several projects linked to more than one of the three audit types were approved. There were also projects approved where a working group need to work closely with the subcommittees to produce a new GUID. See annex 1 for a list of the individual projects. Several project groups have spent much time discussing internally or with other subcommittees without reaching a common ground for the project.

The PSC secretariat have developed procedures for different ways of organising projects under their responsibility where more than one subcommittee are involved. These procedures have not worked for the necessary amount of time for FIPP to conclude on the effectiveness of them in avoiding fundamental delays when developing new pronouncements. We await the effect of introducing the new routine before we suggest new measures.

Working closely with FIPP

As FIPP shall ensure a single entry into the IFPP, we believe the best guaranty for success is that the project group use their designated liaison officer or even the entire FIPP for consultation throughout the project life cycle. We refer to the process for ISSAI 150 and the related GUIDs where FIPP were involved from day one and the questions on type of pronouncements to be developed were solved early in the process. Involving FIPP require active collaboration and good preparation from the working group in order to present the key questions and enable FIPP to provide help and advice. With at least four virtual meetings in FIPP per year, involving FIPP at an early stage can prevent further delays. We as FIPP use every opportunity to share good practices with more unexperienced project teams when we have the opportunity to do so.

Composition of project group

For some of the projects on updating the GUIDs a limited group of people from one or a limited number of SAIs are involved in the development of a pronouncement. This can work in a situation where the project team ensure input from a representative number of SAIs. If not the GUID potentially will only be relevant for a small group of SAIs. At the same time the legitimacy of the finalized document will be lower as the GUID is too coloured by the drafters.

In the approval of the project proposals FIPP consider if the project groups collectively represent different practices and have enough resources to meet the deadlines. During the drafting process however FIPP are not in a position to follow-up and ensure the drafters have enough and relevant resources and competence. This must be the responsibility of the responsible goal chair.

The need for drafting support

We would also like to point the PSC SCs attention to the lack of knowledge and understanding of the IFPP and the ISSAIs among the drafters contributing to development of INTOSAI professional pronouncements. In general, the drafters are experts within their specific field and may have important roles within their respective SAIs. However, it appears from the drafts that many drafters lack the basics on the classes of pronouncements, how they interrelate and what ISSAI 100 requires. This is a challenge for projects covering all kinds of pronouncements and lead to delays. FIPP need to return the drafts back to the project teams several time for further analysis and updates which is frustrating for the project team.

In addition, it remains a challenge to INTOSAI's values of inclusiveness that drafters are on different levels with regard to their ability to draft in English. Language issues in the drafts presented to FIPP have therefore also contributed to prolonged processes. It should also be recognised that language barriers may mean that important points and perspectives from the non-native English-speaking parts of the community is lost in the development of pronouncements.

FIPP aims to the furthest extent possible to rely on the expertise of the project group developing the drafts pronouncements. In FIPP's deliberations on drafts we therefore aim to focus on issues concerning scope and purpose, correct referencing and application of the ISSAIs as well as other cross-cutting issues. All pronouncements considered in FIPP so far have contained some cross-cutting issues that have moved FIPP to propose amendments before the pronouncement could be approved. Even in projects on GUIDs to address only one audit type, such as GUID 2900 (financial audit) and GUID 4900 (compliance audit), there have turned out to be issues affecting other audit types or affecting the ISSAIs and the IFPP more generally. With FIPP focusing on these issues, other parts of the pronouncement is given less attention as we need to balance quality and timeliness.

Developing the Technical support function have to some degree helped addressing these issues but comprehensive analysis from the TSF is not enough to ensure a high quality pronouncement. We believe there is still a need to explore more direct ways to support the drafting of pronouncements.

Training activities to get a better understanding of the IFPP and the relational behind it, is one possible action to take. FIPP suggest to goal chairs and drafters to consider relevant training material from IDI or other INTOSAI bodies to strengthen the project teams.

We ask the PSC SC to consider how to support the development of pronouncements in the best way possible, including strengthening the support function and provide training activities for drafters.

In addition to the above-mentioned issues FIPP have also identified areas for improvements in our own working procedures and communication. We continue to develop Teams as a work space for FIPP's members to ensure transparency and an efficient way of working. We also continue to update our webpage [INTOSAI FIPP – Forum for INTOSAI Professional Pronouncements](#) to ensure a good platform for the project groups drafting the pronouncements. We encourage the individual members of the PSC SC to visit the webpage. Inputs on the relevance or user-friendliness of the webpage are welcome.

d) Status of projects from the IFPP Strategic Development Plan 2020-2022

The SDP (2020-2022) included three components.

- Component 1 - see report from the PSC secretariat
- Component 2 - GUID to INTOSAI P-50 and ISSAI 140 (update)
- Component 3 - Competency framework - ISSAI 150 and related GUIDs

The Component 2 and 3 have been developed according to plan so far. The aim is to have C2 pronouncements up for Governing Boards endorsement in 2023 while C3 is already approved and will be endorsed in 2022. For more details see annex 2.

2. FIPP meetings

According to FIPP ToR FIPP are to hold three in-person meeting a year. Due to the Covid-19-situation all but one FIPP meetings 2021/2022 were carried out by web-meetings. In 2021 we conducted 6 web-meetings covering up to three days while we so far in 2022 have conducted three such meeting. Web-meetings are not covered in FIPP ToR.

The web-meetings offered an opportunity to conduct meeting more flexible and inviting participants (working bodies) into the FIPP meetings in order to discuss the SDP-projects. This opens up a unique possibility for real time guidance and alignment with project groups and provides a flexibility in order to enhance the process from draft to a pronouncement. FIPP has in addition invited observers from all three goal chairs (CBC, KSC and PSC) to each meeting in 2021/2022.

In September 2022 FIPP had its first in-person meeting since December 2019. The experience has clearly demonstrated the need for occasional in-person meetings. Though FIPP has generally managed to conduct its business during the years of COVID pandemic it should be recognized that much progress has been lost due to the situation.

At the meeting in September FIPP discussed the need for future in-person meetings. Even though the web-meetings have proved efficient they give other challenges: several FIPP members need to work outside normal business hours in order to attend the meetings as the majority of FIPP work in CET time zones or close to the CET. In our discussion several FIPP members also raised the question of quality and if working on-line could be a risk to the quality of the pronouncements under development.

In 2023 FIPP are planning on two in-person meetings but will also need to plan for on-line options. In planning future meetings we also need to consider any decisions in INTOSAI as well as meeting calendar for relevant INTOSAI bodies. Hybrid meetings is not considered a good solution but this is the future and we will learn from good practice to make such meetings work for everyone participating either in person or on-line.

All FIPP meetings are documented at the FIPP web-page: <https://www.intosaifipp.org/fipp-meetings/>

3. Process for developing the next IFPP Strategic Development Plan

INCOSAI will by the end of 2022 approve the new Strategic plan (2023-2028). The strategic plan sets the priorities for INTOSAI for the next period. The Strategic plan (SP) will be operationalized through the Strategic development plan (SDP). The SDP refers to a general strategy and working plan for the development of the framework towards a clear, consistent and adequate set of professional pronouncements and is an important instrument of decision for INTOSAI.

The 'framework' named INTOSAI FRAMEWORK OF PROFESSIONAL PRONOUNCEMENTS (IFPP) is the set of classification principles that defines how INTOSAI classifies all such pronouncements into a set of defined categories of principles, standards and guidance. These different categories aim to ensure that the purpose and status of each of these documents is clearly defined. INCOSAI's decision on the due process for the IFPP establishes the roles and responsibilities of the various parties in INTOSAI in the continued development and improvement of the IFPP (the classification principles) as well as the pronouncements (individual documents) included therein. It is one of the most fundamental requirements of due process that any initiative to develop, revise or withdraw INTOSAI professional pronouncements as well as any proposal to change and improve the scope or categories of the IFPP itself (the classification principles) is considered and decided on through the process of developing the SDP.

INTOSAI due process give the criteria for developing the SDP:

Decisions on the organisation of the planning process and the content of the plan shall be taken by the PSC Steering Committee with the consent of the chairs of the CBC and KSC, and shall be based on proposals elaborated by FIPP.

The current Strategic Develop Plan for the IFPP formally expires by 2022. It is one of FIPP's obligations to provide a proposal to the PSC Steering Committee on the process for developing the next Strategic Develop Plan for the IFPP.

In July 2021 it was agreed that the chairmanship of FIPP and the joint PSC Secretariat of the SAI of Brazil and ECA should work closely together to develop an initial proposal on a good process for developing the next SDP. It was also agreed that it would not be possible to develop a new plan already by 2022. Due to the COVID-pandemic, the delayed progress of 'Component 1' and our common ambitions to improve the SDP planning process was a joint decision of the chairmanships of PSC and FIPP. There was a mutual understanding that there was a need to set a more realistic timeframe aiming for approval of a new SDP in 2023 rather than 2022. With the preliminary conclusions from Component 1 available and with no further delays, we are able to move forward in order to have a SDP ready for approval by Governing Board in 2023.

The due process for the IFPP provides that the planning process as well of the content of the SDP shall be decided on by the PSC Steering Committee on the basis of proposals from FIPP.

FIPP have so far work closely with the PSC Chair and Secretariat as well as the Goal Chairs of the CBC and KSC on this matter and with the support and collaboration of these distributed a proposal on the planning process for the next SDP that was decided by the PSC Steering Committee in June 2022.

Following the previous SDP process, FIPP received input from PSC-SC and other INTOSAI bodies on how to improve the next SDP process. In developing the next SDP relevant sources of information will

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be analysed by FIPP and PSC, KSC and CBC including the IDI global stocktaking report, feedback to the SP relevant to the IFPP, the Component 1 preliminary conclusions and final report, the feedback from the ISLO network and feedback/conclusions from IRCP³. FIPP would also like to highlight the following:

- Spring 2022 subcommittees and working groups were asked to give inputs to FIPP including list of plans and potential projects influencing the content of IFPP
- Before a draft is sent out to the INTOSAI community the subcommittees and working groups will be invited to consultations to ensure the draft plan reflects their plans and needs in a relevant way

With approved process plan FIPP in collaboration with the Goal Chairs of CBC, KSC and PSC believe relevant feedback and learning from the previous SDP process have been addressed in a constructive way that will provide the INTOSAI community with a SDP that reflects the vision and strategy of INTOSAI as reflected in the Strategic Plan and addresses the needs of SAIs around the world.

Minutes, input from working groups, subcommittees and others as well as the process plan and other relevant information is to be found on the FIPP web site here: <https://www.intosaifipp.org/information-on-the-development-and-process-of-the-new-strategic-plan-2023-2025/>

4. Other main tasks achieved by FIPP 2021/2022

1. In addition to the projects mentioned earlier FIPP have been aware of other projects that are under development but where we have not seen progress since 2021. This include:
 - An update of GUID 5202 on Sustainable Development
 - An initial overall discussion of the proposed project on revision of INTOSAI P-12 – Value and Benefits of SAIs
 - GUID on Cooperation between SAIs and the three branches

None of these projects have been included in the SDP or approved by FIPP.

All projects related to the development of the IFPP should be included in the SDP. In order to develop a realistic set of projects for the next SDP, the responsible goal chair need to share information on the status of these projects and whether they should be considered as part of the upcoming SDP.

2. Update of the classification principles - in June 2022 the PSC SC approved FIPPs proposal to update the classification principles in connection to the work on the ISSAI 150.
3. FIPP's working procedures
In the previous FIPP report an updated draft of the FIPP working procedures was indicated finalized in 2022. The primary aim of the revision is to adjust the working procedures to the "new normal" of virtual meetings and draw on the experiences of the "lessons-learned" of the last few years of FIPP's work. Due to prioritizations of the work on the new SDP the FIPP working procedures have had to be postponed with one year. An updated draft is expected to will be finalized in 2023.

³ INTOSAI-Region Coordination Platform

Annex 1 On-going pronouncement projects from SDP 2017-2019

No.	Title	Status	Endorsement
#2.3	GUID 5000 Using ISSAIs in accordance with the SAI's mandate and carrying out combined audits	The Project Proposal was conditionally approved at the 12 th FIPP meeting December 2019. Subcommittees have a vested interest in projects that include the three audit types. This can lead to unforeseen challenges and result in delays as in this case. The combined audit topic will be considered more holistically in the next SDP. The project is therefore terminated	
#2.5	GUID 5150 Consolidated and improved guidance on understanding internal control in an audit	A Project proposal is being developed by the project group and has been initially appraised by FIPP February 2020. The project is put on hold awaiting the development of the #2.6.	Not planned
#2.6	GUID 5160 Consolidated and improved guidance on reliance on the work of internal auditors	An updated project proposal was approved by FIPP in the FIPP web-meetings in September 2020. The update also included a new title: "Guidance on Cooperation with Internal Auditors". The original project aimed for a GUID to fill the gap in the IFPP on the link between internal auditors and compliance and performance audit (financial audit already covered by ISSAI 2610). In the first half of 2022 the project distributed a new revised project proposal to FIPP for consideration. The proposal have been discussed in FIPP and with the PSC Secr as well as between FIPP and the project lead. The project involve all three audit types which have effect on the project risk. PSC secretariat have developed the document "Working together effectively..." to address that risk. FIPP still consider that there is a risk that the GUID will not be ready for approval in 2023. One important issue to solve is if the project aim for guidance on how to implement the organizational requirements or as a document that support the individual auditor/audit team in implementing the audit standards.	
#2.7	GUID 5340 Guidelines on audit of Public-Private Partnerships (PPP)	An updated Exposure Draft and related Explanatory Memorandum was discussed at the FIPP April 2022 meeting. FIPP consider that the project risk is substantial as the project group consist of only one person representing one SAI and with few quality assurance routines in place. Pending within the KSC.	
#2.8	GUID 5101 Consolidating and aligning guidance on IT-audit with ISSAI 100	Endorsement version has been prepared by the project group, but based on the exposure comments, at the 11th FIPP meeting, June 2019 FIPP concluded that the GUID was not ready for approval. In December 2019, FIPP reviewed the amended endorsement version with a gap analysis and FIPP carried out a new appraisal against the criteria in due process. FIPP con-	

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		<p>cluded that the GUID 5101 should not be forwarded to the INTO-SAI Governing Board as a majority of SAIs questioned the relevance of such a document.</p> <p>The project distributed a new updated Exposure Draft for FIPP that was discussed in April 2022. FIPP then provided a list of key issues to be considered and the project team have responded and developed a strategy moving forward.</p>	
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Annex 2 Status of projects from the IFPP Strategic Development Plan 2020-2022

<p>Component 1 Reviewing and refining the conceptual framework</p>	<p>The conclusion made by the PSC Secr on the Component 1 analysis will be presented as a report to the PSC SC 2022. The Component 1 results will then feed into the SDP 2023-2025 according to due process.</p>	<p>Status report SDP 2020-2022 regarding Component 1 to GB 2021.</p>
<p>Component 2</p>	<p>The Governing Board approved FIPPs proposal to include the following projects in the SDP 2020-2022:</p> <ul style="list-style-type: none"> • Guidance for implementing INTOSAI P-50 Principles of SAIs of jurisdictional activities (KSC) <p>The project group had developed a draft GUID before FIPP approved the project proposal. The first draft proposal have been discussed in FIPP and adjustments have been made. An adjusted project proposal and draft GUID are expected to be distributed and discussed at a FIPP meeting second half of 2022.</p> <ul style="list-style-type: none"> • ISSAI 140 Quality management for SAIs (PSC) <p>The project proposal was approved by FIPP June 2022. A draft is expected to be distributed and discussed at the FIPP December meeting</p>	
<p>Component 3</p>	<p>Framework for competency management</p>	<p>Finalized - for endorsement by Governing Board 2022</p>

Input from FIPP to the Task Force on Strategic Planning

- SWOT analysis of FIPP's role and function and relations with other INTOSAI bodies

Background

The INTOSAI Strategic plan (2017-2022) (SP) goal 1 includes the strategic objective 1.1 "Provide a strong organizational framework to support INTOSAI's standard setting including a permanent standard setting board (the Forum for INTOSAI Professional Pronouncements), a technical-support function, and an independent advisory function".

The Forum for INTOSAI Professional Pronouncements (FIPP) has now been operational for about 4 years and should still be considered as a new element in the INTOSAI organizational framework. Our role in INTOSAI as well as our responsibilities mean that FIPP's members collaborate with a wide range of committees and subcommittees, working groups, work streams and task forces under the INTOSAI strategic plan to provide INTOSAI with professional pronouncements.

As a complement to other sources of the internal scan, FIPP would like to offer its perspective on **current strengths** as well as the **challenges** related to the organizational framework for standard setting that could be considered by the Task Force on Strategic Planning. Our analysis is based on the assumption that the goals of the current strategic plan will be retained in the next strategic plan.

In annex 1 we provide the background and the main steps in the process leading to the current organizational framework for standard setting and the purpose and aims by INTOSAI underlying this development. Annex 2 illustrates how FIPP is vested in the standard setting organization.

In FIPP's view, it is important that INTOSAI continues developing a robust and reliable standard setting function that can be relied upon by all INTOSAI's members and considered as professional by external stakeholders.

Since its first strategic plan, INTOSAI has committed itself to building an effective and professionally working standard setting organization in order to provide a widely recognized set of principles, standards and guidance that can be relied upon by SAIs and the users of SAI audit reports. As a result, a large number of SAIs have worked to implement the ISSAIs and have invested huge resources and credibility on the reliability and persistence of INTOSAI's standard setting efforts. It is highly important for INTOSAI's reputation and for being an accountable organization, that we are able to maintain progress towards this goal.

Building a reliable standard setting function in INTOSAI is however a challenging task. It means that INTOSAI must overcome the inherent barriers for organizational change. Establishing FIPP and the Technical Support Function (TSF) proves that it is in fact possible to overcome many of these barriers. As we progress towards a more robust and reliable standard setting organization, we could elaborate further on lessons learned from introducing FIPP and TSF. The overall common ambition should be that the international principles and standards defining and shaping expectations to SAIs are defined by INTOSAI and support all its members in their efforts to enhance accountability and transparency through effective and independent public-sector auditing.

How this SWOT was developed

The members of FIPP have carried out a general SWOT analysis of strengths, weaknesses, opportunities and threats for INTOSAI as a standard setting organization. The SWOT was carried out during the second half of 2020. In addition to the observations listed below, a number of observations were made concerning FIPP's internal processes. These observations will be further discussed, prioritized and addressed during 2021 and onwards according to FIPP's priorities.

The following summary focus on observations made by FIPP members which we hope could serve as useful input for the Task Force on Strategic Planning.

Key strengths – to maintain and exploit further

A stepwise gradual improvement of the INTOSAI Framework of Professional Pronouncements:

- The INCOSAI and Governing Board decisions from 2016 on the INTOSAI Framework of Professional Pronouncements (IFPP) have been implemented and communicated to the INTOSAI community through the new user-friendly version of www.issai.org launched in 2019. The web page gives SAs and auditors access to an overview of the framework and the individual pronouncements in all five INTOSAI languages and as such will be an important means to improve audit quality and ISSAI compliance in individual SAs. In addition the web page provide an overview of pronouncements under development which potentially can inspire more SAs to engage in standard setting by giving comment to the pronouncements under development. Publishing the pronouncements under development including the comments received will enhance transparency and a better understanding of the needs of SAs and auditors.
 - FIPP have approved nine pronouncements for endorsement by the Governing Board. These pronouncements cover all three categories (INTOSAI Ps, ISSAIs and GUIDs) developed by subcommittees and working groups under PSC and KSC.
 - The IFPP now include the new INTOSAI Principles on SAI's jurisdictional functions developed by the working group on value and benefits of SAs under KSC as well as an updated INTOSAI P-10.
 - FIPP have approved an updated ISSAI 200 as well as a new ISSAI 2000 for financial audit as well as a new GUID on compliance audit all of which have been developed by subcommittees under PSC.
 - FIPP have also approved new or updated subject matter specific GUIDs, namely GUIDs covering key national indicators, IT-audit, disaster management and public debt, all of which is now based on the three audit types defined by ISSAI 100 (financial, performance and compliance auditing).
- (i) The establishment of the Technical Support Function and the ISLO network:**
- The secretariats of the PSC, KSC and CBC (goal chairs) have established the Technical Support Function. The cooperation between FIPP and the TSF provides for new means to finalize the remaining work that is required in order to fully implement the IFPP decided on in 2016; the set of INTOSAI Principles (INTOSAI-P), ISSAIs and GUIDs on www.issai.org.
 - The secretariats of the goal chairs have established the ISSAI liaisons network as part of the feedback loop. This network will potentially provide INTOSAI with new opportunities for informed and fact-based decision-making on standard setting development and ensure that the future development of the IFPP addresses the needs of the INTOSAI community.

(ii) **Continued development of FIPP and the wider standard setting organization:**

- INTOSAI now have a permanent and reliable body - FIPP - with the responsibility to ensure a single entry into the IFPP and a more uniform approval process for the ISSAIs and any other pronouncements included in the Framework. FIPP have general responsibilities for the content and quality of the full set of professional standards as defined by the Due Process.
- The goal chairs have further improved the process for nomination of candidates for FIPP. The number of applicants has increased, ensuring FIPP has a diverse set of competencies needed to drive the development of the IFPP and the individual pronouncements. FIPP's composition facilitates decisions that accommodate the various needs and interests of all INTOSAI members.
- Working virtually have created new opportunities for interaction between FIPP and the project groups responsible for drafting pronouncements as they can be invited to FIPP meetings when relevant. This contributes to better decision-making by FIPP and serves to develop a better mutual understanding of roles and responsibilities as well as improving the communication and efficiency in the process of developing new pronouncements.

(iii) **Broad involvement from expert networks and a robust and reliable approval function:**

- The broad involvement of INTOSAI's members through the project groups contributing to the IFPP, the expert networks of FAAS, PAS and CAS as well as more subject matter specific groups have helped to ensure the *development* of pronouncements as well as the subsequent *acceptance and implementation* within the INTOSAI community.
- The INTOSAI Statutes and due process provide an important guarantee for all INTOSAI members, INCOSAI and the Governing Board that any new INTOSAI professional pronouncement have been considered and approved in a transparent way by the designated INTOSAI body – FIPP.
- FIPP's role as responsible for approving pronouncements is generally accepted. FIPP focuses on classification of documents, solving cross-cutting issues and interrelations between the various concepts and documents within the IFPP. FIPP follows clear rules of procedures that ensures that due process is adhered to and that FIPP draws on the competencies of all its members in its decision-making process. FIPP's composition can be decided and adjusted on the initiative of the goal chairs to ensure that it matches FIPP's roles and responsibilities.

Key challenges – for consideration by the task force on strategic planning

The governance of FIPP

To ensure a strong organizational framework there needs to be a clear understanding of roles and responsibilities between the relevant INTOSAI bodies involved in development approval of professional pronouncements.

The introduction of FIPP in 2016 has improved the way the standard setting organization operates, but has also affected the roles and responsibilities of other INTOSAI bodies. Through INCOSAI's decisions in 2016 the *approval* function (stage 1, 2 and 3) within the due process for the IFPP was transferred from the steering committees of the PSC, CBC and KSC to a single body, FIPP. The three steering committees were instead granted a number of new and more strategic responsibilities (see annex 1).

The responsibility for governance of FIPP was entrusted with the pre-existing steering committee for goal 1, the PSC steering committee. In addition to the 'normal' roles and responsibility of a goal steering committee, the PSC steering committee also has a set of additional responsibilities relating to FIPP and the IFPP, as defined by the due process for the IFPP. To enable the PSC steering committee to fulfill this governance function across all three strategic goals, the steering committee includes the chairs of CBC and KSC. It was foreseen that the chairs of all three committees would work closely together between meetings to guarantee the effective operation of FIPP.

In practice, PSC now have a dual-role 1) it is the steering committee for the PSC and its subcommittees (including the pronouncements developed by these subcommittees), and 2) it is the governance body of FIPP with a wider responsibility for the IFPP and for ensuring adherence to due process. From FIPP's perspective avoiding this dual-role could potentially strengthen the structures of governance over the overall system through which INTOSAI develops its professional principles, standards and guidance.

A need to further formalize structures:

Discussions and decisions that are intended to be taken through FIPP and the PSC steering committee is due to many unforeseen factors often moved to informal meetings and networks among the chair/vice chair/subcommittee chairs within PSC or within the Goal Chairs collaboration or ad hoc groups. To enhance transparency in decision making, decisions should beneficially be taken according to due process and be made available to INTOSAI bodies and others that will be affected by the decision. If the formal processes is not considered to be sufficient or efficient this should be addressed in an open dialogue and necessary amendments formally approved by the relevant and responsible INTOSAI body.

The further development of the lines of accountability: To a large extent, FIPP still relates to three different committees – PSC, CBC and KSC – rather than a single governance body. From the perspective of the project team developing the pronouncements there are often many intermediate steps of internal approvals in the committee structure before the draft can be referred by the goal chair to FIPP for the formal approval provided for by the due process. This can potentially lead to both delays and wasted resources that puts it in contrast to INTOSAI being a model organization.

Prioritization and coordination: The introduction of a Strategic Development Plan (SDP) in 2016 was a mean to help INTOSAI to prioritize the limited resources available for developing high quality pronouncements. However, the instrument of the SDP has only partly proved to be efficient and need further development and anchoring. The SDP is provided for by the due process established by INCOSAI and has been discussed and approved through FIPP, the PSC Steering Committee (including the chairs of CBC and KSC) and the INTOSAI Governing Board. The individual working groups, subcommittees, task forces and work streams however, have to some extent continued to take individual initiatives to develop new pronouncements instead of channeling their proposals for new projects to develop pronouncements into the common planning process. This could delay prioritized projects and make it difficult to achieve a planned development of the IFPP where pronouncements have similar formats and are free from overlaps and duplication.

Closer connection with the INTOSAI leadership level: The governance structure and the current composition of the PSC steering committee also mean that FIPP has weak links with the INTOSAI leadership. FIPP provides a general service to INTOSAI community that can to some extent be compared with other entities such as the INTOSAI Journal (contributing to knowledge-sharing) or the INTOSAI Development Initiative (contributing to capacity development). However, unlike these INTOSAI bodies

FIPP does not have autonomy nor does FIPP report directly to the INTOSAI Governing Board. As FIPP is developing in line with INTOSAI's decisions and strategic goals it is also becoming increasingly important that FIPP report to a strong governance body that can represent the full INTOSAI membership at a leadership level.

Overall, there is a need for considering how the governance structure could be strengthened. The key functions of governance are:

- Safeguarding the due process for the IFPP and the integrity of FIPP in order to ensure that INTOSAI's professional pronouncements are developed as planned and serve the broad interest of all INTOSAI members
- Organizing the selection of FIPP members and the necessary secretarial and technical support for FIPP in line with INCOSAI's decisions
- Providing clear feed-back to FIPP and taking well-informed, clear and transparent decisions based on broad representation within INTOSAI on any proposals developed by FIPP on strategic issues that FIPP is not mandated to solve itself
- Providing for the authority to ensure that the decisions taken and the processes established by INTOSAI are understood, accepted and followed by all subcommittees and working groups of the PSC, CBC and KSC as well as all other parties involved

As a starting point for discussion we suggest these three possible routes of progress:

- 1) Transfer governance of FIPP to an INTOSAI body that is designated for this purpose and not involved in developing drafts that are subject to FIPP's approval. This would allow the PSC chair and steering committee to focus on conveying the views of the PSC subcommittees.
- 2) Reform and develop the steering committee for goal 1 into a more high-level strategic body that can better take responsibility for governance of FIPP. This may require a separation within the structure under goal 1 between the roles of governance of FIPP and the development of pronouncements by the PSC subcommittees. It may also require the PSC Secretariat to assist the operation of FIPP as well as the work of its governance committee.
- 3) Provide FIPP with a reporting line of reference to the INTOSAI Governing Board in line with e.g. the INTOSAI Journal and the IDI.

The need to strengthen further the secretarial and technical support function

The process of developing pronouncements for the IFPP involves several INTOSAI bodies, including the subcommittees, working groups, responsible goal chair, FIPP and the PSC Steering Committee before the pronouncement is forwarded to Governing board and INCOSAI for endorsement. Each of these parties/entities have their own individual secretariat established by the chairing SAI, while nobody is providing secretarial and technical support to the full process.

When developing a new pronouncement, a number of considerations and decisions need to be taken related to the scope, structure, content, use of concepts and so forth. These decisions and conventions on drafting can potentially be documented in minutes from the relevant body but is not easily accessed for SAIs and other relevant stakeholders. It is increasingly challenging for all parties involved to keep an overview of all ongoing projects as well as all rules of procedures and general decisions made within INTOSAI in relation to the IFPP.

Within a complex system with many different bodies and people involved, it is difficult to achieve efficient work and good results unless there is a secretarial and technical function that binds it all together. A well-functioning secretarial and technical supporting function is essential in order to enable INTOSAI to develop professional pronouncements through broad involvement from subcommittees and working groups based on voluntary contributions. From FIPP's perspective, it is especially important to provide a more unified secretarial and technical support for FIPP as well as its governance body (currently the PSC Steering Committee) and a designated website that could also support the work of projects groups in the development of drafts.

To improve professionalization, legitimacy and transparency in INTOSAI standard setting, it is important to consider how a more efficient and operative secretarial and technical supporting function could be established over the next strategic planning period 2023-2028. As a starting point for discussion we suggest there could be three possible routes of progress depending on decision on governance structure:

- 1) The achievements made in establishing the current Technical Support Function may be leveraged upon in order to define a new goal in the upcoming INTOSAI strategic plan to provide a more permanent technical and secretarial function that can underpin the development of the IFPP
- 2) It should be considered whether the PSC Secretariat could be given a wider role in supporting FIPP and project groups in addition to the support already provided to the work of the PSC Steering Committee as was done during the migration of the issai framework into the new IFPP
- 3) It could also be considered if either the IDI or the INTOSAI General Secretariat could take on an additional role in providing secretarial and technical support to the development of INTOSAI professional pronouncements

February 1, 2021
Åse Kristin Hemsén
FIPP Chair

Annex 1:

Background – the development of the organizational framework

A long stepwise common effort have over time been invested in INTOSAI to develop a capable and robust organizational framework to develop pronouncements:

- In 2004, the first INTOSAI strategic plan was launched. A large number of SAIs contributed to the development of INTOSAI documents through the numerous subcommittees, working groups, task forces and work streams that became organized under goal 1, 2 and 3.
- In 2007, INTOSAI decided that all official INTOSAI documents on the role and function of SAIs should be gathered into a common framework on www.issai.org and classified and numbered in a way that reflects its status and purpose regardless of its origin within INTOSAI's committee structure.
- In 2010, INTOSAI launched the first comprehensive set of ISSAIs, which among many other documents included the first guidelines on financial, compliance and performance auditing.
- In 2013, INTOSAI laid down the fundamental principles of public-sector auditing which defines the three general types of public-sector auditing and provides a long term foundation for the continued development of the ISSAIs into a set of auditing standards. At the same time INTOSAI launched its ambition to find a more sustainable solution for the organization of its standard setting efforts.

The process leading to INTOSAI's Strategic Plan 2017-2022 involved a comprehensive evaluation of INTOSAI's standard setting function. By 2016 INTOSAI had settled for a continued step-by-step approach that recognized that the goals on standard setting, capacity building and knowledge-sharing are closely interlinked:

- The collaboration between the respective goal chairs for goal 1, 2 and 3 (PSC, CBC, KSC) was formalized and elevated as these goal chairs became members of INTOSAI's Policy, Finance and Administration Committee
- INTOSAI's statutes were revised to reflect the goals on standard setting, capacity building and knowledge-sharing and now provides that it is INCOSAI that decides on the due process for development of INTOSAI professional pronouncements
- FIPP was established as a forum of technical experts to address standard setting issues relating to the IFPP. FIPP's objective is to ensure a single entry into the INTOSAI Framework for professional pronouncements (IFPP) and a more uniform approval process for the content of the framework.
- The due process for the IFPP was revised so the responsibility for *approving* individual projects and draft pronouncements was transferred from the three individual steering committees of the PSC, CBC and KSC to the new common forum, FIPP.
- In return, the three steering committees were to assume a more strategic role as responsible for organizing subcommittees, working groups and other activities as needed to achieve the key objectives defined by the strategic plan and for allocating the share of INTOSAI's budget that became designated for each goal.
- FIPP (former named *common forum*) was also given responsibility for developing proposals for a strategic development plan (SDP) for the IFPP. The SDP would be the new instrument of organizing the joint efforts of FIPP and the various project groups within PSC, CBC and KSC that would be needed for developing drafts for the IFPP. This FIPP responsibility concerns proposals on the SDP *planning process* and the *content* of the SDP as well as *changes in the scope and definitions* of the IFPP and the different categories of INTOSAI pronouncements.

- In addition, the decisions on classification of individual pronouncements which had previously been the prerogative of the PSC Chair (a single SAI) was also entrusted with FIPP
- The goal chairs for goal 1, 2 and 3 became responsible for selecting the FIPP members and it was decided that the composition of FIPP should be endorsed by the INTOSAI Governing Board.
- The governance of FIPP was entrusted with the steering committee for goal 1 - PSC. Proposals from FIPP is to be decided on by a single steering committee with the consent of the chairs of goal 2 and 3 (who were ensured membership of this steering committee) rather than through individual decisions by each of the three steering committees.

As a first result of FIPP's work and the PSC Steering Committee's decisions, a revised IFPP was decided on in 2016 and implemented by the PSC on the issai.org website in 2019. The two original categories of ISSAI and INTOSAI GOV from 2007 have been replaced by a new distinction between International Standards of Supreme Audit Institutions (ISSAI) and the closely related categories of INTOSAI Principles (INTOSAI-P) and INTOSAI Guidance (GUID). The revised IFPP thus provides the definitions that draw the distinction between INTOSAI's *standards* and other professional pronouncements that contains statements on the role and function of SAIs and serves to facilitate the promotion, implementation and use of INTOSAI standards.

Since 2016 FIPP have conducted approximately 3 annual physical meetings for its first 12 meetings, whereas for 2020, due to the Covid-19 pandemic, FIPP changed pace and meeting structure in order to still keep its commitment to the INTOSAI community when physical meetings were impossible. In 2020 FIPP have conducted 5 web-based meetings in series of 3-4 half-day sessions.

Since its establishment, FIPP has approved 8 IFPP pronouncements and forwarded them to the Governing Board for final endorsement. FIPP has furthermore decided on 7 draft pronouncements (approved project proposals or expose drafts). In addition, FIPP supported the PSC Secretariat in the large task of transferring all documents from the old ISSAI framework to the new IFPP and approved the editorial changes needed to include the pronouncements in the IFPP. FIPP has also initiated a number of SDP-updates to include unforeseen projects, proposed an amendment of the IFPP (abolition of the planned category of 'COMPs') and developed a proposal on the SDP planning process as well as analysed INTOSAI member inputs for the new SDP (2020-2022).

Annex 2:

FIPP is placed in the organizational diagram of INTOSAI in the following way on www.intodai.org:

