



INTOSAI
PSC

Professional
Standards
Committee

www.psc-intosai.org

Date: 19.8.2020

Dear Colleagues,

Component I Review: progress August 2020

Due to the current circumstances, the Component 1 Review (C1R) has progressed more slowly than expected (notably compared with the February 2020 schedule). Rather than provide the INTOSAI governing board with the planned full report at its meeting in November 2020, we now aim to submit to the board a progress report with initial conclusions, and the identification of issues on which the C1R will continue to work in detail. We will then present the full report to the 2021 governing board meeting.

The challenging working conditions, and the fact that the analysis is proving more complex than expected due to the number of issues involved, means that the overall objective of C1R is now for the results to be reflected in the next SDP to be approved at the 2022 INCOSAI. This means that any concrete proposal for updating the framework, and projects for individual elements of content, will only enter due process in 2023, in order to allow sufficient time for thorough preparation.

Accompanying this letter is the initial analysis carried out by the PSC secretariat, with valuable support from the recently established technical support function (TSF). The analysis examined the structure and substance of some of the main documents of the framework, including the identification of:

- instances of repetition across documents, both in terms of form and content;
- problems of referencing within and across the documents;
- issues with clarity of drafting, including suggested reformulations that might help; and
- the extent to which the framework meets its stated aims of being principles-based.

The accompanying annexes provide more detail on the results of the initial analysis. These documents are intended to provide an effective basis for discussion with the other INTOSAI working bodies. As such, we look forward to receiving your feedback on the issues raised by this initial analysis. The spreadsheets containing the full analysis will be available on the new <http://www.psc-intosai.org> (under “projects”) which will be launched very soon.

	+55 61 33167626 / +55 61 33167442		psc@tcu.gov.br / eca-psc@eca.europa.eu
	Setor de Administração Federal Sul SAFS - Quadra 4, Lote 1 CEP 70042-900 – Brasília - DF / Brazil		

In addition we are particularly interested in eliciting your views on a number of key issues set out below:

1. Principles-based standards are ones which set out what should be achieved, but not how they should be achieved. To what extent do you think that the IFPP in its current form achieves this aim?
2. The IFPP currently contains principles in the form of INTOSAI-Ps (covering mostly organisational issues), as distinct from ISSAI principles covering audit issues. Do you think this distinction between the different types of principles should be maintained, or if the framework would improve in clarity if it contained a single set of consistently conceived and presented principles?
3. The framework currently presents in ISSAIs 100, 200, 300 and 400 those requirements to be taken into account by those who wish to prepare their own standards or follow those prepared by others, and additional detailed requirements in 2000, 3000 and 4000 for those who wish to implement the standards directly. The requirements set out in these two levels of documents are, of course, interlinked (and the issues connected with this approach set out in the interim report). Is this distinction necessary, or could the material be merged and an indication given of the minimum?
4. The ISSAI framework is currently very extensive (some 260 pages), partly due to extensive amounts of repetition. Would you see benefits in clarity and application in slimming down the core framework (ISSAIs), in favour of extending guidance and good practice through GUIDs or other supporting material in a more dynamic and accessible way?
5. The current framework maintains a strict differentiation between currently defined audit 'types' (performance, compliance and financial audit) as if they are undertaken as distinct tasks. Does this reflect reality, or would reality be better served by recognising these as distinct types of audit objectives, a combination of which are often addressed in individual tasks?
6. Do you believe that the content of the ISSAIs and GUIDs is easily identifiable, and it is clear what needs to be applied or used in what circumstances? Could accessibility be improved if the content was provided in a single online searchable resource, rather than individual pdf documents?
7. In terms of financial audit objectives, the IFPP contains no requirements additional to those provided in the International Standards on Audit issued by IFAC, which contain increasing amounts of public sector-specific material. Should this have an impact on the way the IFPP presents its material on auditing financial statements or other financial information, and its content?

	+55 61 33167626 / +55 61 33167442		psc@tcu.gov.br / eca-psc@eca.europa.eu
	Setor de Administração Federal Sul SAFS - Quadra 4, Lote 1 CEP 70042-900 – Brasília - DF / Brazil		

In order to produce the progress report for the governing board mentioned above, we would appreciate your contributions no later than the **end of September**. We also intend to discuss some of these and other issues arising out of the initial analysis at the PSC-SC virtual meeting on October 6th, 2020. We are also at your disposal should you wish to discuss any of these points either by phone or video call.

We hope to count on your interest and committed participation in this important and challenging project.

Kind Regards,

PSC Secretariat

	+55 61 33167626 / +55 61 33167442		psc@tcu.gov.br / eca-psc@eca.europa.eu
	Setor de Administração Federal Sul SAFS - Quadra 4, Lote 1 CEP 70042-900 – Brasília - DF / Brazil		