

SDP 2020-2022: COMPONENT 1

What is guidance and how do we ensure it is soundly-based, useful and available? What possibilities do new ways of working bring?

(a summary of views raised during the discussion session held on 1 December 2020)

Discussion sessions represent the second phase of the analysis carried out under the auspices of the PSC secretariat as part of Component 1 review. They build on the initial analysis and feedback provided by the INTOSAI standard setting community (phase one), aim to explore selected issues deeper, and provide input for the preparation of a survey to be addressed to all INTOSAI members (phase three).

The meeting – hosted and moderated by the PSC secretariat – was attended by interested members of the ISLO network, INTOSAI committees, their working bodies, and FIPP who had responded to the open invitation.

Executive summary of the points raised

The discussion showed a lack of consensus among practitioners about the status of the many types of guidance within and outside the IFPP, and if any should be considered binding and what binding guidance represents.

Some participants preferred that all mandatory guidance be migrated to ISSAIs, leaving non-mandatory guidance to GUIDs. A lack of consensus also concerned whether all or some types of non-mandatory guidance should remain part of the IFPP framework (as GUIDS) or removed from it altogether (notably case studies, examples of SAI good practice etc.).

Some participants considered that if certain guidance were to be developed outside of the IFPP, certain SAIs might abstain from committing resources to preparing it. On the other hand, examples were given of SAIs developing guidance without aspiring to include it in IFPP. It was also recognised that new ways of working can help in the preparation and presentation of guidance material.

Views were expressed that there should be a clear link between IFPP standards and IFPP guidance, and that standalone guidance should not be part of the framework or be INTOSAI-labelled.

Most saw subcommittees as the appropriate body for vetting non-mandatory guidance that should remain part of IFPP, but some considered that individual subcommittees were not always best placed to take such decisions, notably when guidance applies to multiple audit objective types. Arrangements would have to be put in place to ensure quality if subcommittees took over the vetting of GUIDs.

A disclaimer should be published for all elements of guidance not approved by the due process, making it clear to all users that INTOSAI does not assume responsibility for them.

Collaborative websites can be a very useful tool, but care should be taken about the status and origin of feedback provided by users for situations if INTOSAI were to base its decisions on these.

Can a distinction be made between guidance intended to make the meaning of concepts and requirements clearer on the one hand, and suggestions and examples on how to put them into practice, on the other?

Should some elements of guidance be compulsory? If so is this a different concept and should it be given a different name?

There are currently many types of guidance within the INTOSAI sphere, the status of which can be very confusing for users:

- guidance/explanation material elaborating on requirements directly in the ISSAIs;
- supplementary guidance explaining requirements (GUIDs 3910, 3920 on performance audit);
- subject matter specific guidance;
- other guidance (such as on peer reviews, 9000 series...);
- non-IFPP guidance (e.g. www.intosaicommunity.net/user/knowledgecenterdetails/1);
- public goods having a “de facto” status of guidance (e.g. PMF, 7 step SDG model...).

Should certain guidance be marked as mandatory, we need to make a clear distinction between which is and which is not. Specific terminology should be used to distinguish between these two categories of guidance.

Some guidance explains requirements and some serves to provide examples or elaborate on the covered (subject) matter. These should be referred to differently to avoid confusion.

Supplementary “audit type” guidance, which de facto hovers somewhere between standards and guidelines, could be labelled differently, such as “appendices”.

We should distinguish between application guidance and general guidance. Application guidance follows requirements and principles and show the “mandatory” considerations that a SAI / auditor need to take into account to give effect to a requirements. This sits in the standard in the form of explanatory text. Further to this we have the GUIDS, partly dealing with practical examples and process steps that one can (but does not have to) follow. To give an example:

- a requirement will be that a SAI must determine competency needs of its auditors;
- application guidance would be that management need to apply their minds to how they do this (framework, profile or other means) and the extent to which the do this, still at the level of the standard; and
- the GUID will then explore a detailed example or examples of how to do this by, for example showing how to create a SAI competency framework.

The framework must be as simple as possible. All mandatory guidance should be moved into the ISSAIs, and all non-mandatory guidance in the GUIDS.

Some guidance should be mandatory as it ensures that standards are implemented as intended. We must have clarity about what is the minimum to achieve.

Non-mandatory guidance should be linked always to authoritative pronouncements (standards or guidelines).

The auditor should know the standard to execute an audit with high quality. If something is unclear, and the auditor needs further explanation (guidance), it is not difficult to find it if it exists.

We should have non-mandatory guidance in place addressing emerging issues and keeping the framework relevant.

Guidance in its current form lacks a “customer” perspective. An example was given on the volume of reading necessary to identify all the guidance related to clearing.

There is less confusion about the status of guidance in the ISAs (financial auditing) than in those concerning audits of performance and compliance (ISSAIs/GUIDs).

Can a distinction be made between guidance that needs to be part of the framework and follow the lengthy due process, and guidance outside it that could be provided in quicker and more flexible format? If so, how should this distinction be defined?

Does guidance provided outside the framework need formal ‘approval’? If so, who should provide it?

Approval should be left to the sub-committees who have the capacity and authority to do so. Public consultation can be part of the due process but not replace it.

Sub-committees might not be the best platforms for ensuring QC for certain guidance (example given of the development of guidance covering “propriety”).

Putting the GUIDs outside the framework, thus giving them less authority, would not be a commensurate to the effort put into developing them.

Guidance developed as part of the IFPP should include a certain level of validation.

Some guidance could be left outside the framework (e.g. subject matter guidance, case studies and examples of good practices).

SAIs should develop their own contextual guidance, for it to fit the concepts and requirements of the environment in which they work.

Application guidance should be minimal and, because it is part of the standard, subject to all due process considerations. GUIDS can follow an easier, although well-controlled process to ensure quality. For instance, the IFPP might limit its work to standards, and leave GUIDS to goal chairs (obviously with good agreement on the rules of quality).

Guidance should not be outside the framework, as its credibility is always in doubt (despite the new QC requirements for non-IFPP products) and these tend to “get lost” over time. There is space for these, but it would be better that the majority of GUIDS remain in the framework, albeit with a less complex process of approval.

The appropriate way to think of guidance within and outside the framework would be to think about audit specific guidance (always in the framework) and non-audit guidance (e.g. an HR guide or SAI PMF considerations) possibly outside the framework.

If there will be some guidance outside the framework with a quicker approval process, then what would the difference be between this guidance and non-IFPP documents?

There can be benefits in having some guidance outside of the framework, and some SAIs willingly develop such guidance (e.g. AML paper by five European SAIs).

The documents produced by INTOSAI should have high quality. This is difficult to achieve when a document is developed in a quick way. It is a relationship between resources, time and quality.

If the purpose of guidance is to ensure that auditors have a broader understanding of the standards, then does it not make sense for them to be part of the framework otherwise it might affect the flow.

Guidance should not be provided outside the framework. The different documents should go through the same quality process, as they do today. The experience of obtaining feedback from the FIPP is positive, constructive and makes it possible to move forward.

For “combined” audits, it is important to understand the different audit types before starting to combine them. INTOSAI attempted to make it clear what the three streams are, but many SAIs still strive to understand and implement the approaches. The IFPP confuses the user by switching between compliance and performance, neither of which is implemented properly.

The need for supplementary guidance can vary by “type of audit”. More guidance is needed on auditing performance issues as opposed to financial statements. The role of subcommittees is paramount.

Should guidance only flow from a requirement in the framework, or can it be of ‘independent’ issues that some SAIs could find useful?

When guidance flows from a requirement, is it sufficiently clear from the requirement that it exists, and can be found easily?

Guidance should be developed only for cases of specific need.

Guidance can be linked to requirements directly or indirectly, but the link between the two should always be clear.

Guidance must be coherent and linked “neatly” with the requirements. It must be easy to move from requirements to guidance and vice-versa (as opposed to traditional paper-based approach).

All IFPP guidance should be linked to requirements. At the same time, there is also the need to find a place for them and decide how to label them without confusing the guidance further.

Guidance concerning topics where there are still no requirements (emerging issues) must stay outside the framework, until requirements are established. It is a question if there should be INTOSAI-labelled.

Practical examples provided by individual SAIs can be a useful element of guidance. Do they need vetting, and by whom?

Do online collaborative websites give new possibilities for practitioners to post and discuss examples and other elements of guidance? If so, could direct feedback be used to assess the relevance and utility of guidance?

The quality guidance depends on the quality of examples. It can be very complicated to identify proper ones, so as to ensure that they are well interpreted and applicable in the context of all SAIs.

Examples/best practice provided as part of official guidance should be validated.

Best practices provided by individual SAIs are very valuable, but should probably be relabelled to properly distinguish from official guidance.

It may be difficult to say to a SAI that their example is not good. If INTOSAI invites SAI to provide examples, it should be make clear to them beforehand that not all will be used.

Certain examples could be developed and presented outside the sub-committees, subject to presenting a disclaimer and revealing the authors to ensure who is responsible for the content.

We should be careful about providing examples in a guideline. Examples should be provided by the individual SAIs for their own need to fit the context. Examples are often too country specific and difficult to apply by the wider INTOSAI community.

Regional INTOSAI groups could help to identify and bring to the fore good examples.

If “outside-IFPP” guidance is produced and validated, there is the need to test these first for usefulness and to ensure quality. This is still a problem in INTOSAI. In EUROSAI, a practical tool has been introduced to gather audit reports available on the internet.

A content management approach is important in presenting pronouncements.

Good practice guides could be outside the framework, just as examples of what SAIs do. That could sit in a community of practice on the INTOSAI Community Portal?

As regards collaborative websites, the community would have to be very careful about the source and capacity of the provided feedback.

Collaborative websites are very useful but must be used with care.

Collaborative websites offer new possibilities for practitioners but run the risk of moving away from asking for examples from own colleagues.

SAIs would benefit from the possibility to easily share experiences from their work, as this can the others to develop and improve their knowledge.

Surveys should be used to collect formal feedback from SAIs, paired with “pilots” to test the usefulness and feasibility of the guidance before making it official (as IDI does). This would allow for guidance to be updated.

Closing comments

There are three elements we must take into account to ensure success: (1) simplicity of the system, (2) its coherence, and (3) attention to the user perspective.

We should develop guidance on developing own SAI-specific methodology.

The current guidance has been in place for a long time and it may not have been appropriately updated. Developing and updating guidance is paved with complications such as varying perspectives or quality expectations. Guidance outside of the framework can be useful.