



## Minutes

### 18th PSC Steering Committee Meeting 24 June 2021, held virtually in Teams

#### 1. Welcome

The vice-chair of the PSC, Mr. Jan Gregor (European Court of Auditors), opened the meeting and extended a warm welcome to the participants and representatives of the PSC's observers.

#### 2. INTOSAI Strategic Planning

Ms. Paula Hebling from the PSC Secretariat presented the main activities carried out by the PSC in the discussion about the strategic objectives for the INTOSAI Strategic Plan for Goal 1 (Professional Standards). The PSC Secretariat has sent a proposal to the TFSP, led by PFAC. The draft proposal was shared with the PSC SC members before the meeting and it was reviewed by the GCs and the PSC Subcommittees.

The current TFSP idea is to propose a shorter strategic plan and a separate operational plan. Goals would be less committee-focused and more broadly applicable to INTOSAI.

#### 3. News from the TSF

Mr. George Haule presented the current TSF team that consists of himself, as the TSF manager, and Mr. Amnon Mwasakatili from the SAI Tanzania and Mr. Adrian Gogolan from the SAI Romania. Mr. Haule briefly listed the work they have done in 2021 so far.

#### 4. Exposure periods at issai.org

As it is known, there are exposure periods for the pronouncements at issai.org. Currently, GUID 5320 on Consolidating and Aligning Guidance Audits of Privatization is up for comments on the ISSAI website, and there is an effort so that as many people as possible contribute to the exposure process. On that note, video made by the PSC Secretariat explaining the steps on how to comment on exposure drafts was shown. The video can be viewed at: [Comment on exposure drafts!](#)

More information on how to comment exposure draft is also available at <https://www.issai.org/commenting-on-exposure-drafts-how-can-you-help/>.

#### 5. Implementation of SDP 2020-2022

##### Component 1- Reviewing and Refining

Regarding the Component 1 review, the ambition is to make the IFPP simpler, principles based and future proof. The Component 1 review aims at taking a close look on how it could be developed in the future. The project is being worked on in four phases:

- A desk review of the current documents
- In-depth discussions (6 discussion sessions) dealing with different thematic issues. All minutes are available at the [psc-intosai.org](https://www.psc-intosai.org) website

- Survey about the issues that were raised during the analysis and discussions, exploring a few ideas for moving forward to include more of the SAIs point of view on the topics
- A report about the results

The survey is intended to be launched between the end of June/beginning of July; at the moment, work is being done on the feedback received on the draft survey from the goal chairs and subcommittees, making sure it is as clear as possible to get relevant results. The idea is that the survey runs until the middle of August, but that period might be extended depending on the number of results gotten, since it's vacation period in a lot of places around the world.

The basis of the survey is to feed into the report being produced in this process. The Steering Committee will have the opportunity to look at that report, and a first draft is intended to be provided by September 15th, circulated to the goal chairs, subcommittees and FIPP. Feedback is expected to be received at the end of September. The report is to be presented by October 7th, in anticipation for discussion of it on the meeting at October 19th. It's an ambitious timeline, but the intention is to provide input for the government board meeting on November 23rd.

The idea of the report is to bring in and to identify the different points of view that exist on the various aspects, so Steering Committee members and SAIs are encouraged to answer the survey. There is plenty of Component 1 information on the PSC website, including the results of the discussion session held earlier in the year for those who want to know more.

SAI Japan asked if the global survey results regarding the use of the framework at the moment of the different types of audits have been considered in the component 1 research. The PSC secretariat clarified that the results of that are still on the wait, and there's a debate about whether the results should be taken and to not ask those questions within the Survey, but there isn't certainty whether it will be the same people and SAIs responding. There's also need within the Component 1 survey to explain the context rather than just jumping into some of the issues, it's preferable to lead people through some of the discussions. The results of the two surveys can be compared, which might give some additional information. The taskforce on strategic planning plans on seeing the results of the global survey and including them in the plan when they're made available, not only to be used in Component 1 but also in the overall strategic planning process of INTOSAI.

On the topic of exposure drafts, one of the things that can be considered is to have an open session inviting as many people as possible to listen to the project and to present the draft document and get some immediate feedback, giving people the opportunity to respond in an easy way.

Mr. Azuma, from SAI Japan, sent the following comment during the meeting on the agenda item 4 - Component 1:

Survey and next steps - "I would like to make a comment about the relationship between ISSAIs and ISAs. Considering the fact that ISSAI 2000 series have become ISAs, we do not have to maintain the name of ISSAI 2000 series. Because the same standard has different names, which leads to a misunderstanding and confusion of users of audit report that ISSAIs and ISAs are somewhat different. So, we suggest that the Survey include a question about the coexistence of ISSAI 2000 series and ISAs. Thank you." The comment was noted and will be included in the component 1 discussions.

Component 2 – Development work on key topics

Strategic development plan from 2020-2022 set up INTOSAI's vision and motivation for the development of the framework of professional pronouncements, notably that it should inspire and support all SAIs and produce high quality audits of relevance to all the key stakeholders. To lead on this path, the SDP outlined work on three components.

Component 2 focuses on developing work on key topics, one of which is the review of ISSAI 140 (Quality Control for SAIs). The current ISSAI 140 is based on the key principles and International Standards on Quality Control (ISQC 1) adapted as necessary to apply to SAIs and to the public sector in general.

Recently, ISQM 1 replaced ISQC 1. It deals with auditors' responsibility for quality through a system of quality management. Audit managers are required to shift from quality control to quality management and to design a system of quality management to enhance the quality of any engagement. On top of that, now there's also ISQM 2 on Engagement Quality Review, which was designed to help review and challenge the work of the reviewer.

In this light, TSF Officer Mr. Adrian Gogolan took on the task of looking into the new requirements and starting to scope the review project of Issai 140. Mr. Adrian and his colleagues from the TSF have already presented the analysis in the FIPP meeting on June 10th of this year, and the feedback received was very positive and constructive. Mr. Gogolan presented to the SC a short version of the TSF initial analysis.

Mr. Gogolan started by saying how ISQM 1 replaces the ISQC 1 regarding the firm's responsibility for quality through having a system of quality management. The audit firms are required to shift from quality control to quality management and to design a system of quality management to manage the quality of engagements performed by the firm. There's a template concerning what is the structure of ISQC 1 and ISQM 1, and the improvements between them. To view more about this subject, the full presentation on TSF's analysis on ISQM 1 is available on the [PSC website](#).

Mr. Gogolan finished his presentation by stating TSF's recommendation for ISQM 2 to be used to update GUID 1900 and verify the implications on the SAI-PMF methodology.

Ms. Paula Dutra reminded the SC that also as part of Component 2 there's the working group on value and benefit of SAIs within the KSC producing a GUID on implementing the INTOSAI P-50 on Principles for Jurisdictional SAIs.

Ms. Archana Shirsat from IDI asked a question regarding the timeline for the project of Component 2, specifically for the Guidance that is planned to be developed. To answer this question is that there's no timeline at the moment, even though the expectation is to get the project up and running as soon as possible. There's still a lot of consultation to be done, even before the stage of presenting a planning document.

Regarding the content of the GUID, the answer is that it is on a very embryonic stage, and what is being done is to bear in mind the ethos behind the IFPP for some of the older standards where there's a bit of a mixture between principles, standards and guidance, sometimes in the same document; the effort done in the last few years is to separate that as much as possible. Not that ISSAI 140 falls

into that category, but the aim when writing new material will always be to make a clear separation between principles and standards, and to put guidance very clearly on another document so that it will fit within the concept of IFPP.

### Component 3 – Developing Competency Pronouncements

From the last PSC SC, there was a commitment in the taskforce for INTOSAI Auditor Professionalization to do three pronouncements on auditor competence, envisioning ISSAI 150. The big discussion had in the last PSC meeting was about opting for an integrated approach, there was a project proposal at that point in time, and it was taken to the governing board at the end of last year.

There's a lot of care to ensure that the taskforce is representative, and in the context of exposure draft periods etc. one of the biggest learnings is that it is important to make sure the team on board is representative of INTOSAI and outside of INTOSAI, with IFAC, IIA and IDI.

The milestone to finalize the draft was moved on by at least two months, the extended commentary that came in was very constructive and made sure they had good quality documents to share with the FIPP.

It was opted in this project to create an external advisory capacity, experts in the field of capacity are meant to look at these pronouncements and give a good sense if they are on the right track or not. The three pronouncements were submitted to the FIPP, and ISSAI 150 was closely observed at the previous meeting and also discussed the fact that these new drafts are in accordance with new thinking that will be pitched with ISSAI 150 and organizational requirements. The discussion on ISSAI 150 itself is quite insightful and full commentary on it was received back.

To end the discussion on this topic, two more reflections were made in thanks to the work of the PSC SC and FIPP for making this a constructive process. The new INTOSAI's CBC website was mentioned as well; with a clean and fresh look, on it can be found the three draft pronouncements that were submitted to the FIPP, and they're available for access and comments.

## 6. News from the PSC Secretariat

### ISLO Network

The first issue discussed was the INTOSAI Standards Liaison Officers (ISLO) Network. In 2019's meeting, this very same committee noted that the implementation and maintenance of ISSAIs and INTOSAI products was a INTOSAI wide task that involves contribution from all levels: global, regional, and individual SAIs. At that moment the steering committee resolved to improve communication on standards and related issues by establishing a network of INTOSAI's standard liaison officers called ISLO. The PSC contacted all heads of SAIs and INTOSAI'S committees, working groups, subcommittees, regional working groups, etc. asking them to nominate someone to act as standard liaison officer. Within SAIs we recommended that the liaison officer be an experienced member of the staff or management, either working in the methodology field or having a key interest and knowledge about the issues involved. Methodologists are a peculiar breed of people, so it's nice to have a way of bringing them together through this network.

From its humble beginnings, the network continues to grow and today it stands at 17 SAIs. What was communicated about so far includes TSF, bringing them up to date with the achievements and outline how they intend to expand and strengthen the servers through recruitment; getting in touch with people to remind them about the exposure period for GUID 5330, the Guidance for the Audit of Privatization, and how interested parties could leave their comments; more recently, asking people to leave feedback on improvements for the issai.org website, in particular how to improve its overall organization and make the pronouncements more easily accessible and also enhance the process for commenting on exposure drafts. It was also great to hold the discussions for Component 1, where so many liaison officers could take part and really benefit our discussion with their valuable input.

The ISLO's are at the heart of giving feedback to the PSC from the frontline and they're one of many informational forces helping with understanding what is happening in public sector audit. There's still many SAIs and INTOSAI entities which are not part of the network and the effort to reach out will continue.

#### Translation Network

Regarding the second topic, a paper was circulated on INTOSAI's Translation Network for Pronouncements, this is a new initiative based on volunteer contributions from SAIs, the service is provided for free and the results of that can be seen on the short paper circulated. The Network had great feedback and is getting up to speed on providing the translations, but it needs more volunteers from SAIs.

#### Memorandum of Understanding with the Institution of Internal Auditors

In the PSC's evaluation report to the governing board in 2014 the role of external stakeholders was underlined stating that they provide valuable input to the whole of PSC Standards Setting work. Since the SDP 2017-2019, the PSC has included the cooperation with the external stakeholders in to the mandate and the workplan.

In the present day, the PSC has three advisory partners: the World Bank, the IFAC, and the IIA. The MoUs with the IFAC and the IIA now include as signing parties the three Goal Chairs. This allows increasing transactions between the organizations and helps to identify opportunities for joint-ventures on leadership, external and internal audit alignment, planning, etc. The memorandum of understanding with the IIA has been agreed and signed.

#### Use of PSC Funds

The PSC has not spent the amount of funds they hoped for, and did not undertake the number of activities they wanted to. There is a report detailing the expenditures up until May 2021. There are still plans for training the TSF and meeting them in person, as well as small expenditures on day-to-day activities for the framework, and it might be needed to bring external partners to speed up the process of translation, especially for the Arabic language.

#### 7. Discussion on how to improve the work of the PSC SC

In this section of the meeting, the participants were encouraged to share their views on how to improve the work of the PSC Steering Committee. They were divided into breakout rooms for 10-

## minute discussion sessions to discuss **How to ensure more engagement of members and observers to make PSC SC's role in standard setting more effective**

### Summary of the discussions

Overall, the participants in the discussions welcomed the idea of an informative PSC meeting to the SC and possibility to discuss the standard setting related issues with colleagues, especially in smaller groups.

### Organization of the PSC SC meetings

- Send the agenda and the documents in advance for internal consultations, indicating items for discussions/decision
- Agenda items should make explicit what is expected from observers and from members
- Send detailed instructions of how to prepare for the meetings
- Match the agenda with the SC responsibilities
- Give more detailed minutes on important issues

### Discussion in the PSC SC meetings

- Allow time for discussions about the standard setting process and specific pronouncements
- Evaluate possibility to bring disagreements in standard setting to the PSC SC, or find a way the address differences of opinion on technical matters
- Carefully pick to right topics and the right people to the discussions
- Take strategic level discussions to AG-level
- PSC SC should take a more visionary view on the public audit profession, and where it is developing in the future.

### Roles and participation

- Find ways to reach out to the larger INTOSAI Community, including developing countries and the regional organizations
- Clarify the roles and responsibilities between the different actors in the standard setting
- Invite the ISLOs to the PSC meetings
- Discussion is usually concentrated between a few people. Need to find a way to increase participation of those present
- Evaluate possibility of translation of the meetings to increase participation

### Communication

- Informative videos very welcome
- Mentimeter is a good way to interact with the participants
- Improve communication with a plan and active contact with the SC members

## Annex I – Full breakout sessions

Group 1 – mediated by Ms. Raisa Ojala, from SAI Brazil

- Send meeting agenda with documents to read in advance so that the participants can read and consult their organizations and prepare themselves for the discussions;
- Allow time to discuss the documents in the meeting, both issues regarding the standard setting process as well as draft pronouncements;
- Discuss how to reach out to the larger INTOSAI community, especially regarding feedback to exposure drafts. Assess possibility of a digital platform to encourage regions to participate more;
- FIPP's discussions are not transparent and their decisions are hard to understand;
- A lot of improvement in the recent years in the agenda of the SC meetings as well as the PSC and ISSAI websites;
- Improve communication > communication strategy for the SC;
- Evaluate possibility to bring disagreements in standard setting to be decided at the SC.

#### Group 2 – mediated by Anahi Maranhão, from SAI Brazil

- Short info sessions are very useful;
- Small sessions with nice intimate discussions are very productive;
- The trick is picking the right topics;
- Think on how to bring developing countries onboard, there are some topics that are not even reachable for them;
- Would be good to think of translation on the meetings;
- It is very important to find the right people to discuss the right topics;
- Informative videos are very useful and they should be published at the community portal;
- It is very good to use the mentimeter, the results are recorded and shared instantly.

#### Group 3 – mediated by Paula Hebling Dutra, from SAI Brazil

- It is important to meticulously share documents of meetings, making it very clear which are points for decisions and which are for information;
- Give more detailed instructions of how to prepare for meetings;
- During the meetings and during document consultations, it is important for PSC-SC members to be included and feel heard;
- Active and regular communication with the members are important to “keep the group” alive;
- Give more detailed minutes on important issues;
- More discussion with regions on standard setting documents;
- The discussions covered by the PSC-SC are very wide in range and became more technical over the years. It is important to make clear which decisions are strategic in nature, and should be taken to the attentions higher level, eg. Auditor Generals. This strategic nature of the PSC-SC should be made clear to members.

#### Group 4 – mediated by George Haule, from TSF (SAI Tanzania)

- Discussions in the small group (break-away room) provide rooms to engage one another in a number of a topical issues. Members of the group are able to exchange experience and knowledge more in-depth than in the bigger group
- The Agenda of the Steering Committee of PSC (SC of PSC) and the given responsibilities do not match. In future, while preparing Agenda for the SC, there is a need to look at the

responsibilities that will ensure that there is a good correlation between the two. This means that there is a need to clearly define the responsibilities of the Steering Committee.

- In the standard setting, there is a need to clarify parts of the standard (or roles) of different players. There is a need to clarify the role and parts of the standard created by a body like PSC, FIPP, TSF, etc.

Group 5 – mediated by Geoffrey Simpson from ECA

- The PSC SC is important as a representative body allowing SAI input into the process;
- The PSC SC plays an important role in directing where INTOSAI is going with the framework;
- There should be a discussion in respect of relative roles and responsibilities between FIPP and PSC SC;
- It is necessary to have an approach to addressing differences of opinion on technical matters, such as with FIPP or between working bodies;
- PSC SC should take a more visionary view on the public audit profession, and where it is developing in the future.

Group 6 – mediated by Alan Findlay from ECA

- Almost everyone attending the PSC-SC represents at least one or possibly more organizations or functions;
- It is important to send round documents in good time so that participants have enough time to familiarize themselves with them and consult their own organization(s);
- Agenda items should be better labelled as those for discussion, those for approval, those for information etc.;
- It is important to send out quickly a summary of the points raised;
- We need to have more input from the regions, from the FIPP and from the ISLOs (who also should be invited);
- The PSC-SC needs to send out more frequent updates on what it does. This is easy to do now with available technology;
- Agenda items should make explicit what is expected from observers and from members;
- Discussion is usually concentrated between a few people. Need to find a way to increase participation of those present.