

**MINUTES OF THE MEETING**  
**of the INTOSAI Subcommittee on Internal Control Standards**  
**3-4 March 2020, Bucharest, Romania**

**Participants in the meeting:**

1. Ms Doris Boehler, Senior Auditor, Court of Audit, Austria
2. Ms Hilde François, President of the Court of Audit, Belgium
3. Mr Wim François, Senior Auditor – Supervisor, Court of Audit, Belgium
4. Mr David Maris, Senior Auditor, Court of Audit, Belgium
5. Mr Sébastien Lepers, Deputy Director of International Relations, Cour des Comptes, France
6. Ms Ildikó Salamon, Planning Manager, State Audit Office, Hungary
7. Mr Paul Neelissen, Senior Auditor, Specialist Financial & IT Audit, Netherlands Court of Audit
8. Mr Marian Banaś, President, Supreme Audit Office, Poland, Chair of the Subcommittee on Internal Control Standards
9. Mr Paweł Banaś, Advisor to President, Supreme Audit Office, Poland, coordinator of the works of the Subcommittee on Internal Control Standards
10. Ms Kamila Żyndul, Chief Expert International Relations, Supreme Audit Office, Poland, Secretariat of the Subcommittee on Internal Control Standards
11. Mr Grzegorz Haber, Head of International Relations, Supreme Audit Office, Poland
12. Mr Mihai Busuioc, President of the Court of Accounts of Romania
13. Ms Svetlana Mureşan, Director, Court of Accounts, Romania
14. Mr Dragoş Budulac, Director, Court of Accounts, Romania
15. Ms Cristina Nenov, Auditor Public Extern, Court of Accounts, Romania
16. Mr Adrian Gogolan, Public Auditor, Court of Accounts, Romania
17. Ms Yulija Filippova, Senior Advisor, Accounts Chamber, Russian Federation
18. Ms Elena Vasilyeva, Senior Advisor, Accounts Chamber, Russian Federation
19. Ms Tatiana Shevchenko, Deputy Director of Department of Strategic Development and Methodology, Accounting Chamber, Ukraine
20. Mr Mohammed Alsuwaidi, Associate Auditor, State Audit Institution, United Arab Emirates
21. Mr James Dalkin, Director, Government Accountability Office, USA
22. Ms Hege Larsen, Secretariat of the Performance Audit Subcommittee (PAS), Office of the Auditor General of Norway
23. Mr Geoffrey Simpson, Director of Audit Quality, European Court of Auditors, Vice-Chair of the Professional Standards Committee (PSC)
24. Mr Gerry Cox, Volunteer, Institute of Internal Auditors
25. Mr Khalid Hamid, Director of International, Chartered Institute of Public Finance and Accountancy (CIPFA)
26. Mr Tommaso Scali, Manager, Chartered Institute of Public Finance and Accountancy (CIPFA)

**Through teleconference:**

27. Mr Francis Nicholson, Managing Director, Global Advocacy, Institute of Internal Auditors
28. Ms Marita Salgrāve, Adviser to Auditor General, State Audit Office of the Republic of Latvia – FIPP Liaison for project 2.6

## Opening session

During the opening session, Mihai Busuioc, President of the Romanian Court of Accounts – the host of the meeting, and Mr Marian Banaś, President of the Supreme Audit office of Poland (NIK) – Chair of the Subcommittee on Internal Control Standards welcomed the participants. Then Paweł Banaś, the Coordinator of the works of the Subcommittee within NIK, presented the Participants with the objectives and the agenda of the meeting, and Kamila Żyndul from the Subcommittee Secretariat presented the activities of the Subcommittee since the latest meeting and the commitments schedule for the next weeks. The update included a brief presentation by Geoffrey Simpson, who represented the PSC Secretariat, on the assumptions of the Implementation of Component 1 of the Strategic Development Plan 2020-2022, whose objective is to look at the clarity (of concepts and drafting) and presentation of the INTOSAI Framework of Professional Pronouncements (IFPP). The review, however, will neither question the way audits are done nor make proposals for factual changes to the substance of the requirements. The initiative is guided by the so called 3R-principle: Relevance (Is a pronouncement necessary for INTOSAI work?), Rigour (Is the content of a pronouncement technically sound?) and Readability (Is a pronouncement clear?). It was emphasised that a revision was needed, among other, since INTOSAI standards – that are assumed and expected to be principle-based – are in fact full of details and inconsistencies.

The discussions that followed revolved around the relation between the Forum for INTOSAI Professional Pronouncements (FIPP) and the INTOSAI Professional Standards Committee (PSC), and the role of Subcommittees in the reformed standard-setting process of INTOSAI, which are unclear and tense, since, as the participants observed, the roles of the key players of the process – PSC, FIPP, Subcommittees – have not been clearly defined. The Subcommittees see their role as expert work in developing expert content of pronouncements. The Internal Controls Subcommittee (ICS) has been currently developing pronouncements of the GUID-type that are aimed to provide practical assistance for auditors and SAIs, and not instructions – these being the subject of standards (ISSAIs).

## Project 2.5 of SDP 2017-2019

Paweł Banaś discussed the assumptions and state of project 2.5 of the Strategic Development Plan 2017-2019: *Consolidated and improved guidance on understanding internal control in an audit* – whose working title has been rephrased as: *Guidance on auditing internal control*. The aim of the project is to support auditors in auditing internal control systems through providing principles, on the basis of common understanding and by looking at internal control systems in relation to risks. The project is supposed to address the Subcommittee's focus on *what* is audited, expressed through the governments' guidance and standards, with a view to contribute to the public interest. The project is also to use IT tools – to provide a support tool tailored to the current needs of auditors. During the meeting, the project proposal for 2.5 was discussed, too, which had been sent to FIPP for approval<sup>1</sup>.

The main observations of the Participants, which will be considered during the project development included:

---

<sup>1</sup> After the Subcommittee meeting, FIPP announced that its upcoming meeting, at which the project proposal for 2.5 was to be discussed, was cancelled due to the corona virus crisis situation. FIPP declared that a dedicated meeting will be organised to deal with the project at a later date.

**Subcommittee on Internal Control Standards**

- The GUID should provide the auditor with an approach: what to start with, next steps, focus of the audit exercise (Jim)
- Special significance of internal controls in performance auditing (Gerry, Jim)
- Majority of SAIs' recommendations are about improvements in internal controls, so effective internal control is a benefit to both SAIs and auditees (Svetlana)
- The project – also in the project proposal – should be divided into smaller components, and progress in accordance with the following elements: when – what – how (Geoffrey)
- The GUID should comprise elements related to fraud and corruption (Khalid)
- The project can provide a holistic view – to reflect the Subcommittee's horizontal perspective (Gerry)
- Inspiration may be found in ISA 315 that provides a horizontal perspective, too – showing a model organisation and assisting auditors in scale-building, risk identification and gap-tracking (Jim).

Works on auditing internal control guidance will be continued, and a meeting later this year will be organised for the team involved in the project implementation – representatives of the SAIs of France, Romania, Turkey, USA, CIPFA, The IIA, and Poland (project lead).

#### Updates by stakeholders

Khalid Hamid from CIPFA presented the latest version of ISA 315, revised in 2019 – the core document for project 2.5. Francis Nicholson from The IIA, via web-conference, presented the latest status of the Three Lines of Defence revision project, to be finalised by mid-2020. The concept of 3LoD will be referred to in project 2.6.

#### Project 2.6 of SDP 2017-2019

Wim François and Paul Neelissen, members of the team responsible for project 2.6 implementation, presented the current status of the project, this being a draft GUID document. The main assumption of the document is to comprise a double perspective: (1) one-way relationship between SAIs and internal audit – with SAIs using the work of internal auditors (ISA 610); and (2) two-way relationship between SAIs and internal audit units, consisting in mutual cooperation and coordination. In December 2019, the document was subject to the first round of comments by the Subcommittee members, and later amended accordingly. The latter version was discussed at the meeting in Bucharest. The participants also agreed on the list of issues to be discussed with FIPP Liaison for project 2.6 – through a teleconference scheduled for the second day of the meeting.

As a result of the discussions held, and following a phone conversation with FIPP Liaison for the project Marita Salgrāve, the following decisions were taken regarding further work on the draft guidance:

- The GUID will be restructured to correspond with the steps in the audit process, meaning that similarities and differences with regard to the three audit types will be described sequentially, when relevant. This will allow for a shorter document without duplications;
- FIPP's practice will be taken into account, e.g. regarding reference making, provision of definitions, annexes, etc.;
- The ongoing revision of the practice notes to relevant ISAs will be taken into account;
- A set of open-ended questions will be distributed among PAS and CAS members to identify the existing approaches towards internal auditors' work, the existing regulations and



- practices as regards reliance on the work of internal audit, including methodologies used by SAIs and practical examples – the results will be considered in the further drafting process;
- Suggestion on beginning the GUID with emphasising that in every audit, regardless of its objectives, the internal audit work results should be looked at – will be considered;
  - Emphasise the difference between ‘using’ and ‘relying on’ the work of internal audit, considering its benefits (e.g. avoiding duplication of work, time-saving) and risks (e.g. quality, coherence of standards used);
  - CAS and PAS should collaborate to ensure that their contributions can be merged into the document, and to ensure that they focus on the same elements:
    - PAS representative Hege Larsen will provide PAS input to the GUID;
    - CAS representatives Yulija Filippova and Elena Vasilyeva will provide CAS input and they will consider the suggestion to find synergies with the work of the INTOSAI Working Group on Public Procurement Audit;
  - James Dalkin will work on the ‘Direct Assistance’ input provided by Zahira Ravat;
  - The next version of the draft GUID is expected to be ready in June 2020. However, the deadlines agreed during the meeting in Bucharest have to be reconsidered and adjusted, in accordance with the effects of the coronavirus situation development, which was at its peak when the final version of the minutes was submitted;
  - Organisation of a working meeting of project 2.6 team during the year 2020 will be considered.

#### Main outcomes of the meeting

- Emphasise the role of the Subcommittee in addressing horizontal issues – like reviewing, thanks to enhanced knowledge about internal control, how standards and guidance are implemented by the governments going beyond internal controls;
- Involvement of PAS and CAS members in project 2.6 confirmed, including in the development of the questionnaire and its distribution among the two Subcommittees’ members;
- Next Subcommittee meeting to be held in 2021 not earlier than in May – host of the meeting wanted;
- Decision on distributing the survey on using internal audit work only among PAS and CAS members;
- Ask PSC to explain the concept of public goods, which seems to cause a lot of confusion even among persons directly involved in standard-setting.