Implementing a Technical Support Function

Proof of Concept Proposal
July 2018

INTOSAI PSC | Professional Standards Committee

Summary

Providing INTOSAI with a Technical Support Function (TSF) for its standard setting activities is part of the current Strategic Plan (strategic objective 1.1). The benefits of establishing a TSF were raised in the 2014 Evaluation Report, and include bringing more stability and predictability to the standard setting process and enabling better planning and use of resources.

This paper recommends the launching of a proof-of-concept exercise by setting up a focused and time-limited TSF, with appropriate review arrangements. The present proposal is based on initial discussions held during the 14th PSC Steering Committee meeting in June 2017, on further considerations of members of the INTOSAI Governing board during its 70th meeting in November 2017 and during the 15th PSC Steering Committee meeting in May2018.

The proposal, when approved by the PSC-SC, will be taken forward to the 71st INTOSAI Governing Board in November 2018 for consideration.

Background

In 2014, the SAI of Denmark, then Chair of the PSC, carried out a detailed assessment of the standard setting function and formulated recommendations for the improvement of this function (Evaluation and Recommendations to improve INTOSAI´s standard setting). These recommendations were presented to the INTOSAI Governing Board at the end of that year. In the report, there were six recommendations dealing with several aspects of the standard setting function. One such recommendation was the adoption of "the first steps to establish common supporting functions"

Among other outcomes, this report contributed to the current INTOSAI 2017-2022 strategic plan. The strategic objective of the plan is 1.1 – to "provide a strong organizational framework to support INTOSAI's standard setting including a permanent standard-setting board (the common forum), a technical support function, and an independent advisory function".

To initiate the discussions regarding implementation of this technical support function, the PSC Chair prepared and presented to the PSC Steering Committee (PSC-SC) in 2017 a document called "Reflections on a technical support function for INTOSAI´s standard setting activities"

In the intense discussions during the meeting, fundamental issues were raised, some of which were related, but not limited to, the TSF. The PSC-SC decided to mandate the PSC Chair to produce a document and to convey the main issues to the INTOSAI Governing Board to obtain additional backing regarding the development of INTOSAI standard setting in, including the TSF issue.

The document in question was prepared and discussed at a dedicated session of the INTOSAI Governing Board meeting. The opinions collected at the time (and later, via an extensive e-mail exchange) were consolidated in documents available on the PSC website.

This discussion and further contributions showed that there seem to be a consensus about the benefits of establishing a technical support function for INTOSAI's standard setting process, highlighting it as an essential next step in the development of that process. This paper, therefore, presents concrete measures to advance towards the effective implementation of the TSF, by proposing a proof of concept exercise.

Why have a Technical Support Function?

The current arrangement for standard setting in INTOSAI brought about significant advances, with the development of a set of relevant standards that resulted in effective benefits to the SAIs that adopted them.

Nevertheless, some elements of our standard setting processes and structures seem to represent barriers for INTOSAI to continue on this path of evolution and to reach a new level of quality and consistency in its professional pronouncements framework.

Today, we have a standard setting process that depends entirely on voluntary work, through in-kind contributions, by audit professionals. It is always difficult to estimate the type and amount of resources which are available for standard setting activities, and the priority to be given to this type of work by the employers of those involved. In addition, the whole process is very dependent on those SAIs that are able and willing to dedicate a significant level of resources to this type of activity. This includes taking on the necessary administrative and coordination tasks, as is the case of leadership of the INTOSAI bodies involved in this process.

We need to acknowledge, and applaud, that these are the defining characteristics of our organization and recognise the invaluable exchange of experiences and generous participation arising from it. Nevertheless, the previous discussions on establishing a TSF indicate that we need to adopt mechanisms to reduce our dependency on voluntary labour and bring more stability and predictability to the standard setting process (enabling better planning and resource use).

The creation of a permanent structure, staffed with dedicated and full-time employees would meet this objective. The final scope of the mandate of the TSF would be up to INTOSAI to decide, as well as how to structure and finance this service. The main purpose of this document is to present the different alternatives and, in view of the reasons we will outline below, make a concrete proposal on which activities the TSF could perform and suggest a model for funding it to begin its implementation.

Demands for a Technical Support Function

Due process for the INTOSAI Framework of Professional Pronouncements outlines the procedures for developing, revising and withdrawing ISSAIs and other pronouncements. Based on our analysis of this, we present in the table below the whole range of activities which could potentially be carried out by a TSF. We also show to which INTOSAI groups this support would be given to and whether the activity is mainly administrative or technical[1]. The term technical here refers to activities that deals more directly with the content of possible projects, proposals or pronouncements drafts in all stages of Due Process. Administrative activities, even though might require knowledge of INTOSAI and its processes, are more operational in nature.

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[1] In the table, the term working group refers to any group in charge of drafting standards under the current arrangement of standard setting in INTOSAI.

	Activity	Supported group	Type of Function
Preparation of the Strategic Development Plan			
1	Technical support on the formulation of suggestions of projects for the SDP	Working Groups and INTOSAI Committees	Technical
2	Technical support on the formulation of proposal for the SDP	FIPP	Technical
3	Technical support in processes relating to the approval of the SDP	Goal Chairs and PSC-SC	Technical
Phases of Due Process			
4	Technical support in preparing the "initial assessment" related to a specific project	Working Group	Technical
5	Draft initial assessment and project proposal for a specific project in the SDP	Working Group	Technical
6	Conduct research and technical analyses to support the approval of the project proposals	FIPP	Technical
7	Draft the exposure version in accordance with drafting conventions, whilst ensuring consistency and avoiding overlaps with existing pronouncements;	Working Groups	Technical
8	Conduct research and technical analyses to support approval of the exposure draft	FIPP	Technical
9	Organize comments on the exposure phase	Working Groups	Administrative
10	Analyse the comments received at exposure and prepare a draft position for consideration by the Working Group	Working Groups	Technical
11	Draft the endorsement version of the pronouncement	Working Groups	Technical
12	Make an initial evaluation whether comments were analysed appropriately by the working group to support the approval of the endorsement version by FIPP	FIPP	Technical
13	Manage the process on the ISSAI website	PSC Chair and Working Groups	Administrative
14	Provide language and consistency revision to the drafts produced in English	All	Administrative / Technical
Institutional Support			
15	Provide draft responses on questions about INTOSAI procedures and Due Process	PSC Chair	Administrative
16	Manage communications and communication tools, such as websites, newsletters and community fora	Goal Chairs and FIPP [2]	Administrative
17	Manage the day-to-day business of FIPP (drafting agendas, preparing decisions, taking minutes, advising the Chair on rules and procedures, maintaining the corporate memory)	FIPP	Administrative

As can be seen, the list of potential TSF activities is extremely wide, ranging from general activities encompassing administrative support, through to specific activities that are more technical in each one of the stages of the Due Process, up to, and including the drafting of the standards themselves.

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[2] Working groups carry out several activities other than standard setting, thus, we did not include in this activity management of the Working Group websites or their communication activities, but rather only those that relate exclusively to standard setting. That is why support in this activities refers solely to the Goal Chairs and to FIPP

Moving Forward: Proof-of-Concept Proposal

The range of services (set out above) which a TSF might provide are a legitimate ambition for any professional standard-setting body. However, there are a number of different factors which we must consider to best define what kind of activities the TSF should be responsible for, and how it should be organized. The PSC Chair recommends launching a proof-of-concept exercise by setting up a narrowly focused and time-limited TSF with appropriate review mechanisms.

The following are the fundamental criteria we took into account in order to make the proof-of-concept proposal:

Simple: elaborate structures and significant reorganization should be avoided; the proof-of-concept should be integrated as far as possible into existing structures; it should be as simple as possible to set up the TSF and, if so decided, to close it at the end of the proof-of-concept exercise.

Sustainable: it should be possible to maintain the solution adopted for the proof-of-concept throughout the whole period of the exercise. Furthermore, if the evaluation were to conclude that the TSF should be discontinued, this should take place with minimum disruption to ongoing work at the time, and without loss of valuable experience and documentation.

Scalable: the proof-of-concept should be a limited exercise. However, if early successes result in a decision to expand the experiment, this should also be possible without too much difficulty.

We suggest that the proof-of-concept exercise should last for five years in order to have sufficient time to establish the TSF as a functioning body, draw experience from it, evaluate that experience and, if decided, close it in an orderly way, if necessary;

There are four major aspects to be considered regarding the TSF in its initial experimental period**: staff, costs and funding; definition of the activities to be carried out by the TSF; and management and governance.** These are detailed below.

Staff

Proposal: three to five full time employees, located at a host SAI, seconded by their parent SAIs for a limited period.

Although limited in scope, the proof-of-concept exercise will need a minimum critical mass to represent a meaningful experience. We therefore suggest that the TSF comprises three to five people for this exercise. Initially, we understand three people should be engaged, and after some time and depending on the work load, the situation would be assessed and the staff could eventually increase up to five.

As part of making the proof-of-concept meaningful, we consider that the TSF team members should be located together on one site. This will:

  I. help to promote synergies between members of the team;
  II. promote the development of working practices and the exchange of experience and ideas; and
  III. facilitate management and governance.

To allow team members the space and appropriate conditions to work together on one site, we suggest that one SAI or other organization from the INTOSAI community hosts the TSF. This

would imply also that the host SAI would have to establish some form of contractual employment relationship with the team.

We have identified three current employment models that a TSF might use. The first is to establish a foundation under the national law of the host country that employs the staff ("foundation" model – similar to IDI). In the second model, the host SAI (or other INTOSAI organization) employs the staff directly ("direct" model). In the third, a parent SAI seconds the staff member to the TSF and the host organization pays a top-up expatriation allowance, if necessary ("secondment" model).

Table 1 (annex) compares these models for a time-limited proof-of-concept exercise against the "simple", "sustainable" and "scalable" criteria. It suggests that the secondment employment model will probably be the most suitable for the proof-of-concept exercise.

Taking account of the TSF tasks outlined in the table above, the staff of the TSF should have professional profiles and experience of a level commensurate with the work, to ensure the credibility of the function. Collectively, this should include, inter alia, knowledge of and experience in the three audit streams, a good understanding of the IFPP and of due process and strong skills in communication and teamwork. Being fluent in English is another requirement and it would probably be helpful that at least one of the staff members had anexcellent command of written English, particularly if the TSF is to provide language revisions to drafts. Once the concept is agreed, the next step will be to develop profiles, job descriptions and descriptions of required skill sets to be used in the recruitment process.

Costs and funding

Proposal: shared costs between host SAI and parent SAIs seconding their staff, contribution from INTOSAI funds or other SAIs. No outside funding.

Major drivers of costs will be the sources (parent organizations) of seconded staff and the location of the host organization.

We should also note that the then INTOSAI Finance and Administration Committee (FAC), in 2014, when analysing the "Evaluation Report" produced by the then PSC Chair, stressed that "obtaining external funding for a TSF is neither promising nor desirable, and that funding should come from within INTOSAI". We share this viewpoint, as if we wish the TSF to be sustainable we should avoid being in a position of always having to find external donors willing to finance the TSF, which could also potentially compromise independence of the standard setting process as a whole. Thus, at this stage, we will assume that the TSF should be financed by INTOSAI's own resources and that of its members.

We anticipate that the largest part of the required funding will inevitably fall upon the TSF host organisation and upon the parent SAIs of the staff seconded to the TSF. However, it would be wholly appropriate for INTOSAI to demonstrate its commitment to the TSF by making a meaningful financial contribution, within the limits of its budgetary resources, to the annual costs of the proof-of-concept exercise . As the TSF will support the standard-setting activities of the PSC, the CBC and the KSC, they should consider this question. The fourth goal chair – the Policy, Finance and Administration Committee (PFAC) – should also be invited to consider giving budgetary priority to this exercise.

Along the same lines, it would be desirable, as a way of demonstrating a broad support from the INTOSAI community, that some SAIs consider making further voluntary contributions to the exercise.

Definition of activities

Proposal: Analysing the set of activities listed in the table above in the light of the criteria below, we propose that the following list of activities should be initially considered for the TSF to execute in its initial stage[3]:

a) Conduct research and technical analyses to support the approval of the project proposals (activity 6);

b) Conduct research and technical analyses to support the approval of the exposure draft (activity 8);

c) Organize comments on the exposure phase (activity 9);

d) Make an initial evaluation whether comments were analysed appropriately by the working group to support the approval of the endorsement version by FIPP (activity 12);

e) Manage the process on the ISSAI website (activity 13);

f) Provide language and consistency revision to drafts produced in English (activity 14);

h) Manage communications and communication tools, such as websites, newsletters and community fora (activity 16)

i) Technical support on the formulation of proposal for the SDP (activity 2); and

j) Technical support in processes relating to the approval and revision of the SDP (activity 3).

We considered several factors when selecting the activities that will be initially carried out by the TSF:

1) organizational culture – we should avoid allocation of activities that represent a big change of values and culture in INTOSAI, especially as the proof of concept is initially of a temporary nature;

2) workable – the volume of activities allocated to the TSF needs to be compatible with the workforce and its experience;

3) impact - we should promote the activities that have the potential to generate the greatest impact on the quality of the standards; and

4) "segregation of functions" – the TSF, in its supporting role, will work with different INTOSAI bodies that may in cases be responsible for different tasks within the same process. Therefore, and to prevent as appearance of bias, we tried to avoid listing activities that would

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[3] Table 2 in the Annex lists the other activities initially mentioned and which criteria they do not fulfil and therefore are not being considered as part of tasks to be performed by the TSF during the proof-of-concept exercise

entail simultaneous support to those bodies. For example, providing support to project groups in the task of analysing comments received in the exposure draft and at the same time, supporting FIPP in its responsibility for analysing if all the comments were appropriately reflected in the endorsement version.

Of course, when the TSF is up and running, it is possible that we will need to refine the initial list based on practical experience to promote best practice and to address any new needs. This will entail working closely with those in charge of management and governance of the TSF (see the following section of this document), especially in the initial period of implementation.

Management and Governance

Proposal: PSC Chair (management) and PSC-SC (governance).

Following the principle of grafting a TSF on to existing INTOSAI structures and considering the permanent and rather practical mission of the TSF, it would be appropriate that the management of the TSF be performed by the PSC Chair, i.e. from the committee that is mainly responsible for standard-setting in INTOSAI. It is expected that one of the members of the TSF would have a coordination role and will be the primary contact with the PSC Secretariat.

It is important that the TSF staff know exactly the body they will report to, and which will establish the priorities for the work to be done.

Although the TSF staff need to be integrated in the physical environment of the host SAI, it is relevant to mention that neither the host SAI nor the parent SAI should interfere in the definition of the work to be performed by the TSF. During the secondment period, the staff will be working in the full interests of, INTOSAI and the work to be done should be defined by the PSC Chair.

The PSC Steering Committee will be responsible for the broader governance of the TSF, which means to guide strategically and monitor the functioning of the TSF.

In conclusion, it is recommended that a five-year proof-of-concept exercise is launched by setting up in an INTOSAI member (host) SAI a TSF of three seconded staff. This exercise should include appropriate follow-up and review mechanisms, including an intermediate evaluation by the PSC Chair after three of years of operation and a final evaluation after five years, to consider options for the future. The Goal Chairs should be responsible for the governance of the TSF.

Next Steps

The PSC-SC in its 15th meeting (May 2018) is invited to:

   a)   approve this proposal and forward it to the 71st INTOSAI Governing Board;
   b)   mandate the PSC Chair to carry out the following preparatory work:
       I.   develop, in collaboration with the Goal Chairs and the FIPP Chair, profiles, job descriptions and descriptions of required skill sets to be used in the recruitment process, along with the recruitment procedure to be followed;
      II.   develop, in collaboration with the Goal Chairs, a model for host SAIs, including a detail list of obligations they would have to commit to, along with the selection procedure to be followed.

The PSC Chair will take this proposal to the 71st INTOSAI Governing Board in November 2018 for approval. On the same occasion, GB members will also be asked to approve the launch of a call for selection of the host SAI.

Annexes:

Table 1: Comparison of the three employment models against the simple/sustainable/scalable criteria

Table 2: Activities initially mentioned and which criteria they do not fulfil

Table 1: Comparison of the three employment models against the simple/sustainable/scalable criteria

Criteria	Employment Model		
	Foundation	**Direct**	**Secondment**
Simple	This model would be complex to set up, requiring a thorough understanding of the national law and tax regime of the host country.	May be subject to some complexities, depending upon the budgetary and recruitment rules of the host organization. However, it may be possible to graft the TSF on to an existing INTOSAI structure, such as the secretariat of an INTOSAI region	This may be the simplest model to put into use quickly as many SAIs have existing inward secondment programmes that might rapidly be adapted to the needs of the TSF
Simplicity score (out of 6)	1	3	6
Sustainable	Under some national employment law, full-time employment in excess of a certain period may give rise to employee rights that might make closing the TSF down legally difficult and expensive. "Parent" organization may have to give a "right of return" guarantee. A foundation would not have pre-existing infrastructure to use (premises, IT support, etc.). In addition, meeting the legal, etc., requirements of the Foundation (such as lodging annual accounts and tax returns with national authorities) would distract TSF staff from core functions.	Assumes full commitment is given by the host and parent organizations for the period concerned. Under some national employment law, full-time employment in excess of a certain period may give rise to employee rights that might make closing the TSF down legally difficult and expensive. "Parent" organization may have to give a "right of return" guarantee.	Assumes full commitment is given by the host organization for the period concerned. If grafted on to an existing secondment scheme, this model should be entirely sustainable. A "right of return" guarantee could be written into the secondment agreement with the "parent" organization.
Sustainability score (out of 6)	2	4	6
Scalable	Scalable	Scalable, subject to the budget laws of the host organization which might place a limit on the total number of posts that the budget can fund.	Scalable
Scalability score (out of 3)	3	2	3
Total score (out of 15)	6	9	15
N.B. Higher scores indicate a higher level of achievement of the criterion in the context of the proof-of-concept exercise			

Table 2: Activities initially mentioned and which criteria they do not fulfil

	Activities	Criterion(a)
1	Technical support to inform formulation of suggestions of projects to comprise the SDP	Workability (potential very high demand)
4	Technical support to inform elaboration of the "initial assessment" related to a specific project	Workability (high demand, considering the number of SDP projects) and Segregation of Functions (since the TSF will have a relevant role in supporting the FIPP in approval of the project proposal)
5	Draft initial assessment and project proposal for a specific project in the SDP	Organizational culture and feasibility
7	Draft the exposure version in accordance with drafting conventions, whilst ensuring consistency and avoiding overlaps with existing pronouncements;	Organizational culture and feasibility
10	Analyse the comments received at exposure and preparing a draft position for consideration of the Working Group	Workability (high demand, due to the number of SDP projects) and segregation of functions (since the TSF will have a relevant role in supporting the FIPP in approval of the exposure draft)
11	Draft the endorsement version of the pronouncement	Organizational culture and feasibility
15	Provide draft responses on questions about INTOSAI procedures and Due Process	Impact
17	Manage the business of FIPP (drafting agendas, preparing decisions, taking minutes, advising the Chair on rules and procedures, maintaining the corporate memory)	Impact