



Compliance Audit Subcommittee Reporting 2012–2013

The Compliance Audit Subcommittee was established in Budapest 10th of October 2004 (Working group of Compliance Audit), with the overall objective to develop INTOSAI Guidelines on Compliance Audit.

The XX INCOSAI in Johannesburg 2010 endorsed the ISSAI 4000-series on Compliance Audit;

- ISSAI 4000 Compliance Audit Guidelines – General Introduction
- ISSAI 4100 Compliance Audit Guidelines – Compliance Audit Performed Separately from the Audit of Financial Statements
- ISSAI 4200 Compliance Audit Guidelines – Compliance Audit Related to the Audit of Financial Statements

CAS has 16 members: Norway (chair), Brazil, Denmark, European Court of Auditors, India, Lithuania, Mexico, Namibia, Romania, Saudi Arabia, Slovakia, South Africa, Tunisia, Georgia, China and Portugal.

Since the last PSC Steering Committee meeting in May 2012, CAS has had one meeting in Vilnius, Lithuania in September 2012.

In the strategic period of 2012–2016 CAS is responsible for the following:

1. Implementation: establishing a network of regional compliance experts following up the implementation of the ISSAI 4000 series in SAIs
2. Harmonization: partaking in the harmonization project of the PSC and producing ISSAI 400 Fundamental Principles of Compliance Auditing
3. Maintenance: maintain and updating ISSAI 4000, 4100 and 4200

The strategic aims of CAS in the strategic period 2012–2016 are the following:

1. Establishing a strong professional environment for Compliance Audit in the public sector
2. Presenting ISSAI 400 for INCOSAI 2013
3. Presenting an updated and coherent ISSAI 4000 series for INCOSAI 2016



A. The Harmonization Project

CAS has been represented by Norway, Slovakia and ECA in the project. Their focus in the last year has been on finalizing the new ISSAI level 3 for endorsement by INCOSAI 2013. The CAS harmonization team has been:

- Partaking in the development of ISSAI 100 Fundamental principles of public sector auditing and in working out solutions as responses to comments made in INTOSAI exposure to the draft level 3
- Finalizing ISSAI 400 Principles of Compliance Audit

All through the development of ISSAI 400 CAS as a committee has been working as a "backoffice function" for the CAS harmonization team, meaning that committee members has participated actively in hearings and committee discussions on various drafts of ISSAI 400. The final draft is widely supported by committee members and ISSAI 400 solutions has in several cases been proposed as common solutions for public sector auditing in ISSAI 100.

B. From awareness raising to implementation

CAS has since the endorsement of the ISSAI 4000 series participated in a number of awareness raising activities of the ISSAIs, by partaking in awareness raising seminars, developing presentations, newsletters and the CAS website.

As the ISSAIs are by now well known in the INTOSAI community, the period of awareness raising is turning into active implementation of the ISSAIs. At the CAS meeting in Vilnius 2012 the IDI was presenting its 3i Programme on ISSAI implementation, and several CAS members have participated as experts in the programme. CAS is planning to host a "CAS expert training seminar" in conjunction with its 2013 meeting in Brazil to further expand the pool of experts available for implementation purposes.

C. Compliance audit and court of accounts

Compliance Audit is an audit type frequently applied by SAIs organized as courts, and the issue of how to accommodate the special needs of courts in requirements on the audit process has been raised since the first drafts of the ISSAI 4000 series. ISSAI 4100 and 4200 contains an appendix section related to courts, and a CAS subgroup has been working further on expanding the court of accounts issues into an ISSAI format. At the CAS meeting in 2012 a draft ISSAI 4300 on Court of Accounts issues was discussed by the committee and considered apt for further considerations by the PSC.



CAS hosted a meeting of the court of accounts subgroup in Oslo in January 2013 to discuss the further development of the ISSAI 4300 draft. The meeting also considered the new requirements for development of level 4 coming from the harmonization project and the need for specificity in requirements and restructuring of the ISSAI 4300 draft. The conclusion of the Oslo meeting was that the further process of incorporating the Court of Accounts perspective into the standards must be an integrated part of the maintenance process of the ISSAI 4000 series and hence a separate ISSAI 4300 should not be presented at the present stage.

As a result, the CAS plans to put into discussion in the framework of the next meeting in Brazil the two following possibilities:

- 1- Agree on the need of a separate ISSAI for courts model on the basis of a restructured new draft of 4300 that the Subgroup of the court of accounts will submit to the CAS, or
- 2- Agree on incorporating the Court of Accounts perspective into the standards of the ISSAI series as long as the harmonization process would require to keep only one integrated and comprehensive standard for compliance audit.

The project group with the Chair concluded to work towards the integration of the Courts in the level 4, and a first draft of this will be presented at the Brazil meeting in September 2013. The draft will be structured according to the requirements of level 3 in the ISSAI 400, taking the contents of ISSAI 4100 and 4200 into account. It will be written both with intention to be integrated into the existing level 4 in a maintenance process and as a standalone document. There will be a decision at the CAS meeting of further process.

D. Maintenance of Compliance Audit Guidelines

CAS has set up a maintenance review of the ISSAI 4000 series with the frequency of 5 years to allow for a reasonable period of implementation of the guidelines. To meet the deadline of the maintenance review in 2015, the focus of CAS onwards is to consider the amount of changes needed in the ISSAI 4000 series.

There are three main sources influencing the development and maintenance of the ISSAI 4000 series:

1. The work of the Harmonization Project

The work of the project has contributed to the development of concepts, terminology and contents of the Compliance Audit Guidelines and new drafting style guidelines for level 4.

2. Professional development conducted by other standard setting bodies

The secretariat will conduct the responsibility of following the development of other standard setting bodies.

3. Development projects within the Compliance Audit Subcommittee



The volume of changes in the maintenance process also depends on the needs for substantial changes identified during the implementation of the guidelines worldwide. The committee is therefore to prioritize between issues of material importance for maintenance and start working on some of these issues.

The maintenance process will start in 2013. The aim of the maintenance work of level 4, with the Court model incorporated, will be to present a new level 4-standard on compliance audit at INCOSAI 2016.

E. Development of the CAS secretariat

A CAS secretariat was first established in 2010, consisting of one full position parted between a secretary and a professional. As the tasks of development of standard contents for this newly established audit type, the awareness raising, implementation and maintenance of the ISSAI 4000 series have become evident, the need for competence and resources of the secretariat has become clear. Hence, Norway as Chair of CAS, has extended the resources of the secretariat. In order to chair the committee, Norway has allotted two full time experienced professionals to run the CAS secretariat from 2013–2016, with secretary assistance for administrative purposes. This is deemed necessary in order to develop standards professionally and provide the assistance needed for implementation. The working procedures of the CAS secretariat may also provide valuable input to the administrative processes of a future sustainable solution for ISSAI development and maintenance.