



**Minutes of the meeting of the Steering Committee  
of the INTOSAI Professional Standards Committee (PSC)  
in Copenhagen, Denmark, 5 – 7 May 2010**

**1. Welcome and information from the Chair**

*The Chairman of the PSC, Henrik Otbo* opened the meeting and extended his warmest welcome to the PSC delegates and the observers from the Institute of Internal Auditors (IIA), the World Bank, the International Federation of Accountants (IFAC) and the INTOSAI Development Initiative (IDI).

He then informed the delegates of the latest developments within the following subjects:

INTOSAI donor cooperation – On 22 and 23 February 2010, the Court of Accounts of the Kingdom of Morocco hosted the inaugural steering committee meeting to implement the Memorandum of Understanding between INTOSAI and the Donor Community for Capacity Development of Supreme Audit Institutions. The IDI will take on the role of the Secretariat and provide the INTOSAI-Donor Steering Committee with support.

The *Chairman* emphasized that there was general agreement among the members of the INTOSAI-Donor Steering Committee that prospective funding from the donor fund should go to capacity building of SAIs in developing countries. However, the *Chairman* found that the INTOSAI should be prepared to fund activities also of a more administrative nature, like for instance the development of auditing guidelines and many of the other activities pursued by the PSC.

Due process – The INTOSAI General Secretariat forwarded the draft Due Process to the members of the INTOSAI Governing Board for approval in writing on 14 April 2010. If the General Secretariat had not received any answers from the respective SAIs by 5 May 2010, the due process would be considered approved. The UK, however, had submitted comments to the draft due process, and how these should be treated will now be discussed with the INTOSAI General Secretariat and the UK. The PSC Secretariat will keep the Steering Committee informed of the development.

Approval of ISSAIs - The *Chairman* informed the delegates that he had been approached by the Secretary General, Dr. Moser who had raised an issue concerning the presentation and approval of ISSAIs, or more accurately the ISSAIs consisting of a Practice Note and an ISA,

at the INTOSAI Congress. Dr. Moser was concerned that the Congress would in effect be approving the ISA, which is a document developed and approved by the IAASB. The PSC Chairman and the Swedish Auditor General are, however, in close dialogue and are planning to meet with Dr. Moser at the end of May to find a practical solution to the matter. The Steering Committee will be kept informed of the outcome of the meeting.

Representation on external boards – The *Chairman* was very pleased to inform the delegates that he had nominated the Auditor General of Canada, Sheila Fraser for a second round as INTOSAI's representative on the International Public Sector Accounting Standards Board, and that his recommendation had been supported by the Secretary General. The *Chairman* took this opportunity to inform the delegates that Sheila Fraser would not be attending the PSC Steering Committee meeting due to engagements elsewhere.

On his own behalf, the *Chairman* said that he had with pleasure accepted an invitation from the IIA to join its International Professional Practices (IPPF) Oversight Council.

Finally, he informed the delegates that *Gert Jönsson* will continue as a member of the IAASB with *Jonas Hällström* as his technical adviser.

MoUs with IFAC and the IIA - The memoranda of understanding with IFAC as well as the IIA are currently being reviewed and updated versions will be forwarded to the Steering Committee for information when ready.

This concluded the information from the *Chair* and *Henrik Otbo* then gave the floor to his Assistant Auditor General *Bettina Jakobsen* who would be chairing the meeting.

*For copies of meeting papers, delegate presentations, etc., please see <http://psc.rigsrevisionen.dk>.*

## **2. Approval of draft agenda**

*Bettina Jakobsen* introduced herself and mentioned that she had previously chaired the meetings in Bahrain and Brasilia and was looking forward to a fruitful and productive meeting. The agenda was then approved without any comments.

### **3. Project proposal – Harmonization Project**

*Ane Elmoose* introduced this item on the agenda and said that it had been agreed at the previous meeting in Brasilia that a formal proposal on the revision of the fundamental auditing principles at level 3 of the ISSAI Framework should be presented at the Copenhagen meeting. The project proposal that had been distributed to the delegates prior to the meeting represents the result of consultations with the Financial, Compliance and Performance Audit Subcommittees, and input from the initial assessment and the regional representatives of the PSC Steering Committee. The purpose of the Harmonization Project is twofold: 1. to improve the consistency of the ISSAI Framework and 2. to revise the fundamental auditing principles at level 3 of the Framework to ensure that they provide an overview and relate to the content of the financial, performance and compliance auditing guidelines.

*Jens Gunvaldsen* emphasized the importance of the project and commended the PSC Secretariat for having taken the initiative to this project. He further commended the regional representatives for the huge work done putting together the report on the auditing functions of SAIs, which would provide an important part of the foundation for the Harmonization Project going forward.

*The Harmonization Project was approved by the Steering Committee and will be presented at INCOSAI for final approval. Bettina Jacobsen informed the delegates that the PSC Secretariat would establish a project group to complete the project by 2013. The project group will be chaired by Denmark in its capacity as Chair of the PSC.*

### **4. The auditing function of SAIs**

*Bettina Jakobsen* introduced this subject and thanked the regional representatives for the excellent work they had done collecting and mapping the information on the tasks of SAIs in the INTOSAI regions. The work will provide the foundation for the future work with the harmonization of the ISSAI Framework and was presented to the Steering Committee for discussion.

*Kristoffer Blegvad* summed up the background for the report on the auditing function of SAIs and said that it would be a demanding challenge to revise the Fundamental Auditing Principles at level 3 of the ISSAI Framework. It would only be achievable by drawing on the new comprehensive set of guidelines for financial, performance and compliance auditing at level 4. But it would also take great efforts to achieve strong support in INTOSAI for a revised text.

The present text dates back to 1992 and remains - according to the 2007 survey - the most widely used set of standards in the SAI community. The ISSAIs at level 3 should benefit all INTOSAI's members and reflect all SAI models and systems. An important first step was taken when agreement on the "dual approach" was achieved. In accordance with the "dual approach", the PSC shall work to harmonize public sector audit internationally by recognizing, utilizing and building on standards issued by other standard setting bodies and developing supplementary guidance in areas where SAIs have special needs. The PSC should give high priority to ensuring clear and user-friendly guidance on the special role of SAIs and particular features of public sector auditing - following the principle that "*where the tasks are the same, the standards should be the same, where the tasks differ the standards should differ*". However, previous debates in the Steering Committee and Subcommittees had shown that the PSC needed a better common overview of the different tasks of public sector auditing throughout the world. In the course of the full-day theme debate last year, the Steering Committee therefore agreed that the representatives on the Steering Committee from the individual INTOSAI regions should conduct a mapping of SAI auditing tasks. The regional representatives had selected a range of very different SAIs and provided information on their mandate. At their meeting in Brussels in January 2010, the representatives had analyzed the information collected and agreed on the report. The report shows that despite the fact that the auditing function of the individual SAI may have unique characteristics, it is still possible to define a general and rather simple system of concepts that reflects them all. In this way it complements the PSC Survey and takes the definition of the term "dual approach" a little step further.

He then gave the floor to *Rolf Elm-Larsen* who did a presentation on the mapping of the audit functions of SAIs emphasizing the main conclusions and recommendations. With very limited exceptions, all tasks can be referred to one or more of the three general branches of auditing - financial, performance and compliance auditing – when these are defined in terms of the different nature of the auditing criteria. A further distinction is made between tasks requiring the SAI to express a conclusion that conveys assurance, and tasks requiring the SAI to express other kinds of conclusions. The latter type is generally only expressed by SAIs and may cover a range of different situations including, for example general "Value for Money"-style reports, audits leading to a decision of discharge, forensic audits or the audit tasks carried out by certain SAIs of ASOSAI. These many different styles of conclusion had been much discussed among the regional representatives. The report suggests that these many

different situations can be covered if a simple distinction is made between general “assessments” and “audit investigations” where the conclusion is to concern the legal responsibility and possible sanctions of individual persons. The report further distinguishes between “fixed” tasks (directly described in the mandate) and “discretionary” and “requested tasks” where it is left to the SAI or another body, respectively (e.g. public accounts committee) to initiate audits on a case by case basis. The report shows that SAIs are performing many different combinations of the above tasks. Which tasks that should be considered the “more important” ones will depend on the region and the individual SAI.

The regional representatives have also agreed on a number of recommendations on how the findings should impact the fundamental auditing principles, and these are also presented in the report. The extent to which the auditing tasks are clearly defined by the mandate and the fundamental auditing principles differs and reflects that it is up to each individual SAI to further define its overall auditing strategy by selecting the relevant “package” of tasks.

His presentation was followed by a discussion among the delegates on the results of the mapping report:

*Greg Schollum* considered the mapping an important element in the Harmonization Project and stressed the importance of keeping it high-level.

*Pramesh Bhana* commended the regional representatives for an excellent work done. The mapping report supports the Harmonization Project as well as the due process. He then mentioned another initiative that he thought might influence the Harmonization Project, namely the project on the Value and Benefits of SAIs, which is attempting to establish a framework of 13 requirements that SAIs should meet. Most of these are already covered by the current ISSAI standards, but there are gaps and these could perhaps be further identified during the Harmonization Project. *Pramesh Bhana* therefore encouraged the future harmonization project group to work closely with the working group on Value and Benefits of SAIs.

*Josephine Mukomba* referred to the gaps in the ISSAI Framework mentioned by *Pramesh Bhana* and specified that, for example guidance within investigative and forensic audits was missing completely.

*Baohou Sun* said that having access to the information in the mapping report was very important for the SAI of China as it provided an opportunity to learn more about the audit approach of SAIs in other parts of the world.

*Kristoffer Blegvad* took up a question raised earlier by *Greg Schollum* concerning the completeness of the mapping report. The regional representatives' meeting in Brussels had considered the information sufficiently comprehensive and he asked the delegates whether they were comfortable with the results of the report or thought that more work would be required to provide sufficient input to the harmonization project group.

*Erna Lea Jørgensen* suggested that this consideration should be left to the prospective harmonization project group.

On the same note, *Yusuf Mohamed* mentioned the importance of setting limits for the project in order to keep it high-level, i.e. some audit functions would perhaps not be covered by the mapping and this should be made quite clear from the start.

*Kristoffer Blegvad* supported this view and said that the harmonization project group would address this issue. He also informed the Steering Committee members that all documents relating to the Harmonization Project would be posted on the psc website.

## **5. Draft awareness-raising strategy**

*Mette E. Mathiasen* made a presentation of the proposed awareness-raising strategy emphasizing that the level of ambition in the strategy was a reflection of the resources currently at the disposal of the PSC Secretariat. The delegates were also informed that the PSC Secretariat, the Financial, Compliance and Performance Audit Subcommittees had held a pre-meeting with the IDI on 5 May to discuss the draft strategy and the future cooperation with the IDI.

The purpose of the draft awareness-raising strategy was to set the course for the PSC's activities in the area in the next mandate period, and the paper presented four goals, i.e. cooperation, communication, knowledge sharing and coordination, and a number of activities related to each of the four goals.

*Jens Gunvaldsen* and *Jonas Hällström* both pointed to the overall character of the strategy, the need to make it operational and have the work tasks distributed between the Subcommittees and the PSC Secretariat. *Jonas Hällström* also referred to the approach taken by the Financial Audit Subcommittee with respect to awareness-raising activities, like, for example the identification of key persons, nomination of experts, etc. *Jens Gunvaldsen* made it clear that in his opinion, the PSC did not possess the marketing and selling skills required to raise awareness of the ISSAIs. He also mentioned that he considered the issue of maintenance of the ISSAIs essential and recommended that the strategy should address also that issue. Finally, *Jens Gunvaldsen* – seconded by *Magnus Borge* – suggested that the awareness strategy should be expanded and turned into a strategic plan for the PSC.

*Magnus Borge* said he was encouraged to see such focus on awareness raising in the INTOSAI community. He went on to say that he supported the strategy, but he also made it clear that he shared the view that it needed to be made operational. He further suggested that a small project group should be established to implement the strategy, and he assured the delegates that the IDI would be pleased to be part of such a group.

*Monika Gonzalez* congratulated the PSC with the awareness-raising strategy and clarified to *Jens Gunvaldsen* that the issue of maintenance of the ISSAIs was being addressed in the due process.

*Ahmed Abdulqader* informed the Steering Committee that he considered the awareness-raising project to be very important and the first step on the ladder leading to implementation. He went on to say that in his opinion the regional representatives should play an active role in awareness raising and take responsibility for the promotion of the ISSAIs. For instance, the SAI of Bahrain would be hosting an awareness-raising workshop in ARABOSAI in September.

*Margie Bastolla* encouraged the PSC to leverage technology in the efforts to raise awareness of the ISSAIs, i.e. use the website, and communicate via electronic media. She also offered to share the experience of the IIA within awareness raising with the PSC.

*Juan Javier Perez-Saavedra* emphasized the importance of having the roles of the INTOSAI, the PSC, the regional representatives, etc. in the awareness-raising strategy clarified and defined to ensure a targeted effort and avoid overlapping.

*Ennio Colasanti* brought up the issue of language at this point, and the importance of having promotion material, etc. made available in the five official INTOSAI languages as a minimum.

There was general agreement among the Steering Committee members that language represented an obstacle to the success of the efforts planned to promote the ISSAIs and it was considered essential that the promotion material, etc. became available in as many relevant languages as possible. The delegates also discussed at some length the importance of maintenance, and *Kathy Healy* offered to share with the PSC the experience made by IFAC in the course of its Clarity Project. *Pramesh Bhana* mentioned that promoting the ISSAIs should not be restricted to activities directed at the SAIs; the SAIs should also actively promote the ISSAIs to their parliaments or other responsible public bodies to which they report. He went on to say that there was a huge difference between adopting and implementing the ISSAIs, but as the first step leading to implementation, SAIs should adopt the ISSAIs. SAIs that are not involved in the ISSAI development often ask the very relevant question: to what extent have the SAIs that are members of the PSC adopted the ISSAIs?

*Ane Elmore* summed up the discussion and it was agreed that the PSC Secretariat should establish a project group with members from FAS, CAS, PAS and the IDI to take the awareness raising project forward. It was further agreed to update the strategy in accordance with the concrete suggestions made by the delegates and then re-distribute the draft awareness-raising strategy for the approval of the PSC Steering Committee.

## **6. PSC mandate 2011-2013**

*Bettina Jakobsen* referred to the draft PSC Progress Report that will be presented at the forthcoming INCOSAI and asked the Steering Committee to approve the three main objectives set for the PSC in the next three-year mandate period (Harmonization Project, awareness raising, development and maintenance of ISSAIs) and the reporting on achievement of the strategic objectives set for 2008-2010.

*The Steering Committee approved both the mandate and reporting, which will be submitted at the INCOSAI for final approval.*

Next, *Bettina Jakobsen* informed the delegates that the PSC Secretariat on the basis of the work plans provided by the Subcommittees and the Project on Audit Quality Control would formulate a number of strategic objectives to be included in the report. The delegates were further encouraged to provide their input to the report no later than 8 October. The finalized PSC Progress Report will be forwarded to the members of the Steering Committee for final approval before it is submitted to the Congress. *The Steering Committee agreed to the proposed procedure for reporting.*

## **7. Requests for including guidelines etc. in the ISSAI Framework**

*Bettina Jakobsen* introduced this item on the agenda by saying that the PSC Chairmanship needed a joint approved procedure on how to treat the increasing amount of requests made by various INTOSAI working groups for including guidelines in the Framework. She then gave the floor to *Ane Elmoose* who accounted for the PSC Chairmanship's wish to treat requests on a case-to-case basis and in a uniform, proper and professional manner.

There was general agreement among the Steering Committee members that guidelines included in the Framework should be related to auditing, and should be developed in accordance with the due process. There was some concern that the current structure of the Framework would be weakened if too many documents of a non-auditing nature were included. At the same time, however, some members thought that the PSC should be more inclusive and a showcase for all the INTOSAI working groups.

*Greg Schollum* emphasized the importance of working closely together with the relevant PSC Subcommittee or Project on the replies to requests of this nature.

On the basis of the discussion, *Bettina Jakobsen* concluded that the draft document for treatment of requests should be further elaborated by the PSC Secretariat to reflect more clearly the balance between the focus on auditing in the Framework and the wish to include documents developed by working groups under the other INTOSAI goals. An amended version of the draft procedure will be forwarded to the Steering Committee members for approval. *Bettina Jakobsen* then asked the delegates to share their reflections on the request re-

ceived from Germany to have a peer review guideline developed by subcommittee 3 under the Capacity Building Committee included in the Framework on level 2.

The draft peer review guideline had been distributed to the Steering Committee members ahead of the meeting, and the general perception was that it was a very helpful and well laid-out document. However, in its current form it was considered too detailed to fit into level 2, which is devoted to documents on a high principle level. *Greg Schollum* indicated that his working group might be interested in developing a set of peer review principles – an ISSAI 41 – and on the basis hereof it was decided that the PSC Secretariat in its reply to the German Chair of Subcommittee 3 should present this idea and establish contact between Greg Schollum and the German Subcommittee Chair to discuss the matter further.

*Mohammed Kamal Daoudi* accepted this approach and it was agreed that *Ane Elmoose* should consult with him and *Greg Schollum* on a reply to the German Chair.

*Bettina Jakobsen* summed up this item and informed the Steering Committee that an updated procedure for treatment of requests for including ISSAIs in the Framework would be forwarded for their approval.

## **8. Project on Transparency and Accountability**

*Bettina Jakobsen* introduced this item by thanking *Danièle Lamarque* as Chair of the Project on Transparency and Accountability for brilliant chairmanship, and said that ISSAIs 20 and 21 were the hard evidence of the excellent work performed by the dedicated members of the project team. *Bettina Jakobsen* congratulated the Project on a mission well accomplished and ended her presentation by inviting the SAI of France to continue as a member of the PSC Steering Committee as a representative of the court system.

*Danièle Lamarque* thanked her colleagues for their commitment in the development of the two ISSAIs that were approved for endorsement by the Steering Committee in Brasilia. She went on to say that she was confident that the SAI of France would look favourably on the invitation to continue on the Steering Committee.

## **9. Project on Audit Quality Control**

*Greg Schollum* informed the Steering Committee that the comments received on ISSAI 40 in the course of the recently expired exposure period would now be carefully considered by the project team. Comments were predominantly positive. The Project is facing a very challenging time schedule, and the endorsement version of ISSAI 40 will be forwarded to the Steering Committee members for approval by email no later than 31 July.

*Ennio Colasanti* and *Danièle Lamarque* asked whether the special requirements of the Court of Account model were covered by ISSAI 40 and *Greg Schollum* informed them that he had previously sought comment from the SAIs of France, Belgium and Morocco, but he would appreciate receiving further specific input on the issue. *Greg Schollum* then presented the work plan 2011-2013 for the Project and informed the Steering Committee that the project team had considered various subjects for new ISSAIs in the 40-series, but would appreciate input from the Steering Committee in that respect.

*The Chair commended the Project for the excellent work done in the past three years and welcomed the Project's initiative to continue the work in the coming three years. The Steering Committee approved the written procedure for approval of the endorsement version of ISSAI 40 and the proposed work plan 2011-2013.*

## **10. Financial Audit Guidelines**

*Gert Jönsson* did a summary of FAS' accomplishments in the past three years, emphasizing the fact that the Subcommittee is presenting 29 new ISSAIs for endorsement at INCOSAI in Johannesburg. He then gave the floor to *Jonas Hällström* who introduced the two ISSAIs that the Steering Committee should approve for endorsement, i.e. ISSAI 1000 and ISSAI 1003. *Jonas Hällström* referred to a couple of corrections relating to paragraphs 28 and 28 in ISSAI 1000, which lead to a discussion of when a SAI could be said to be auditing in compliance with the INTOSAI standards. *Josephine Mukomba* saw paragraph 28 (c) as an escape route for the SAIs that do not want to implement the INTOSAI guidelines, and suggested that to comply, a SAI should comply with all ISSAIs. Others insisted on a more flexible approach taking into consideration that the application of the ISSAIs is not mandatory. *Jonas Hällström* said that the need to revise paragraph 28 would be considered as part of the Harmonization Project.

FAS' work plan for 2011 – 2013 focused on three main tasks, i.e. maintenance and development of ISSAIs on financial audit, awareness raising and contributing to the consistency in the ISSAI Framework. *Jonas Hällström* also mentioned the Subcommittee's considerations to include other standards issued by the IAASB as part of the INTOSAI financial audit guidelines.

*FAS was asked to keep the Chairmanship informed of any changes in the scope of the cooperation with the IAASB. The Steering Committee then approved ISSAI 1000 and ISSAI 1003 for presentation at INCOSAI, and the work plan proposed by FAS.*

### **11. Performance Audit Subcommittee**

*Carlos Alberto Sampaio de Freitas* started his presentation by thanking all the parties that had been involved in the development of ISSAI 3100 and the appendix for their commitment and hard work. The PAS work plan for 2011 – 2013 will be focused mainly on participation in the PSC awareness-raising activities and development of the PAS section on the PSC website, creating forums for knowledge sharing, presenting best practice reports, etc.

*Beryl Davis* said that the IIA had been very pleased to comment on ISSAI 3100 and congratulated PAS on an excellent document. She went on to suggest a couple of additional minor corrections to the document for the consideration of the working group.

A lengthy discussion of the levels in the ISSAI Framework hierarchy followed with particular focus on ISSAI 3100, which, in order to comply with the hierarchic structure of the Framework, could not be referred to under their present name, i.e. "Performance Auditing Standards". In conclusion it was agreed to change the name of the document, and PAS agreed to consider other options and make the required linguistic corrections in the text following the change of name.

*Gert Jönsson* encouraged PAS to develop more guidance in the area of performance auditing. Although performance auditing is sharing many elements in the audit process with financial and compliance auditing, he pointed out that performance auditing is very different from these two types of auditing when it comes to matters concerning selection and design of the audit, and methodology used. He also emphasized that ISSAI 3100, which he considered a good and well-balanced document, would provide a good basis for development of more

concrete guidelines for performance auditing and urged PAS to include plans for standard-setting activities in its work plan for 2011 – 2013.

*Carlos Alberto Sampaio de Freitas* referred to a former survey that had shown that many SAIs were not conducting performance audits. When PAS was established, a new performance auditing guideline had already been developed. It had therefore been a priority for PAS to develop documents that would encourage more SAIs to take on performance auditing tasks. This would be achieved with the ISSAI 3100 and appendix now presented.

*The Steering Committee approved the endorsement version of ISSAI 3100 and appendix for final approval at INCOSAI, and the PAS work plan 2011 – 2013 with the small correction that translations into the five official INTOSAI languages should be completed by mid-October 2010. It was further agreed to change the name of ISSAI 3100 to maintain the hierarchical structure of the Framework.*

## **12. Compliance Audit Subcommittee**

*Jens Gunvaldsen* took the Steering Committee members through the history of CAS before he presented the proposed work plan for 2011 - 2013, which stated three key tasks: Awareness raising, implementation and maintenance of the guidelines, and capacity building and cooperation with other bodies to ensure implementation of the Compliance Audit Guidelines. *Jens Gunvaldsen* ended his presentation by asking the Steering Committee to comment on CAS' preliminary plans to develop guidelines covering issues relating specifically to Courts of Accounts.

*Ennio Colasanti* said that although the methodology used by the Courts of Accounts was the same as the one used by SAIs, some Courts had a wider scope, and that could very well warrant the development of special compliance audit guidance addressing issues facing the Courts.

*The Chairman* commended CAS for the three ISSAIs on compliance audit that were approved for endorsement by the Congress at the PSC meeting in Brasilia last year. He then referred to the comment made by *Ennio Colasanti* and expressed concern that such guidance would be too narrow in its scope.

*The Steering Committee approved the CAS work plan.*

### **13. Internal Control Standards Subcommittee**

*Ignace Desomer* started his presentation by saying that the Belgian Court of Audit will resign as chair of the subcommittee on internal control standards. The Court of Audit of Belgium is currently redefining its priorities in matters of international relations. Besides, after more than nine years, the Court of Audit considers the time has come to hand over the chair to another SAI. . Belgium had been trying to find a new chairman, but so far in vain. *Ignace Desomer* made it clear that Belgium would remain a member of the Subcommittee, but would leave the PSC Steering Committee. He thanked all that had been involved in the Subcommittee work and extended a special thanks to *Robert Devos* for putting INTOSAI GOVs on the INTOSAI map, to the IIA for valuable input and to *Henrik Otbo* for excellent chairmanship. He then gave the floor to *Robert Devos* who presented the work plan for the next mandate period.

*Jens Gunvaldsen* congratulated the Subcommittee on the two documents and emphasized that high quality financial auditing depended on well functioning internal control.

*Pramesh Bhana* considered the two new INTOSAI GOVs extremely helpful and commended the Subcommittee for a job well done.

*Wei Liu* raised the issue of independence of the internal auditor and said that in China the internal auditors are not considered independent and the work they perform is – although important – not considered the most important element in the auditing process.

A discussion of the use of internal auditors, definition of independence in relation to internal audit, and cultural differences followed.

*Ahmadou Mustapha Ndiaye* asked how INTOSAI GOV 9140 and 9150 could contribute to ensure consistency with documents that are being developed as a result of parallel efforts in various countries. *Robert Devos* said that the guidelines were not mandatory and SAIs and government enterprises could only be encouraged to follow them.

*On behalf of the PSC Chair, Bettina Jakobsen expressed her gratitude to the Subcommittee Chair for its commitment over the years and the valuable work done. She said that she was*

*sorry that Ignace Desomer and Robert Devos would now leave the Steering Committee, but she fully appreciated that other duties required their full attention.*

*The Steering Committee approved the endorsement versions of INTOSAI GOV 9140 and 9150 for presentation at INCOSAI, and the Subcommittee work plan.*

#### **14. Accounting and Reporting Subcommittee**

As mentioned earlier, the Chair of this Subcommittee, Sheila Fraser from the SAI of Canada, could not be present at the meeting, and she had instead asked the PSC Chair to do a presentation on her behalf. *Bettina Jakobsen* subsequently updated the Steering Committee on the activities on IPSASB, did a brief presentation of two papers prepared by the Subcommittee: one on “The Importance of an Independent Standard Setting Process” which required the approval of the PSC Steering Committee as it was to be presented for adoption at INCOSAI, and the second one on “How to Organize Subcommittee Activities”. With respect to an actual work plan for 2011 – 2013, this will be prepared after the Congress.

*The Steering Committee approved the two documents for presentation and final approval at INCOSAI.*

#### **15. Reporting to the INCOSAI**

*Pramesh Bhana* distributed the calendar of activities on the INCOSAI XX, according to which the PSC Main Committee meeting has been scheduled for Sunday 21 November between 11.00 am and 01.00 pm and the actual launch of the ISSAIs and INTOSAI GOVs at the Congress will take place on 24 November between 02.00 pm and 05.00 pm. *Pramesh Bhana* informed the delegates that the set-up for the launch of the ISSAIs would be as follows: First, the PSC Chair will provide an overview of the accomplishments of the PSC Subcommittees and Projects, then the Subcommittee/Project Chairs will do their presentations, and this will be followed by a panel discussion of the usefulness of the ISSAIs, their impact on public sector auditing, etc. Candidates for the panel have not been finally selected at this point. The panel model is also suggested for the Governing Board meeting on 22 November. *Pramesh Bhana* said that there would be a large exhibition area at the disposal of the delegates, and he encouraged the Subcommittees and Projects to take the opportunity to flash their ISSAIs. The efforts to keep the Congress green and reduce print of meeting papers, etc. are being continued and various electronic solutions for presentation of meeting papers, etc. are being

looked into, but no final decision has been reached at this point. *Pramesh Bhana* will keep the PSC Secretariat updated on the developments.

*Pramesh Bhana* ended his presentation by informing the delegates that all documents should be submitted to the Congress by mid-September in English, and in the remaining official INTOSAI languages by mid-October.

*Bettina Jakobsen* thanked *Pramesh Bhana* for the very informative update and then gave the floor to *Mette E. Matthiasen* for a presentation of the PSC Chairmanship's communication plans for the Main Committee meeting and the Congress. *Mette E. Matthiasen* started by saying that the PSC would be most happy to follow the request put forward by South Africa and go green at the Congress. She went on to say that in order to keep printing of meeting papers to a minimum, a memory stick will be distributed to all delegates at the Congress. The stick will include all PSC meeting materials for the Main Committee meeting and the Governing Board meeting, the ISSAIs and INTOSAI GOVs that are to be presented for endorsement by the Congress, relevant links and the awareness-raising videos of the Subcommittee and Project Chairs that had been shot during the second day of the PSC Steering Committee meeting. It was the plan to have the videos shown also on monitors placed in the exhibition area of the congress centre. Finally, the PSC Secretariat was considering some sort of gimmick to promote the ISSAI e-mail update service.

Prior to and during the INCOSAI, the ISSAIs and INTOSAI GOVs that are up for endorsement will be available only electronically on the issai website. The Steering Committee members were reminded to submit endorsement versions of their respective documents for posting on the website, to the PSC Secretariat in early October for posting on the website.

The PSC Secretariat will not be setting up an exhibition stand, but will instead leave the scene to the Subcommittees and Projects. Various promotion material will, however, be shipped to South Africa such as brochures and posters and these will be made available to the delegates in the exhibition area.

*Ane Elmoose* supplemented by saying that the PSC Chair this year would seek to make its presentation at the Main Committee meeting less historic and more forward-looking, and

perhaps in that manner get valuable input based on the experience of the close to 70 members of the PSC Main Committee going forward.

## **16. INTOSAI Strategic Plan**

*Kirsten Astrup* did a presentation of the draft INTOSAI Strategic Plan that had been distributed to the delegates prior to the meeting. The final version of the Strategic Plan would be presented for approval at the Congress.

*Yusuf Mohamed* asked whether it had been considered to include Key Performance Indicators in the plan. *Kirsten Astrup* said that it had been considered and discussed by the Governing Board and the Strategic Plan Task Force, but they had decided against using Key Performance Indicators at this point.

## **17. Reporting from the IAASB**

Before *Jonas Hällström* updated the delegates on the work of the IAASB, he informed the Steering Committee that the FAS awareness-raising material on the PSC website (power point presentation, speaking notes and hand-outs), which is currently available in English will soon be available also in the other official INTOSAI languages.

*Jonas Hällström* updated the Steering Committee on projects and/or considerations of the IAASB that were considered to be of interest to the PSC: 1. Revision of ISA 610 – Using the Work of Internal Auditors. FAS expert representing the SAI of Canada is involved in this revision project. Among issues discussed is whether it should be broadened to include guidance on direct assistance by the internal auditor. 2. ISA 720 - The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements is currently being revised. FAS expert from the SAI of Sweden is involved in this project. 3. Revision of ISAE 3000 – exposure period scheduled for early 2011. INTOSAI has a representative on the Task Force. 4. Among other projects he mentioned a research project on the Auditor's Report. Whether this will lead to a revision of ISA 700 is too early to say. 5. New ISAE 3410 – Assurance on a Green House Gas Statement – comments received in the comment period are currently being considered. Finally, *Jonas Hällström* mentioned a recently initiated project on audit quality in which *Gert Jönsson* was involved.

*Greg Schollum* asked whether the project on audit quality was about financial audit or addressing audit quality in a broader sense. *Jonas Hällström* said that the project would probably deal with financial audit and assurance engagement, and *Gert Jönsson* clarified that it is discussed and the direction of a possible project is still very unclear.

*Jens Gunvaldsen* said he had participated in the PSC network established to follow the IAASB task force on ISAE 3000 in which INTOSAI has a representative. He was becoming increasingly concerned about the value of this kind of active participation by INTOSAI in the development of IAASB standards outside the area of financial auditing. *Jonas Hällström* and *Greg Schollum* stressed that the ISSAI Framework should complement the IAASB assurance framework and standards. The CAS guidelines for example are drawing upon the ISAE 3000. There was no issue of competition between the two standard setters.

*The Chairman* took this opportunity to say that the PSC would need to discuss further and determine more precisely the meaning attached to the term “dual approach”.

*Bettina Jakobsen* thanked *Jonas Hällström* for the update and asked him to provide regular briefings to the PSC to ensure coordination between PSC and IAASB activities. It was further decided that the PSC Secretariat should address the issues raised in connection with the definition of the “dual approach” concept in the Harmonization Project.

## **18. Future PSC Steering Committee meetings**

*Bettina Jakobsen* said that the locations of these had not been determined yet, and encouraged the Steering Committee members to come forward if they were interested in hosting one of the next three PSC meetings.

## **19. Any other business**

*Bettina Jakobsen* said that she had enjoyed chairing the meeting and thanked the delegates for two very constructive days. She then gave the floor to *Henrik Otbo* who also extended his warm thanks to the delegates and his satisfaction with the outcome of the many fruitful discussions. He emphasized the great work done by the Chair of the Internal Control Standards Subcommittee and said that the PSC Chairmanship would do its utmost to find worthy suc-

cessors to *Ignace Desomer* and *Robert Devos*. With these closing remarks, the meeting was adjourned.

2 July 2010