

## SDP Project 2.6 Consolidated and Improved Guidance on Reliance on the Work of Internal Auditors

SAIs of Belgium & Netherlands



## Reasons for project (SDP)

- INTOSAI SDP 2017-2019
- Guidance to support ISSAI implementation
- *The role of internal auditors needs to be stated in the context of an audit. There needs to be a clear linkage between the treatment of internal auditors in the ISSAIs and the supporting GUID.*




## Existing material reviewed or included as sources (SDP)

- Related ISSAIs, in particular ISA 610 (2013) = ISSAI 2610 Using the Work of Internal Auditors
- INTOSAI GOV 9140 Internal Audit Independence in the Public Sector (2010)
- INTOSAI GOV 9150 Coordination and Cooperation between SAIs and Internal Auditors in the Public Sector (2010)

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## Project group and product category (SDP)

- PSC: Internal Control Subcommittee (ICS) = lead; Financial Audit and Accounting Subcommittee (FAAS); Compliance Audit Subcommittee (CAS)
- Added: Performance Audit Subcommittee (PAS)
- Subject specific guidance GUID 5000-5999

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## Project proposal (PP)

- FIPP LO: Marita Salgrave, SAI Latvia
- FIPP scoping paper Sept 2017:
  - GUID = revised INTOSAI GOV 9150 extended to CA, PA, Direct Assistance (DA) including relevant parts GOV 9140
- Initial draft PP focused on revision of INTOSAI GOVs 9140 & 9150 integrating new concepts:
  - 3 Lines of Defence model
  - potential benefits of more developed IA, IA Capability Model
  - role of 'those charged with governance' (Audit Committees) for functioning of IA

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## Project proposal (PP)

- Draft PP substantially amended based on FIPP recommendations March 2018:
  - More coordination with other SDP projects FA & CA
  - Focus on needs of SAIs, new IFPP (2019) philosophy > absorb relevant elements of INTOSAI GOVs
  - More attention to CA & PA guidance
- Draft PP discussed at ICS meeting Warsaw Sept 2018
  - One GUID 5xxx covering FA, CA, PA
  - DA: different opinions within INTOSAI
  - FA: relevance of revision of PN to ISA 610 > input from FAAS
  - CA & PA: input asked from ICS members, CAS & PAS
  - Project implementation beyond INCOSAI 2019

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## Project proposal (PP)

- Draft PP approved by FIPP Nov 2018:
  - One GUID covering FA, CA, PA, combined audits
  - Exposure draft by end Aug 2020 > FIPP
  - Exposure period Dec 2020 – Feb 2021
  - Endorsement version by end Jun 2021 > FIPP
  - Final pronouncement by Jan 2022 > INCOSAI 2022

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## Project group (PP & project lead)

- Lead: Pawel Banas, SAI Poland
- General & FA:
  - Martin Abbink, Paul Neelissen, SAI Netherlands;
  - Wim François, David Maris, SAI Belgium
- FA: FAAS representative
- DA:
  - James Dalkin, Michael Bingham, SAI USA;
  - Zahira Ravat, SAI South Africa
- CA: Elena Vasilieva, SAI Russian Federation
- PA:
  - Adrian Gogolan, SAI Romania;
  - Doris Boehler, SAI Austria
- Peer reading: Gerry Cox, Francis Nicholson, The IIA

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## Project purpose (PP > GUID)

- Common general chapters, covering FA, CA, PA, based on FA guidance
- FA guidance: starting from ISA 610 and integrating relevant parts of INTOSAI GOV 9140 & 9150 + new concepts (3LoD, IACM, 'those charged with governance')
- PA guidance: no IFPP pronouncements; literature study + survey INTOSAI members
- CA guidance: CA combined with FA = FA approach; separate CA = PA guidance

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## Project consistency with IFPP

- New developments IFPP:
  - Revision of ISSAI 200 FA Principles (Endorsement version Dec 2019)
  - Revision of ISA 315 Identifying and Assessing the Risks of Material Misstatement (Dec 2019)
  - Revision of INTOSAI Practice Notes to ISAs, including to ISA 610 (Exposure draft 2020?)

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## Project execution

- Informal meeting FIPP LO, project group members PL & BE, FAAS representative at INCOSAI Moscow Sep 2019
- preliminary draft GUID (common & FA chapters) informally submitted to FIPP-PSC SC meeting Dec 2019
- preliminary draft GUID submitted to complete project group Jan 2020, inputs from SAI South Africa (DA) and The IIA
- Amended preliminary draft GUID submitted to complete project group & FAAS, CAS, PAS Chairs Feb 2020

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## About preliminary draft GUID

- Double perspective:
  - (1) using work of IA (ISA 610) = one way relationship SAI-IA;
  - (2) cooperating/coordinating with IA (INTOSAI GOV 9150) = two way relationship SAI-IA from SAI perspective
  - Based on INTOSAI-P 1 en ISSAI 100 § 39
- Long version for discussion: may be reduced
  - text volume (text duplications),
  - theory (theoretical concepts),
  - issues elaborated on ("6. All audit engagements"),
  - references to IFPP (INTOSAI-P 1, ISSAIs including ISAs, FA GUIDs)

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## About preliminary draft GUID

- Almost exclusively based on FA concepts, standards, practice
  - > importance of input from CA & PA experts (CAS & PAS)
  - > challenge & rebalance general chapters
- Relationship to practice notes (under review > GUID) on ISA 315 & 610 to be clarified: what kind of content in
  - GUID 2315 & 2610?
  - GUID 5xxx?
- Relationship to INTOSAI GOVs g1xx:
  - GOVs = INTOSAI public goods?

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## About preliminary draft GUID

- Relationship to The IIA's IPPF and other products
  - Definitions: IA, independence, objectivity
  - 3LoD model (under review)
  - IA Capability Model
  - Assessing/evaluating IA independence, objectivity, competence and quality of work? Cf. comments The IIA
- Elaborating on 'Those charged with governance' (ISA 260)
  - (more) explicit references to audit committees?

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