



## Minutes

### 9th PSC Steering Committee Meeting 30 - 31 May 2012, Johannesburg, South Africa

All reports, presentations and further meeting materials, including a list of participants referred to can be found on the [PSC website](#).

#### 1. Welcome – opening of the meeting

Welcome by Chair of the PSC, Assistant Auditor General Ms Bettina Jakobsen, Denmark

Welcome by the host of the meeting, Corporate Executive Mr Imran Vanker, South Africa

Opening of the meeting with news from the Chair:

- At the Steering Committee Meeting in Wellington in 2011 it was decided to prepare a document that defines **the purpose and authority of the INTOSAI standards**. The document was finalized and approved by the Steering Committee in a written procedures October 2011 and is now available on the [ISSAI website](#).
- In October 2011, the INTOSAI Governing Board approved the so-called **ISSAI Roll-Out Model**. The roll-out model reflects what has already been decided in the INTOSAI strategic plan and the ISSAI Awareness Raising Strategy of the PSC, namely that the PSC is responsible for raising awareness of the ISSAIs and INTOSAI GOVs while our colleagues from the Capacity Building Committee will facilitate decision-making on implementing the ISSAIs and the IDI will handle the actual implementation.
- Also in October 2011, the PSC Chairmanship received and accepted an invitation to join the **Task Force on INTOSAI Financial Foresight** that had been set up by the INTOSAI Finance and Administration Committee.
- A new **Memorandum of Understanding (MoU) between the PSC and IFAC** has now been agreed upon. The MoU is largely identical with the former one, but the duration of the MoU has been considerably shortened to meet the requirements of IFAC to initiate some form of cooperation with the International Ethics Standards Board for Accountants in connection with the pending, but not yet finally determined, revision of ISSAI 30 - The Code of Ethics. The agreement will be signed by IFAC in June and will subsequently be posted on the PSC-website.
- The PSC Secretariat has joined **EUROSAI's Goal Team 2 – Professional Standards** – as an expert member and liaison with INTOSAI. Representatives from FAS and PAS are also members of the Goal Team.

#### 2. ISSAI Maintenance

At the PSC Steering Committee Meeting in Wellington it was agreed that maintenance frequencies for the ISSAIs and INTOSAI GOVs should be established to ensure, that they are reviewed on an on-going basis, and thereby reflecting the actual development. An overview of the maintenance frequencies is a part of the meeting materials, and is also available on the [ISSAI website](#).

The Chair clarified that the maintenance frequencies had been established by the subcommittee, project group etc. responsible for developing the ISSAI/INTOSAI GOV. In the case where no subcommittee, project group is responsible for maintenance the PSC Secretariat has established the frequency – i.e. for ISSAI 1 The Lima Declaration.

The Steering Committee took note of the presentation.

### **3. Awareness Raising – progress report**

The Chair presented the progress report on behalf of the awareness raising task force. [The presentation is available on the PSC website.](#)

Among other things it was emphasized in the presentation that there has been a significant increase in the number of visitors on [www.issai.org](http://www.issai.org).

A number of participants pointed out activities that are not mentioned in the progress report:

- Bahrain has conducted a workshop on the ISSAIs with UAE, Saudi Arabia and Kuwait, and will re-view all ISSAI translations into Arabic. They have also decided to make a strategic plan to facilitate implementation and awareness raising.
- China explained that implementation of the ISSAIs is a part of the ASOSAI Strategic Plan 2011-2013. China is currently translating all ISSAIs into Chinese.
- Austria pointed out that the Euro Sai Goal Team 2 should be mentioned on page 4 of the report. The INTOSAI General Secretariat mentioned that the executive summaries of the ISSAIs will be available online in four languages at the end of May 2012.
- AFROSAI-E will be conducting a number of annual meetings, seminars and workshops.

The Steering Committee took note of the presentation.

### **4. ISSAI Harmonisation Project**

The Steering Committee had an extensive discussion on the progress of the project based on the progress report prepared by the Project Group and a presentation by Project Chair *Kristoffer Blegvad* on the history of the project and progress made so far. [The presentation is available on the PSC website.](#)

The project has required a lot of resources from the participating SAIs so far, and the Project Chair will therefore aim to finish the project in two more meetings of 3-4 days. This will require contributions from the Subcommittees like the work PAS has already put into preparing ISSAI 300. *Kristoffer Blegvad* also mentioned that members of the project group finds that the four ISSAIs should be exposed together, rather than forwarding them separately. The plan is to have the exposure period start on 15 November 2012.

*Kristoffer Blegvad* asked the Steering Committee if the Committee had any general comments to the progress and plan for finalisation so far?

*Bettina Jakobsen* stressed that it is essential from the PSC Chair's point of view that the revised ISSAIs can be delivered to the INCOSAI in 2013 as promised. She was pleased that the Subcommittee Chairs had reaffirmed their commitment to reach that goal, and that the Project Group is now in the process of finalising the documents.

*Jens Gunvaldsen* underlined that he is extremely impressed by the work done so far and that this project sets a standard for what public auditing should be. The success of the project is very important, but it has been a very difficult process so far. The different cultures and standards in the three Subcommittees (PAS, FAS and CAS) have become even clearer when drafting a common product. He explained that this is also the reason why a draft ISSAI 400 is not ready yet, but the Subcommittee will soon be able to present a draft. He also stressed that he, as Subcommittee Chair, would do his utmost to deliver the ISSAIs.

*Gert Jönsson* agreed with the comments made by Jens Gunvaldsen. He emphasised that FAS has come quite far in developing a draft ISSAI 200 and expects to be able to circulate a draft in FAS before the next meeting of FAS. He also underlined that the Steering Committee and Harmonisation Project Group must have sufficient time after the exposure period to deal with what might be quite extensive comments, in accordance with the due process.

*Bettina Jakobsen* acknowledged the comprehensive task and thanked the Chairs for their commitment to complete the project by 2013.

*Liu Shaotong* stated that it is a very difficult project. He stressed that it is important that audit improves good governance; this will also be the main theme at INCOSAI XXI in 2013. He then underlined that public audit consists of financial, compliance and performance audit, but that the SAIs combine the three branches in various ways. He asked how SAIs can use the revised ISSAIs in these situations. He also asked how issues like i.e. pre-audits, post-audits and other types of audits used by SAIs are dealt with in the ISSAIs. Lastly he pointed out that requirements and guidance for financial audit requirements is available in the ISAs. Therefore the fundamental auditing principles (level 3) should focus on compliance and performance audit since many SAIs don't know how to do these types of audits.

*Bettina Jakobsen* replied regarding combining the three types that the new ISSAIs on level 3 will explain that principles from the different branches can be combined when performing an audit. It will be the SAI's responsibility to take these issues into consideration and pick and choose what fits the situation. She underlined that all three should be an equal part of public audit, and that the Harmonisation Project supports this goal.

*Josephine Mokumba* commented on the different types of audit. She explained that this is an issue for small SAIs, and that this issue is often discussed in the region when implementation of the ISSAIs is discussed. She suggested that it should be included in the new ISSAIs what the SAIs could do regarding implementing the ISSAIs.

*Manuel Vargas* agreed with the comment made by Josephine Mokumba, which is an overall issue for many developing countries. He also stressed that focus should not only be on finishing the standards, but also on how they are to be implemented. An option could be to focus on adopting ISSAI 100 first.

*Greg Scollum* was very impressed with the progress so far. He underlined that the focus right now is on levels 2 and 4 and that the Harmonisation Project will change that. Regarding the issue raised on the balance between timing and quality he would propose an exposure process where ISSAI 100 is exposed longer; meaning as soon as possible. He proposed that ISSAI 100 goes out in advance of the others, and is thereby exposed in a longer period given that ISSAI 100 is an umbrella document and a forerunner for the other ISSAIs at level 3.

*Jim Sylph* agreed with previous statements that it would be a good idea to expose ISSAI 100 early with the same deadline for comments as the other ISSAIs on level 3.

*Rob Newsome* asked how the ISSAIs are enforced, what mechanism forces the SAIs to adopt them and what are the consequences if they do not. *Bettina Jakobsen* replied that INTOSAI cannot force its members to use the standards, unlike the private sector, since SAIs are independent bodies. The decision to imple-

ment the standards is solely theirs to make; therefore flexibility in adherence is necessary. However many SAIs already adhere to the standards and see the value in doing so.

*Ahmed Abdulqader* asked how SAIs will refer to the ISSAIs after level 3 is adopted. *Kristoffer Blegvad* answered that there is not any clear guidance on how to reference the ISSAIs at the moment, which is why it is included in the Harmonisation Project. The new ISSAI 100 contains a section that explains what is required from SAIs to claim that they are referring to the ISSAIs. The ISSAI 100 will provide a set of options on how to refer to the ISSAIs while ensuring transparency. It will ultimately be the responsibility of the SAI to make the appropriate reference in accordance with its requirements.

*Luciano Danni* underlined that the comments received so far reflects the importance of the project. In his opinion the recent meeting with IDI underlines the demand for finalising the Harmonisation Project as soon as possible, so so training materials etc. can be developed, but the quality should of course not be jeopardized. He stressed that it is important to move forward and that PAS gives the Chair and the Steering Committee full support to publish the ISSAI 300 soon.

*Bettina Jakobsen* thanked everyone for the comments so far and proposed that the discussion move to the questions raised in the progress report.

#### **a. ISSAI 100**

*Kristoffer Blegvad* made a brief presentation of the ISSAI 100. He explained that the Steering Committee has had the opportunity to provide comments before the meeting. The comments and the Project Group's response to the comments are included in the progress report. He thanked the Steering Committee for the comments and underlined that it has been very useful for the Project Group to see the document with fresh eyes. The draft ISSAI 100 has been further developed by the Project Group since the Steering Committee saw it last. He therefore asked the Steering Committee to bring forward any general comments to the ISSAI 100.

The Steering Committee had a lively discussion on ISSAI 100, including comments on:

- Compliance with the ISSAIs for small SAIs.  
It was mentioned that it can be a problem for small SAIs and less developed SAIs to comply fully with the guidelines at level 4. It was suggested to provide more clarity on what options these SAIs have.
- Reference to the ISSAIs  
There was a general agreement that flexibility for different ways of referencing the ISSAIs should be possible. It was however underlined that the ISAs can only be adopted as a full set of standards. It was agreed that the document needs to strike the right balance between flexibility and transparency. The Project Group was asked to consider including an explanation on how SAIs should disclose how ISSAIs are implemented in the SAI, so readers can see how the national system is functioning.<sup>1</sup>
- The relation between level 3 and level 4

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<sup>1</sup> Following the meeting the Project Group was asked to consider situation 11 in Appendix 5 of the ISSAI Harmonisation Progress Report. The Project Group was not able find a satisfactory way to provide for a reference to national standards based on the ISSAIs that would address this particular situation more explicitly and be supported by the full Project Group. There is therefore no change in the exposure draft on this matter. Instead the situation is covered by the general reference provided for in para 61 of the draft ISSAI 100.

It was underlined that level 3 and level 4 are not separate sets of standards but they are connected. The level 3 provides an overview of the essence of public sector auditing and is intended to be supported by a set of national standards or the ISSAIs on level 4.

- The relationship between ISSAI 100 and ISSAI 200, 300, 400  
It was underlined that ISSAI 100 functions as an umbrella document that explains the fundamental principles of public sector auditing, and ISSAI 200, 300, 400 describes the principles specific for financial, performance and compliance audits.
- The question of assurance  
Some Steering Committee members felt that the document may focus a bit too much on assurance engagement thereby disregarding other types of engagements. It was explained that the Project Group had tried to strike the right balance and provide flexibility since SAIs have different views on what constitutes an assurance engagement. The group had deemed it necessary to incorporate that some stakeholders will take assurance from SAIs' work and that is why ISSAI 100 includes the concept of confidence and assurance.
- Other topics  
The Project Group was asked to consider adding/elaborating wording on internal auditors, corruption and risk of fraud.

After the discussion *Kristoffer Blegvad* summed up the reactions to the questions presented in the progress report and his presentation. He concluded that the Steering Committee finds the document balanced and that the number of requirements is not too high. The Steering Committee also agreed that the document is ready for exposure. It was the Steering Committee's position that ISSAI 100 is a consensus document for all SAIs, and that no new requirements will be included on level 3 that are not already included in the current guidance on level 4. Lastly the Steering Committee agrees with the Project Group that there is no need for an extensive glossary for ISSAI 100; although the issue of a glossary is not yet discarded.

*Bettina Jakobsen* concluded on the discussion regarding the next steps for ISSAI 100. After editing small changes suggested during the discussion, the PSC Secretariat will offer ISSAI 100 for a final sign-off in writing by end of June. If the Steering Committee signs off on the document we will send the ISSAI 100 in a long exposure so SAIs have sufficient time to comment etc. The exposure period will end at the same time as the other ISSAIs, so a total package can be provided to the Governing Board and INCOSAI.

*Bettina Jakobsen* emphasized, on the basis of a question, that the exposure process is open to all. The observers in the Steering Committee are therefore welcome to submit their comments as well.

*Bettina Jakobsen* also made the Steering Committee aware that according to the Due Process the Steering Committee confirms by approving the exposure draft that:

- the exposure draft fulfills the purpose of the project in line with the directions of the approved project proposal and is of high quality;
- any overlaps and inconsistencies in the ISSAI framework in relation to the proposed text have been appropriately addressed, and
- the exposure draft can be submitted for public exposure.

The ISSAI 100 was approved by the Steering Committee for exposure with applause

## **b. ISSAI 300.**

*Norbert Weinrichter* gave a short presentation of the development process of ISSAI 300, which has not yet been available for the Steering Committee for comments.

*Bettina Jakobsen* then opened the floor for comments to ISSAI 300.

*Greg Scollum* stated that he found the draft ISSAI 300 excellent and congratulated the group with its work so far. He asked why the principles in ISSAI 100 on ethics and independence are only briefly mentioned in para. 7 in ISSAI 300 but otherwise not included. *Norbert Weinrichter* replied that the issue had been discussed in PAS, but they decided to leave it out, since they did not feel the need to repeat principles in ISSAI 100 where they did not have anything specific to add regarding performance audit.

*Beryl Davis* supplemented that this practice is generally used by the Project Group in drafting the ISSAIs on level 3, and it is described in the Group's drafting style guidelines.

*Jim Sylph* noted that the ISSAI 300 is a very good document! He commented on para. 20 regarding auditor's skills. He believed that it should be clarified that every auditor does not need have to have all skills necessary to perform the audit task, but the skills should be present in the team as a whole. Others, including *Jonas Hällström*, *Josephine Mokumba* and *Manuel Vargas* also had smaller corrections. These will be corrected before the document is exposed.

*Jens Gunvaldsen* also congratulated the group stating it was a very good document and impressive work. He suggested a minor correction regarding how far the document should promote flexibility. He stated that flexibility is necessary but the document should not oversell this. Likewise he advised that the document should not oversell the uniqueness of performance audit. *Luciano Danni* and *Norbert Weinrichter* agreed that there is a need to strike the right balance in the documents. They will reflect on this when they receive comments in the exposure process.

*Liu Shaotong* suggested that a comment that good governance is promoted through performance audit be added to para. 3.

*Bettina Jakobsen* thanked the Steering Committee for their comments. She concluded that the Steering Committee agreed to approve the ISSAI 300 using the same procedure as ISSAI 100. If the Steering Committee signs off on the document it will be sent for exposure along with ISSAI 100. Depending on the comments in the sign-off procedure, the ISSAI 300 could alternatively follow the exposure process for ISSAI 200 and 400.

## **c. ISSAI 200 and 400**

*Kristoffer Blegvad* explained that there is not yet a finalised draft 200 or 400, but both documents are well on their way. He asked the Subcommittee chairs of FAS and CAS to provide the Steering Committee with a brief status and recommended that the Steering Committee agree to approve the documents for exposure through a written procedure in October.

*Jonas Hällström* explained that ISSAI 200 will be based on the existing ISSAIs 1000-1810 including the ISAs. The ISSAI 200 will translate these into high level principles. Currently the group has a draft that is very well on its way, but it is unfortunately not yet ready to be presented to the Steering Committee. A draft will be

forwarded to FAS for written comments in August, and the document will be approved at the FAS meeting in the first week of October. He appreciated the Steering Committee's acceptance that the process of developing the ISSAI 200 takes some time.

*Jens Gunvaldsen* explained that ISSAI 400 will be based on the ISSAI 4000, 4100 and 4200 but will follow the example of ISSAI 300 and explain the special requirements for compliance audit. They expect to have a final draft ready for comments in CAS shortly.

*Bettina Jakobsen* concluded that the Steering Committee agreed to approve ISSAI 200 and 400 for exposure through written procedure in October.

#### **d. Withdrawal of the old ISSAIs**

*Kristoffer Blegvad* explained that according to the Due Process, the existing ISSAIs 100, 200, 300 and 400 are removed once the new ISSAIs 100, 200, 300 and 400 are endorsed by INCOSAI. He underlined that it should be considered whether the process is moving too fast in the case where some SAIs are still using the existing level 3 standards. He said that a solution could be to ask this question in the exposure letter, and depending on the comments consider placing the old level 3 ISSAIs in another place in the ISSAI framework temporarily through reclassification.

*Monika Gonzalez* agreed that it would be a good idea to present the two options to the INTOSAI members in the exposure process.

*Gert Jönsson* agreed with *Monika Gonzalez*' suggestion given that we do not know how many SAIs would wish to keep the old standards.

*Jim Sylph* also agreed to this, but underlined that there should be a deadline on how long they should be kept.

*Jens Gunvaldsen* warned against keeping the old standards, since it might be sending a mixed message by keeping the old standards on level 3.

*Jonas Hällström* noted that if the standards are endorsed in 2013, there will only be a little more than 1 year for SAIs to be ready to comply with the level 4. It will take more time for SAIs to be ISSAI compliant and it is important to provide this.

*Kristoffer Blegvad* concluded that the question of withdrawing the existing standards on level 3 will be asked in the exposure letter according to the comments from the Steering Committee, explaining that a limited transition period could be an option if the INTOSAI members desire this.

*Bettina Jakobsen* thanked the Steering Committee for all their comments and input to the Harmonisation Project.

## **5. News from the Capacity Building Committee**

*Kamal Daoudi* gave a presentation on the news from the CBC, among other things mentioning the new CBC guide on strategic consideration before implementing the ISSAIs. [The presentation is available on the PSC website.](#)

*Greg Scollum* asked about the plans of CBC's Subcommittee 3 (peer review and quality assurance). He asked if there will be an overlap with the PSC's working group on quality control and is the Subcommittee planning to develop any guidance on quality control? *Kamal Daoudi* responded that the Subcommittee's quality assurance guide is in the area of capacity building of SAIs. It will therefore not be overlapping with the PSC's work on quality.

*Jens Gunvaldsen* noted that he was happy to see the CBC take responsibility regarding the ISSAI roll out and wanted to know if *Kamal Daoudi* would elaborate on the supply side model mentioned in his presentation. *Kamal Daoudi* explained that there is a huge demand for capacity building initiatives from peer SAIs. Many SAIs are asking for assistance but there are only a few SAIs that are assisting (some SAIs are not mandated and others need funding). The CBC will try to close this gap.

*Bettina Jakobsen* thanked *Kamal Daoudi* for his presentation.

## **6. News from the Knowledge Sharing Committee**

### **a. Presentation of the Value and Benefits of SAIs**

*Greg Scollum* presented the work of the group on ISSAI 2 Value and Benefits of SAIs. [His presentation is available on the PSC website.](#)

At the end of the presentation he asked the PSC Steering Committee to consider six questions (mentioned in his presentation).

The Steering Committee had minor comments and adjustments, and these were noted by *Greg Scollum*. He thanked the Steering Committee for the comments, and will forward their feedback to the Working Group.

*Bettina Jakobsen* thanked *Greg Scollum* for his presentation.

### **b. Presentation of Performance Measurement Framework**

*Luciano Danni* presented the work on the Performance Measurement Framework (PMF). [The presentation is available on the PSC website.](#)

He explained that the group wants to consult all major stakeholders, including PSC, so that is the reason for the presentation. He encouraged the members of the PSC to comment on the PMF, both at the meeting, and later when the draft is circulated for comments.

*Monika Gonzalez* wanted to know if all INTOSAI members would be able to comment on the PMF. *Luciano Danni* confirmed that they would.

*Jens Gunvaldsen* gave his compliments on the work done so far and asked what the expected use of the instrument was and also wanted to know how it relates to the existing guidance on peer reviews. *Luciano Danni* replied that it has been an aim to create *one* cohesive tool. The tool is designed to give an overall assessment of the organization and identify areas that might need attention. It is a voluntary initiative for SAIs



to use the PMF, but the group has strived to create a quality control assurance methodology similar to PEFA's [Public Expenditure and Financial Accountability].

*Yusuf Mohamed* underlined that financial impact in his opinion is the most important and he would expect the PMF to cover this. He also questioned whether the indicator on quality control was not already covered under the other indicators. *Luciano Danni* replied that the ultimate impact would be well functioning financial management of the country. The indicators have been developed on the basis of, among others, the ISSAI 40 on Quality Control.

*Anthony Hegarty* welcomed the initiative, and highlighted that it is, from the donor perspective, a very important and ambitious initiative. He accentuated that it is very positive that it is built upon the PEFA Framework. He stressed that the PMF should be tested in different countries (low income, high income etc) and also offered a word of caution, underlining that the process takes time and should not be rushed.

*Liu Shaotong* shared that the SAI of China made a performance measurement report last year which was a very good exercise. He asked who – in accordance with the PMF – should prepare these reports. *Luciano Danni* replied that it would be up to the SAI to decide. The SAI could invite an internal team; a mix of its own staff and peers, or just peers, the most important thing is that the work is evidence based.

*Ahmed Abdulqader* asked if a communication strategy is included in the PMF and whether the PMF will cover strategy in relation to the communication with parliament? *Luciano Danni* replied that the PMF will include indicator(s) on communication with executive, parliament and others.

*Kristoffer Blegvad* underlined that this is indeed a very important project. It should be ensured however that there is a clear link between the ISSAI Framework and the PMF. The South Africa Declaration encourages SAIs to implement the ISSAIs and therefore SAIs' performance should be measured in relation to this. It will also be necessary to ensure close coordination with the Harmonisation Project, given that it is the new fundamental auditing principles that are being developed. A close alignment between the PMF and the new fundamental auditing principles is essential.

*Bettina Jakobsen* thanked Luciano Danni for his presentation.

## **7. Update on the IDI ISSAI Implementation Planning Meeting**

*Archana Shirsat* presented the results from the IDI meeting held prior to the PSC meeting. [The presentation is available on the PSC website.](#)

She underlined that the implementation initiatives is currently focusing on level 2 and 4 of the ISSAI Framework since level 3 is currently being revised, but level 3 will be included as soon as it is ready.

Several members stressed the importance of this project and the need for initiatives to support implementation of the ISSAIs by SAIs. There was a mutual agreement that close cooperation in the future is desirable.

*Bettina Jakobsen* summed up by congratulating the IDI on the achievements made so far and encouraged the members of the Steering Committee to consider how this initiative can be supported by the PSC.

## **8. News from the INTOSAI General Secretariat**

*Monika Gonzalez* presented the latest news from the General Secretariat. She said that the United Nations approved a resolution in December 2011 that adopts the Lima and Mexico Declaration as official UN documents. The General Secretariat has sent a letter to all SAIs encouraging SAIs to raise the awareness of the resolution in their countries. So far they have received a lot of positive reactions to this.

Monika Gonzalez also presented a brief update on the status of the implementation of INTOSAI's Strategic Plan, supplementing what had already been mentioned in the presentations from the Goal Chairs. The INTOSAI Donor cooperation had a meeting in Jaipur in March. Going forward, the main focus will be on strategic development, based on the memorandum of understanding with the donors.

The coming INCOSAI XXI will take place in China on October 22 – 27 2013. There will be two main themes: 1) Governance at national level and audit (China), and 2) The role of SAIs in sustaining long time sustainability of public finances (Mexico). Discussion letters will be sent out shortly to prepare country papers. A website for the INCOSAI XXI is now launched. There is a link to the website on INTOSAI's website.

*Bettina Jakobsen* thanked *Monika Gonzalez* for the presentation and emphasized that the UN Resolution is a great achievement for all SAIs.

## **9. News from IFAC**

*Jim Sylph* updated the Steering Committee members on the latest news from IFAC. He opened his presentation by acknowledging the numerous connections between IFAC and PSC/INTOSAI. He explained that one of the areas where IFAC/IAASB is currently inspired by the work in public sector auditing is the type of long form audit reports issued by SAIs. The IAASB is currently revising their reporting format, and will issue a consultation paper soon. It is not a formal exposure draft, but Jim Sylph invited the PSC and SAIs to comment on the paper. The result will most likely be a significant change to private sector reporting. The revision is partly encouraged by the European Commission and the PCAOB who are requesting more informative reports from auditors.

Regarding translations of the ISSAI's Jim Sylph mentioned that translation of the ISAs is available from the IFAC website, including an attachment with table with comparing into the Latin American 'languages'.

Jim Sylph also shared that one of the main focuses of IFAC at the moment is the sovereign debt crisis. IFAC had a seminar in Vienna in March – discussing what accountants can contribute in this area? One element is to encourage governments to be more transparent, another is to push for a move towards full accrual accounting by governments. The IFAC sees the PSC/INTOSAI as having an important role in this.

The final item in Jim Sylph's presentation was that IFAC has signed a MoU (MOSAIC) with the donor community. This is a new activity for IFAC and the hope is that this will strengthen accountancy and give donors the possibility of coordinating their efforts. He encouraged all SAIs to be in contact with the multilateral donor groups. Furthermore he stressed that IFAC is delighted with the current cooperation with INTOSAI and PSC and would like to expand it.

*Jens Gunvaldsen* underlined that the PSC would not be where we are now without the cooperation with IFAC/IAASB. We have used a lot of IFAC's materials, and ISAs etc. have inspired us to improve our work methods. He also stressed that it is necessary for the PSC/INTOSAI to be able to speak with a clear, uniform voice the same way IFAC does, and efforts to improve this should be made. This could improve INTOSAI's ability to take a position on the debt crisis, accountancy standards etc.

*Gert Jönsson* made the point that it is absolutely essential that SAIs take the opportunity to respond to the mentioned consultation paper on audit reporting. SAIs' experience will be useful for private sector auditors and he will remind the PSC and the FAS to respond.

*Anthony Hegarty* also mentioned that the overall purpose of the MoUs is to strengthen the cooperation and improvement of the accountancy profession. The World Bank strives to support capacity building in the public and the private sector. They see these initiatives as complementary – not competing.

*Richard Bellin* stated that even though IPSAS is a crucial question and it is important to recognize the need for accrual accounting, IPSAS is not necessarily the only way. Several countries are applying accrual accounting but not based on the IPSAS. IPSAS has some weaknesses.

*Bettina Jakobsen* thanked Jim Sylph for his presentation on news from IFAC.

## **10. News from the IIA**

*Rob Newsome* presented news from the IIA. [His presentation is available on the PSC website.](#)

In his presentation he focused on the organisation of the IIA, newly developed guidance materials and upcoming projects.

*Jacek Jeziarski* supplemented *Rob Newsome's* presentation with information on the cooperation between IIA and INTOSAI. He recently participated in a meeting where the IASB is reviewing the definition of internal auditing which was last revisited in 1999. Since then there has been a lot of changes, and the definition should be reviewed to better reflect the internal auditor's role. He has obtained input from INTOSAI members and has received 21 responses that have been forwarded to the IIA. Other SAIs are welcome to provide input to the questionnaire. So far comments have been very well received.

*Josephine Mokumba* asked how IIA's standards are enforced. *Rob Newsome* replied that it is getting increasingly more difficult since the organisation is so large. It is largely dependent on the individual country. The national institute can investigate its members and will consult the IIA Global to carry out the investigation. The IIA is trying to ensure compliance with the standards on a volunteer basis by having internal auditors applying for accreditation with the IIA. Failing to comply with the standards could potentially lead to removing accreditation and/or licensing internal auditors - but it is a work in progress.

*Greg Scollum* asked about how to address the differences between private and public sector auditing and whether there is an IIA document that discusses these differences in terms of internal auditors. *Rob Newsome* replied that no such comparison has been done since in the IIA's point of view internal auditing carries out the same function in the public and the private sector. Naturally there are some terminology issues (i.e. board of directors and the public sector equivalent) but the standards apply for both public and private sector internal auditors.

*Bettina Jakobsen* thanked *Rob Newsome* for his presentation on news from the IIA.

## **11. News from the World Bank**

*Manuel Vargas* presented news from the World Bank. [His presentation is available on the PSC website.](#)

His presentation focused on the initiatives by the World Bank. Recent initiatives aim to increase aid and fiscal transparency. He also explained how the World Bank supports SAIs around the world.

*Anthony Hegarty* supplemented the presentation by explaining the World Bank's involvement in INTOSAI. The World Bank currently has approximately 1800 projects around the world but only one third of them are audited by SAIs, due to lack of capacity etc. The World Bank would like to see that number raised, and are therefore involved in the work of INTOSAI.

*Bettina Jakobsen* thanked Manuel Vargas and Anthony Hegarty for participating in the meeting and sharing news from the World Bank.

## **12. Presentation of proposals/subjects that require approval/discussion:**

### **a. Approval of decision to withdraw the INTOSAI GOV 9200-series.**

*Stuart Barr* gave a brief overview of the procedure so far. The exposure draft to replace the INTOSAI GOVs was published in May 2011, with a deadline for comments in October 2011. The reason for withdrawing the INTOSAI GOVs is that more relevant materials are already prepared by other bodies.

In accordance with the Due Process the Steering Committee was asked to approve:

- That the INTOSAI GOVs can be withdrawn from [www.issai.org](http://www.issai.org)
- That the decision to withdraw the INTOSAI GOVs can be presented to the INTOSAI Governing Board with the assurance that the due process has been followed.

*Bettina Jakobsen* asked if the Steering Committee had any comments to the proposal to withdraw the INTOSAI GOVs.

Since there were no comments from the Steering Committee members, Bettina Jakobsen concluded that the Steering Committee concurred with the withdrawal and informed the Steering Committee that the PSC Chair will inform the Governing Board of the withdrawal in the PSC's report to the Governing Board meeting in November 2012.

### **b. Discussion of the possible future work tasks of the Transparency and Accountability Project.**

*Richard Bellin* presented a proposal to close the project on transparency and accountability. The project was launched in 2007, with the target of developing ISSAI 20 and 21. This task was completed with the endorsement of ISSAI 20 and 21 at INCOSAI XX in Johannesburg in 2010. In the Project Group's opinion the group's work is now achieved and the project should be closed. It recommends that the Steering Committee close the project, unless the Steering Committee considers that the project should continue to ensure maintenance.

*Bettina Jakobsen* added to what was said by Richard Bellin by explaining that if the Project Group is closed the issue on maintenance will, according to the Due Process, fall upon the PSC Chair. She then asked the Steering Committee for their comments.

There were no comments from the Steering Committee members and Bettina Jakobsen therefore concluded that the Steering Committee agreed to dissolve the Project Group.

*Bettina Jakobsen* took the opportunity to thank France for their hard work and dedication to the project. She also underlined that France's competences might be valuable to the PSC and the PSC Steering Committee

in the future, and hoped that France would remain a member of the PSC Steering Committee. This was agreed upon by the PSC Steering Committee Members.

### **13. Theme discussion of the major achievements of the PSC so far, and tasks/challenges lying ahead**

and

### **14 Summing-up and brief discussion of the long-term purpose and strategic direction of the PSC (input for the PSC's reporting at INCOSAI 2013).**

The PSC Steering Committee had a brainstorming session on the upcoming tasks and future challenges for the PSC. Since this was an informal session it is not included in the minutes. The brainstorm will feed into the discussion at the Steering Committee Meeting in 2013 where the Steering Committee will discuss the report to INCOSAI XXI, including PSC's mandate 2013-2016.

Bettina Jakobsen thanked the Steering Committee Members for their active participation and their valuable input to the PSC Secretariat's preparation of the next mandate.

### **15. Next meeting**

The next Steering Committee Meeting will be 18-19 June 2013 in Stockholm (arrival on 17 June).

Bettina Jakobsen thanked Sweden for their willingness to host the next PSC Steering Committee Meeting.

### **16. Any other business**

*Bettina Jakobsen* noted that a revision of ISSAI 30 Code of Ethics had been mentioned several times during the meeting and the theme discussion. PSC Secretariat will start to consider how to initiate the revision process. The Secretariat welcomes anyone who is interested in participating or has any inputs to the process. The Secretariat will prepare a proposal for 2014 on how to revise ISSAI 30.

*Imran Vanker* concluded by thanking the PSC for bringing the meeting to South Africa. Auditor General Terence Nombembe has mentioned how important the work of the PSC is. He thanked all the delegates at the meeting especially the Polish Auditor General for attending the meeting and the PSC Secretariat for the preparation of the meeting.

*Bettina Jakobsen* closed the meeting by thanking Terence Nombembe and his team for the very generous invitation and very professional organisation of the meeting. She thanked all the delegates for all the rewarding and productive meeting and networking.

20 August 2012