

## Project Proposal

This form is used to stand as a record of the proposal from the project team.

### PART A: PROJECT IDENTITY

Description	Information						
Project number and title as per SDP	2.2 - Provide guidance on compliance auditing						
Working title(s) for the new pronouncement(s)	Guidance on authorities to be considered while examining the regularity and propriety aspects in compliance audit (ref. old ISSAI 4100).						
Project objectives	While the guidance will consider the issues for compliance audit, including preconditions of performing a compliance audit, the guidance will focus on assessment of compliance with criteria relating to regularity and propriety in conducting compliance audit in the context of different mandates of Supreme Audit Institutions and forming a conclusion/opinion.						
Specific considerations	<p>Recognising the fact that some SAIs function as court of auditors, guidance will consider common mandate of SAIs. In addition to considering the old ISSAI 4100, the project will consider ISSAI 1250 - consideration of Laws and Regulations in audit of financial statements, since compliance with Laws and Regulations is a core function of compliance audit. Comparison with provisions of ISSAI 3100 - Guidelines on central concepts for performance auditing and ISSAI 3200 - Guidelines for the Performance Auditing Process will be done and good practices included in them will also be given due consideration while developing the guidelines.</p> <p>Suggestions and comments from the Financial Audit Subcommittee and Performance Audit Subcommittee will be sought while developing the guidelines.</p>						
Project duration	25 months (September 1, 2017 to September 30 , 2019)						
Name of the lead WG	CAS						
<b>Key contacts</b>	<b>Name</b>	<b>Surname</b>	<b>Address</b>	<b>Email</b>	<b>Office Phone</b>	<b>Business Mobile Phone</b>	<b>Organization / Sponsoring SAI</b>
Project Group lead	Ingvild	Gulbrandsen	Norway	<a href="mailto:ingvild.gulbrandsen@riksrevisjonen.no">ingvild.gulbrandsen@riksrevisjonen.no</a>	+4792202327	+4792202327	SAI of Norway
Contact person for the goal chair	Kurian	Vithayathil	India	<a href="mailto:kurianv@cag.gov.in">kurianv@cag.gov.in</a>	+91 11 23222516	+91 9632480066	SAI of India



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Other anticipated project team members – see C.7	<b>SAI India, SAI Brazil, ECA, SAI France, SAI South Africa</b>						

**PART B: PROJECT MILESTONES**

Stage		Due process milestones			
1.	Project proposal	Start Date	End Date	Expected Time in Total	Comments
		May 1, 2017	May 31, 2017	1 month	Original project was to start from 1 May 2017 with completion date of 30 September 2019 (29 months).
N.B. Allow three months between end date of stage 1 and start date of stage 2 for FIPP approval of the project proposal					
2.	Exposure draft	Start Date	End Date	Expected Time in Total	Comments
		December 1, 2017	July 31, 2018	8 months	It is based on the expectation that the project will be approved by FIPP in its 6 <sup>th</sup> meeting in Guatemala from 27-30 November 2017. To meet the target of endorsement by INCOSAI in its meeting to be held in September 2019, period is curtailed from 9 months to 8 months for exposure draft.
N.B. Allow three months between end date above and start date below for FIPP approval of the exposure draft					
	Exposure period	Start Date	End Date	Time in Total (not negotiable)	Comments
		November 1, 2018	January 31, 2019	90 days	
3	Endorsement version	Start Date	End Date	Expected Time in Total	Comments



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		February 1 , 2019	April 1, 2019	2 months	To meet the target of endorsement by INCOSAI in its meeting to be held in September 2019, period is curtailed from 4 months from 2 months for endorsement.
N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval					
4.	Final pronouncement, including translation into all official INTOSAI languages*	Start Date	End Date	Expected Time in Total	Comments
		July 1, 2019	August 31, 2019	2 months	To meet the target of endorsement by INCOSAI in its meeting to be held in September 2019, period is curtailed from 3 months to 2 months for final pronouncement including translation.
		*“Unless other mechanisms have been established, the working group is responsible for translation of the approved endorsement version into the five official languages.” (Due Process, page 9). Time must be allowed to obtain the required translations of the endorsement version(s).			



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**PART C: INITIAL ASSESSMENT AND PROJECT PROPOSAL**

N°	Initial assessment - Matters to be covered (Due Process, pages 6 and 7) <sup>1</sup>	
C.1.	<p>Explanation of the need for the project</p> <p>Explanation of the purpose of the project</p>	<p>At the moment there is only limited practical guidance for compliance audit. (The ISSAI 4100 and 4200 has been withdrawn)</p> <p>Some SAIs have expressed a need for more guidance on the “authorities” to be considered while examining regularity and propriety aspects in compliance audit.</p> <p>They feel that practical guidance on the subject will help in improving the quality of compliance audit in addition to the process.</p>
C.2.	<p>Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)</p>	<p>Compliance audit.</p>
C.3.	<p>Description of different types of SAIs / audit engagements that must be accommodated in the new pronouncement</p>	<p>The nature of compliance audit is influenced substantially by nature of audit mandate of SAIs. There are two broad basic auditing models prevalent in most SAIs - the Cours des Comptes and the Westminster. Even though, all public-sector audits have essentially the same basic elements - the auditor, the responsible party, intended users, criteria for assessing the subject matter and the subject matter information, the manner of audit can</p>

<sup>1</sup> Please give detailed explanations in the right-hand column or provide references to annexed supporting material



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		vary depending on the mandate and nature of the organisation. This will be given due consideration while developing guideline on compliance auditing.
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	Definition of propriety is subject to varying interpretations due to cultural differences, etc and hence arriving at a consensus on the definition and criteria to assess propriety is a challenge.
C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional pronouncement(s) will be ensured	The project will ensure consistency with ISSAI 100, 400 and 4000.
C.6.	Explanation of the extent to which it will be possible and desirable to build on pronouncements from other internationally recognized, regional or national standard-setters and, if so, the extent to which supplementary pronouncements are needed to provide clarity on new pronouncement	<p>Good practices developed by SAIs and included in their nationally developed Standards/Guidelines/Practices Notes, if any, will be given due consideration while developing the Guideline. Canadian Standards on Compliance Audit will also be given consideration.</p> <p>Compliance audit forms an integral part of public sector audit. In case of non-public sector audit, certain aspects of internal audits bare similarities with compliance audit practices. In view of these, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing will also be examined while developing the guidelines.</p>
<b>N°</b>	<b>Project proposal - Matters to be covered (Due Process, page 7)<sup>2</sup></b>	
C.7.	Explanation of organisation of the project describing how project group members will be drawn from relevant sub committees/ working groups/ other interested parties.	SAI Norway will be responsible for coordinating the arrangements for collecting the material from different SAIs, different INTOSAI Regional Groups and the IDI. SAI Norway will also prepare a preliminary draft. All the member SAIs in Compliance Audit Sub Committee will be involved in the process of preparation of the guidance and will be called upon to submit



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		material.
C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	The project aims to provide guidance to Compliance Auditing Standard (ISSAI 4000) and hence will benefit SAIs in implementing ISSAI 4000, particularly with respect to assessment and reporting upon compliance with authority governing regularity and propriety.
C.9.	Explain the quality processes that will be applied in the drafting process (see Due Process, page 7 and 8) along with the parties that the project group will consult and engage with.	<p>The project team will adhere to the Due Process for INTOSAI’s framework of professional pronouncements for development of projects. The quality process for stage 2 (Exposure draft) and 3 (Endorsement version) of the Due Process will be complied with. The quality process will include:</p> <p><b>Exposure draft</b></p> <ul style="list-style-type: none"> <li>• Comparison with ISSAI 100 Fundamental Principles of Public Sector Auditing and ISSAI 400 Fundamental Principles of Compliance Auditing to ensure compliance.</li> <li>• Consultations with the Professional Standards Committee, Capacity Building Committee and Knowledge Sharing Committee of INTOSAI.</li> <li>• Consultations with Performance Audit Subcommittee, Financial Audit and Accounting Subcommittee, the Subcommittee on Internal Control Standards and member SAIs of CAS.</li> <li>• Consultations with INTOSAI Regional Groups. This will include consultations with SAI-Mexico (CAS member), Chair, the Organization of Latin American and Caribbean Supreme Audit Institutions; and the African Organization of Supreme Audit Institutions-E, an observer to CAS.</li> <li>• There are two broad basic auditing models prevalent in most SAIs - the Cours des Comptes and the Westminster. Consultations with INTOSAI Regional Groups will ensure inclusion of different procedures/practices of compliance auditing in the Guidance.</li> </ul>



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	<ul style="list-style-type: none"> <li>• Consultations with the INTOSAI Development Initiative.</li> <li>• Involvement of technical expertise in compliance auditing relevant for the draft will be achieved through consultations with the Institute of Internal Auditors and the International Federation of Accountants.</li> <li>• The Project team will identify aspects of compliance auditing contained in draft Guidance capable of being tested. These may be tested in one pilot compliance audit.</li> <li>• The approved project proposal shall be published on <a href="http://www.issai.org">www.issai.org</a>.</li> <li>• The finalized exposure drafts, as approved by FIPP, shall be published on <a href="http://www.issai.org">www.issai.org</a> for public comment.</li> </ul> <p><b>Endorsement version</b></p> <ul style="list-style-type: none"> <li>• Comments will be collected and posted on <a href="http://www.issai.org">www.issai.org</a> no later than 30 days after the exposure period has expired.</li> <li>• The comments will remain posted on the website until the Governing Board has referred the endorsement version to the INCOSAI for final endorsement.</li> <li>• Every comment on exposure draft will be analysed by the Project Team, to accommodate all relevant considerations before the document is finalised.</li> <li>• The considerations of the Project Team regarding comments received shall be forwarded to FIPP in a form that is suitable for display on <a href="http://www.issai.org">www.issai.org</a>.</li> <li>• The Project Team will consider, in consultation with FIPP, whether the changes made to the exposure draft are so extensive that re-exposure of the pronouncement is required.</li> <li>• The approved endorsement version will be displayed on <a href="http://www.issai.org">www.issai.org</a> together with communications on the effective date and the considerations of the Project Team regarding the comments received through the exposure period as well as the conclusions drawn by FIPP as basis for the approval.</li> </ul>
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**PART D: AUTHORITIES**

<b>PERSON</b>	<b>NAME</b>	<b>SURNAME</b>	<b>DATE</b>	<b>SIGNATURE</b>
Project leader	Ingvild	Gulbrandsen		
Responsible Goal Chair	Rafael Lopes	Torres		