



**INTOSAI  
PSC**

Professional  
Standards  
Committee

## Draft minutes

### 18th PSC Steering Committee Meeting 19 October 2021, held virtually in Zoom

#### 1. Welcome

On October 19, 2021, the INTOSAI Professional Standards Committee (PSC) held its 18th annual Steering Committee meeting. Minister Bruno Dantas of Brazil's Federal Court of Accounts (TCU), the Chair of PSC, welcomed participants to the virtual event, which focused on the Committee's responsibilities related to the INTOSAI Framework of Professional Pronouncements (IFPP).

#### 2. INTOSAI Strategic Planning

Ms. Paula Hebling from the PSC Secretariat presented the main activities carried out by the PSC, as well as the proposed strategic objectives for the INTOSAI Strategic Plan for Goal 1 (Professional Standards) provided to the Task Force on Strategic Planning (TFSP), led by PFAC. The draft proposal was shared with the PSC SC members before the meeting. The TFSP is working towards preparing a shorter strategic plan than previously, supported by a separate operational plan. Goals would be less committee-focused and more broadly applicable to INTOSAI.

Ms. Hebling also informed that the Arabic documents are being migrated to the [issai.org](http://issai.org) by Arabosai and will be uploaded soon.

Vincent Feller of SAI France reported on new guidance for INTOSAI-P 50 (principles of jurisdictional activities of SAIs). The presentation is available at the PSC website.

Jan van Schalkwyk, of SAI South Africa and the INTOSAI Capacity Building Committee, announced the exposure period for ISSAI 150 (auditor competence) and related guidance. The process is open for comment until the end of the year via the [issai.org](http://issai.org) website.

Geoffrey Simpson of the European Court of Auditors, which is the PSC's Vice Chair, discussed the need to update ISSAI 140 (quality control of SAIs) following the issuing by IFAC of ISQM1 and ISQM2, which make changes compared with the previous ISQC1 they replace and complement. The secretariat is currently exploring how to put together a project group that includes sufficient representation across the community.

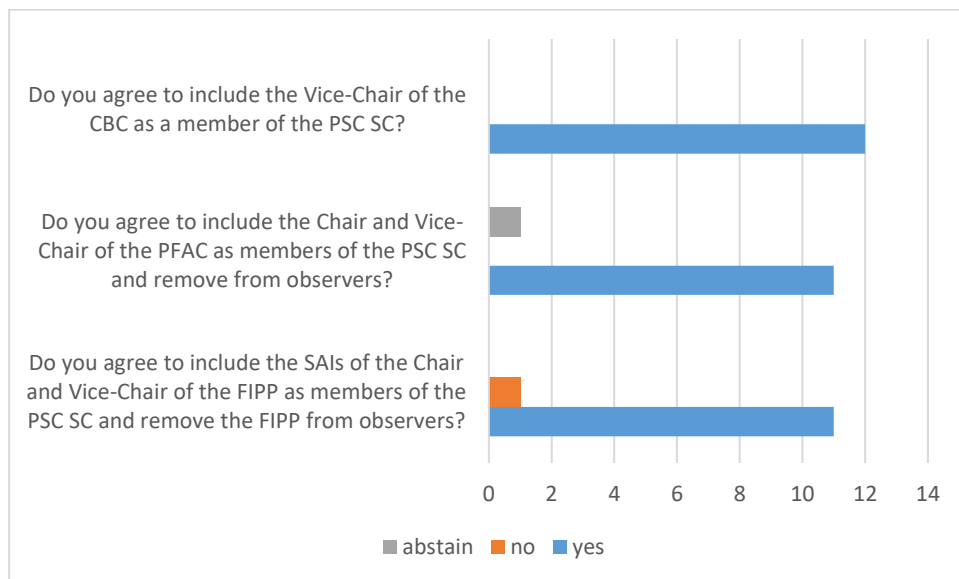
#### 3. Changes to PSC Terms of Reference

The PSC Chair proposed changing the body's terms of reference to make the Chair and Vice Chair of the INTOSAI Policy, Finance, and Administration Committee (PFAC), as well as the SAIs of the Chair and Vice Chair of the Forum for INTOSAI Professional Pronouncements (FIPP), members of the PSC

Steering Committee. The INTOSAI Capacity Building Committee (CBC) proposed that the CBC Vice-Chair should also be made a member of the Committee.

A poll to vote the changes was sent to the PSC SC members after the meeting. 12 PSC members voted.

The results are:



As majority of the members approved, the proposed changes will be presented to the Governing Board in 2021.

The PSC Secretariat received after the meeting a request from SAI France to move from the status of observer to the status of member. The motivation of this request is to increase the number of active members in the PSC SC and to include representation of jurisdictional SAIs since the subcommittees don't cover the jurisdictional scope. The request is currently being assessed by the PSC secretariat.

The PSC Secretariat also informed that other updates are needed to the Terms of Reference. These suggestions will be presented in the next PSC SC meeting. All members and observers interested in participating in this review can request to do so by sending an email to [psc@tcu.gov.br](mailto:psc@tcu.gov.br)

#### 4. Strategic input for the next SDP Process

The development of the new strategic development plan (SDP) for INTOSAI standard setting is about to start. According to due process the PSC-SC with the consent of the chairs of the CBC and SC will decide on the organisation of the planning process based on a proposal elaborated by FIPP. The proposal will be developed by the PSC secretariat and FIPP in cooperation and presented to the PSC-SC for approval. To contribute to the improvement of the process, the PSC SC members and observers were asked to give input. The results are available at the PSC website.

#### 5. Presentation of the preliminary results of the Review of the IFPP

Radek Majer of the European Court of Auditors shared the preliminary results of the 'Component 1' survey conducted by the PSC secretariat on how the IFPP is used and how it could be further developed.

This survey is part of the PSC secretariat's wider review, which also included a comprehensive analysis of the framework and consultations with INTOSAI bodies involved in the standard setting process. The aim was to look at the clarity of concepts and drafting and presentation of the framework.

The survey addressed issues such as the IFPP being a principles-based framework, whether there was a need for more guidance on non-audit engagements, the status of elective guidance or, for instance, making the framework available in more accessible ways through an innovative IT platform. These issues were discussed in the breakout sessions (see Annex I).

#### 6. Initial messages from the Review of the IFPP – Discussion Sessions

The meeting wrapped up with breakout discussions organised around further exploring some of the main results of the IFPP survey.

#### 7. Closing remarks and next meeting

A report on the Review of the IFPP, including the full survey results, will be issued next year.

PSC is planning two meetings for 2022: one in June, hopefully in-person, and one online in October.

## Annex I – Summary of the Breakout Sessions

### Notes from Group 1

**Facilitator:** Anahi Maranhão (SAI Brazil)

**Notes:** Raisa Ojala (PSC)

**Theme:** Principles-based IFPP

The group discussion called for a clear definition of the term “principles-based” in the INTOSAI context. It was understood as ‘what to achieve’, while a “rules-base” approach would be ‘how to achieve’.

Questions raised in the group discussion was: what ISSAI implementation means in a principles-based approach? How would the ISSAIs be implemented without any procedures? It would be difficult to measure ISSAI compliance with the principles-based approach.

Performance audit adopts various kind of audit criteria and methodologies, and designs audit procedures to have solution to audit questions depending on subject matters. So, guidance not only related to performance audit, but also specific subject matters are required to ensure quality of audit. The discussion pointed out that the standards need to include guidance, and the financial audit standards also need to include procedures.

If the IFPP is principles-based, would it be the auditor’s responsibility to figure out how to achieve objectives?

It was emphasised that for performance audit a principles-based framework would not be enough. Overall discussions don’t apply to performance audit. What would happen to all the performance audit material in the framework if it was to be principles-based? Would the guidance be outside the framework?

On the other hand, the framework now has too many documents, it is difficult for the auditor to use all the materials, even though details and guidelines are important for the auditors. If the framework is principles-based, there is a risk that more guidance material outside the IFPP is created.

Web solutions should be considered.

### Notes from Group 2

**Facilitator:** Alan Findlay (ECA)

**Notes:** Maria Eduarda Lima (SAI Brazil)

**Theme:** Aspirational Framework

First, it is necessary to define what we mean by an aspirational framework. It can give more credibility to the SAIs and underpin the quality of their work, but also needs to be relevant and relatable to the SAIs. In many cases, the SAIs struggle to meet the INTOSAI requirements, although this can be expected from a framework that sets aspirations through demanding requirements. The standards need to be general enough to be applicable in different local contexts (e.g., principles-based).

Majority of the SAIs could have a problem with an aspirational framework since the concept of ISSAI compliance is not fully understood. The SAIs need support in that, especially those that are not

familiar with the framework. An aspirational framework would raise the bar even higher for those SAIs. For some SAIs the framework is already aspirational considering some of the ISSAIs, and the main goal is for it to be attainable and relatable.

On the other hand, a non-aspirational framework could result in a reputational risk for the INTOSAI. However, the goal is never to leave people behind; it's hard enough to ensure unity within INTOSAI sometimes, but if the standards and procedures are too difficult and aspirational, leaving half the globe behind, makes it necessary to evaluate.

#### Notes from Group 3

**Facilitator:** Paula Hebling

**Notes:** Camila Veloso (SAI Brazil)

**Theme:** Elective guidance

The group called for a definition of the concept of guidance. There seem to be documents that are standards, others are collection of practices, others read more like manuals. Not all of them set to be in a framework, some of them are very general, some temporary (like covid), others are not relevant for all SAIs. The general ones that implement some of the ISSAIs, might be inside the framework. The guidance material should explain the standard ISSAIs. Specific materials (or working papers) should be outside. We should exclude materials that do not explain a particular ISSAIs.

The discussion pointed out that a set of non-IFPP guides material are available on the INTOSAI community portal, though quite difficult to find. All KSC, IDI and other guidance documents should be in one place and easy to find.

KSC appreciates the suggestion that all material should be available in one place, and easy to find. The INTOSAI Community Portal is conceived as a one-stop-hub for all information related to the public audit profession. The portal has a classified repository of guidance material of different categories (Guidelines, Handbooks, Best Practices, Compendium of cases etc.) and provides additional links to [www.issai.org](http://www.issai.org) (for IFPP documents), the IDI, the SCEI and all organs of the INTOSAI. The portal also features a search facility to enable auditors to find the guidance they require easily. KSC welcomes further suggestions regarding improvement of the usability of the portal which may be sent to [ir@cag.gov.in](mailto:ir@cag.gov.in)

In sum, there is a need to clarify what kind of guidance should be in the framework, and how to improve the accessibility of the guidance outside the framework.

#### Notes from Group 4

**Facilitator:** Radek Majer

**Notes:** Alessandra Merçon (SAI Brazil)

**Theme:** Guidance for non-audit engagements

The group discussed the impact or the possibility of the IFPP cover other engagement types, not only the audit engagements as we know them today, to allow IFPP users to do their work in line with certain quality requirements. However, INTOSAI is a huge community and it is not possible to prepare guidance for all the different tasks SAIs choose or are requested to do. Indeed, using INTOSAI

resources to provide guidance that is useful only to a very small number of SAIs might not be an efficient use of resources.

The survey showed a demand for more subject matter material, some of which already exists (e.g. IT audit, environmental audit, audit of disaster-related aid, etc.). Some requests concerned matters such as are review work or forensic audit. Before any decision to issue new guidance is taken, we should see first if existing IFPP material could be used, adapted, or if the matter could be covered through a set of common principles.

#### Notes from Group 5

**Facilitator:** Geoffrey Simpson (ECA)

**Notes:** Lara Rosa (SAI Brazil)

**Theme:** Innovative IT platform

The Wikipedia-type presentation of material could be considered by the INTOSAI community as a way to provide the content of the IFPP and supporting material and resources for auditors and other users. The approach could be further developed to allow collaboration and user-based input such as through questions, debate and examples.

Practical tools to make the IFPP more accessible are needed: changing the IFPP into a content that can be managed in a modern way. Also new ways to translate the material to a more accessible language should be considered.

The review of the framework showed that there is a lot of repetition as it is a result of individual documents, prepared by different teams, at different times. This results in overlaps and inconsistencies. Putting it together would allow the differences to be identified and duplication eliminated. Using an IT tool to present the content would allow the content to be cleaned up and made more accessible.



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Annex II – Feedback received via forms after the PSC SC meeting

**1 having a principles-based framework applicable to all or most situations that sets out objectives, provides clarifications and explanations, but does not say how to do achieve them**

Yes, however for the principles to play their role, there cannot be too many of them, there should be max. 20.

INTOSAI should define "principles-based". This definition will help control how information that is included in the IFPP is developed. The ISAs that are presently included in the IFPP as the financial audit ISSAIs are an example of a generally accepted principles-based international auditing standard.

**2 creating an aspirational IFPP, where pronouncements (requirements) challenge SAIs to attain better results through high quality, robust, relevant, rational audits**

The aspirational element should be present in the IFPP, yet, at the same time, the reality of SAIs should also be considered. So both aspirational and realistic.

The focus should always remain on developing a complete set of auditing standards that allows the stated objectives of the standards to be effectively achieved. Since INTOSAI is attempting to develop international auditing standards, there is a need to ensure the relevance of these standards to all jurisdictions.



**3 exploring if elective guidance could be more flexible and more reactive to developments to remain relevant by making changes in due process for GUIDs or having them outside the IFPP, for example**

GUIDs in the IFPP have a higher status and are treated more seriously. So, we should provide a more flexible due process, ensuring the appropriate quality.

INTOSAI should define the type of guidance that should be included in the IFPP. INTOSAI should determine the appropriate due process to be applied when developing such information and should decide how to deal with other types of guidance that do not meet the definition of guidance to be included in the IFPP.

**4 covering in the IFPP – as efficiently as possible – basic requirements for carrying out nonaudit engagements**

IFPP should be inclusive and should meet the needs of SAIs, thus crucial non-audit engagements should also be covered by INTOSAI pronouncements.

The scope of the IFPP should be clearly defined. The IFPP is presently attempting to achieve multiple objectives therefore the information in the IFPP should be organized in a way that allows the user of the IFPP to understand the objectives that the IFPP is attempting to achieve and the pronouncements that are relevant to each objective. Any modifications to the current scope should be carefully evaluated from a public interest perspective and a complete set of standards should be developed to effectively meet any new objectives that are included in the IFPP.

I am sure it will be a challenge to develop basic requirements for carrying out nonaudit engagements. But it will be rewarding as many SAIs are required by their stakeholders to provide nonaudit services including consultation services.



**5 allowing for presenting material in a flexible, innovative and collaborative way through an active professional community hosted on an effective IT platform**

It is a must do for INTOSAI. It is not only about the presentation, but also about the content management: tools for users and authors, support for various language versions and a printout option that will be the link between the new forms and the IFPP classical structure.

There is an opportunity to improve how IFPP content is presented to the users in order to facilitate access and create a more dynamic experience. A more dynamic and interactive solution will require continuous monitoring.

That is a great idea as the current exhibition format is easy for an auditor to locate the file(s), but not yet narrowed to one paragraph or sentence. It will be more user-friendly if there is a database consist of all the IFPP documents, where the user could filter or search by typing key words in the search box to locate certain document or even one sentence in it.