FINAL REPORT
ON THE REVIEW AND
ANALYSIS OF THE IFPP

IFPP

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INTOSAI PSC | Professional Standards Committee

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INTRODUCTION

1   The Strategic Development Plan (SDP) of the Professional Standards Committee (PSC) for 2020-2022 included a major review of INTOSAI's Framework of Professional Pronouncements (IFPP; 'Framework') to serve as a basis for its future development. This process is often referred to as the 'Component One review'.

2   This review, led by the PSC secretariat, involved a comprehensive analysis of the IFPP, a large number of consultations with INTOSAI bodies and individuals involved in the standard setting process, and an extensive survey of IFPP users. All research material and summary of discussions are available on the PSC website and attached to this report.

3   The purpose of this document is to inform the PSC Steering Committee, Governing Board, and the wider INTOSAI community about the results of this review, and to serve as input for developing the next SDP.

BACKGROUND INFORMATION

4   This section describes briefly how the IFPP was established, the reasons for reviewing it, and how we organised the review.

WHAT IS THE IFPP

5   The IFPP brings together documents, which set out the internationally recognised public sector audit pronouncements issued by INTOSAI. The Framework promotes excellence

in the application of methodology, and supports the effective functioning of Supreme Audit Institutions (SAIs) in the public interest.

6   The IFPP provides three categories of documents:

- the INTOSAI Principles (INTOSAI-Ps) serve as a reference in establishing national mandates for SAIs, they help clarify the role of a SAI in society, and set out prerequisites for their proper functioning and professional conduct;

- the International Standards of Supreme Audit Institutions (ISSAIs) set out professional practice for the profession; and

- the INTOSAI Guidance (GUIDs) supports SAIs and auditors in understanding and applying in practice the requirements set out in the two previous pronouncement categories.

HOW THE IFPP WAS ESTABLISHED

7   In 2007, the Mexico INCOSAI introduced the first ISSAI framework, which brought together all the pronouncements adopted until that date. The establishment of the ISSAI framework was a considerable success, and its further development was brought under the responsibility of the PSC (the Professional Standards Committee of INTOSAI).

8   Subsequent experience showed that there was space to develop and make the ISSAI framework simpler and more practical. For instance, the ISSAI framework divided pronouncements into four levels. All were labelled as ISSAIs, regardless if they represented standards, guidance or high-level principles governing the functioning of SAIs.

| 9 | In 2016, a reformed framework – the IFPP – was introduced, which divided the documents into three categories (see paragraph 6 and Picture 1). |

| 10 | Importantly, this reform also introduced a body to help support the quality of the Framework – the Forum on INTOSAI Professional Pronouncements (FIPP). In this context, the FIPP acts as the 'single point of entry' for all INTOSAI bodies developing the pronouncements. |

COMPONENT ONE AS PART OF THE STRATEGIC DEVELOPMENT PLAN

| 11 | The 2016 INCOSAI established a planning tool to guide and organise INTOSAI's standard setting work - the Strategic Development Plan (SDP). The first SDP had the very clear aim of taking forward the necessary initiatives to migrate from the former ISSAI framework into the new IFPP. This has now mostly been achieved, but as this review has shown, with little change to the underlying 'first generation' documents in terms of structure, content (the documents do not necessarily reflect their labels), a lack of clarity in some content, and extensive repetition (often inconsistently expressed). |

| 12 | The second SDP, covering 2020 to 2022, built on input from a wide consultation and a technical review of the current documents. It set out as its overall objective to '*slim down the core framework to the essential by making it simple, principles-based and future-proof*', and '*… to ensure it is useful by making it up-to-date in content, accessible in format and flexible in application*'[1]. In order to do that, the SDP |

1 https://www.issai.org/wp–content/uploads/2019/10/2_SDP–FINAL.pdf (see page 7)

established three components, the first one being '*reviewing and refining the conceptual framework'*. This includes a review of how individual pronouncements are structured and defining rules for adapting content.

PICTURE 1 – THE IFPP STRUCTURE

INTOSAI–P

INTOSAI Principles

INTOSAI Founding Principles INTOSAI–P 1–9

INTOSAI Core Principles INTOSAI–P 10–99

ISSAI

INTOSAI Standards

Fundamental Principles pf Public Sector Auditing ISSAI 100–129

SAI Organisational Requirements ISSAI 130–199

FINANCIAL AUDIT	PERFORMANCE AUDIT	COMPLIANCE AUDIT	OTHER ENGAGEMENTS
FA Principles ISSAI 200–299	PA Principles ISSAI 300–399	CA Principles ISSAI 400–499	ISSAI 600–699
FA Standards ISSAI 2000–2899	PA Standards ISSAI 3000–3899	CA Standards ISSAI 4000–4899	ISSAI 6000–6499

GUID

INTOSAI Guidance

SAI Organisational Guidance GUID 1900–1999

Suplementary Financial Audit Guidance GUID 2900–2999	Suplementary Performance Audit Guidance GUID 3900–3999	Suplementary Compliance Audit Guidance GUID 4900–4999	Other Engagements GUID 6500–6999

Subject Matter Specific Guidance GUID 5000–5999

Other Guidance GUID 9000–9999

Source: www.issai.org

IMPLEMENTING COMPONENT ONE

<u>13</u>   The aim of this review was to look at the clarity of concepts and drafting as well as the presentation of the IFPP.

<u>14</u>   The review did not question the formal requirements of the IFPP content (its 'substance'), nor did it consider changes to the substance. As such, **the review does not propose any changes that would affect the way SAIs do audit currently, nor does it question the existence of the individual audit types.**

<u>15</u>   We judged the IFPP against four key qualities we found relevant – clarity, relevance, robustness and accessibility. These qualities could be considered as universal to any set of standards. As such, they can also help guide the IFPP's future development.

<u>16</u>   In addition to the extensive analysis, this report also presents issues to be considered when further developing the IFPP in order to better serve its users.

<u>17</u>   This report does not aspire to answer all the issues the analysis identified. Results of the review are intended as hopefully valuable input to the preparation of the next SDP. How best to address the issues will be decided by the respective project groups (comprising relevant expertise) when implementing the SDP, and subject to approval through the usual due process.

WHAT WE COVERED IN THIS REVIEW

18   We reviewed the pronouncements on compliance, performance and financial audit, both in respect of structure and content. We also reviewed the INTOSAI-Ps.

19   We limited the review of pronouncements concerning the audit of financial statements to those developed by INTOSAI (ISSAIs 200 and 2000). The other requirements for financial auditing are of a different nature – they are set out in IFAC's International Standards on Auditing (ISAs 200 – 810; also renumbered as ISSAIs 2200 – 2810). INTOSAI has no responsibility for the content of the ISAs, nor any direct power to change them.

HOW WE ORGANISED THE REVIEW

20   The original plan – as set out in the SDP – was to establish an ad hoc advisory group under the leadership of the PSC chair and vice-chair that would bring together representatives of PSC, CBC, KSC, their working bodies, INTOSAI regional organisations, and FIPP. The aim was for this ad hoc group to work intensively in order to provide the INTOSAI governing board with a full report at its meeting in November 2020.

21   Given the challenging working conditions caused by the outbreak of the COVID-19 pandemic, and the fact that the analysis has proved to be more complex than expected, we progressed less quickly than we hoped. The exceptional pandemic situation was also likely to have been instrumental in the low response to our call to SAIs to participate in the project.

22   As a result, the PSC secretariat team, with support from the newly established Technical Support Function, carried out an initial analysis as part of **phase 1**. In order that the process could be as collaborative as possible, these initial results were widely shared with INTOSAI committees, subcommittees, FIPP and other bodies. The analysis and feedback are available in the Component One project site[2].

23   One of the concerns raised early in the process was that this approach risked being over-reliant on feedback from 'privileged' users of the IFPP – that is individuals actively involved in INTOSAI working bodies and the standard setting process. Other users with little or no experience with standard setting would therefore have little chance of input to the process, despite them being the main audience for the Framework. In order to address this risk we broadened significantly the scope of the consultation, and expanded the opportunities to contribute to the review.

24   Accordingly in **phase two**, we organised six online discussion sessions to further explore six key topics:

- the purpose of the IFPP and needs of different user groups;

- the purpose of guidance, and possibilities new ways of working can bring;

- the concept of 'principles' and 'standards', and whether this refers to documents or elements of their content; and

2 http://www.psc–intosai.org/projects/details/compo–nent–i–review.htm

- three individual sessions on financial, performance and compliance audit.

25   In this phase, we also invited members of the recently established INTOSAI Standards Liaison Officer (ISLO) network to contribute. These meetings attracted significant interest – between 60 and 90 participants attended each session. We made summaries of these meetings available on the Component One project site and in the annexes of this report.

26   To extend our outreach further, **phase three** of the process targeted all IFPP users through an extensive survey, organised with the support of the INTOSAI regional organisations. As the survey dealt with technical issues, we specifically asked the SAIs that individuals with responsibility for audit methodology complete the survey.

27   From the 196 addressees, we received 125 replies – 117 from INTOSAI members (60 % of INTOSAI membership) and eight from subnational/territorial audit bodies, typically members of or INTOSAI's regional organisations (such as PASAI and CAROSAI). Three SAIs provided two sets of responses; a possibility allowed for in the survey instructions.

28   This solid response rate represents a sound basis for understanding the IFPP users' concerns, preferences and needs. A full analysis of the responses is in a separate report available on the Component One project site and attached to this report.
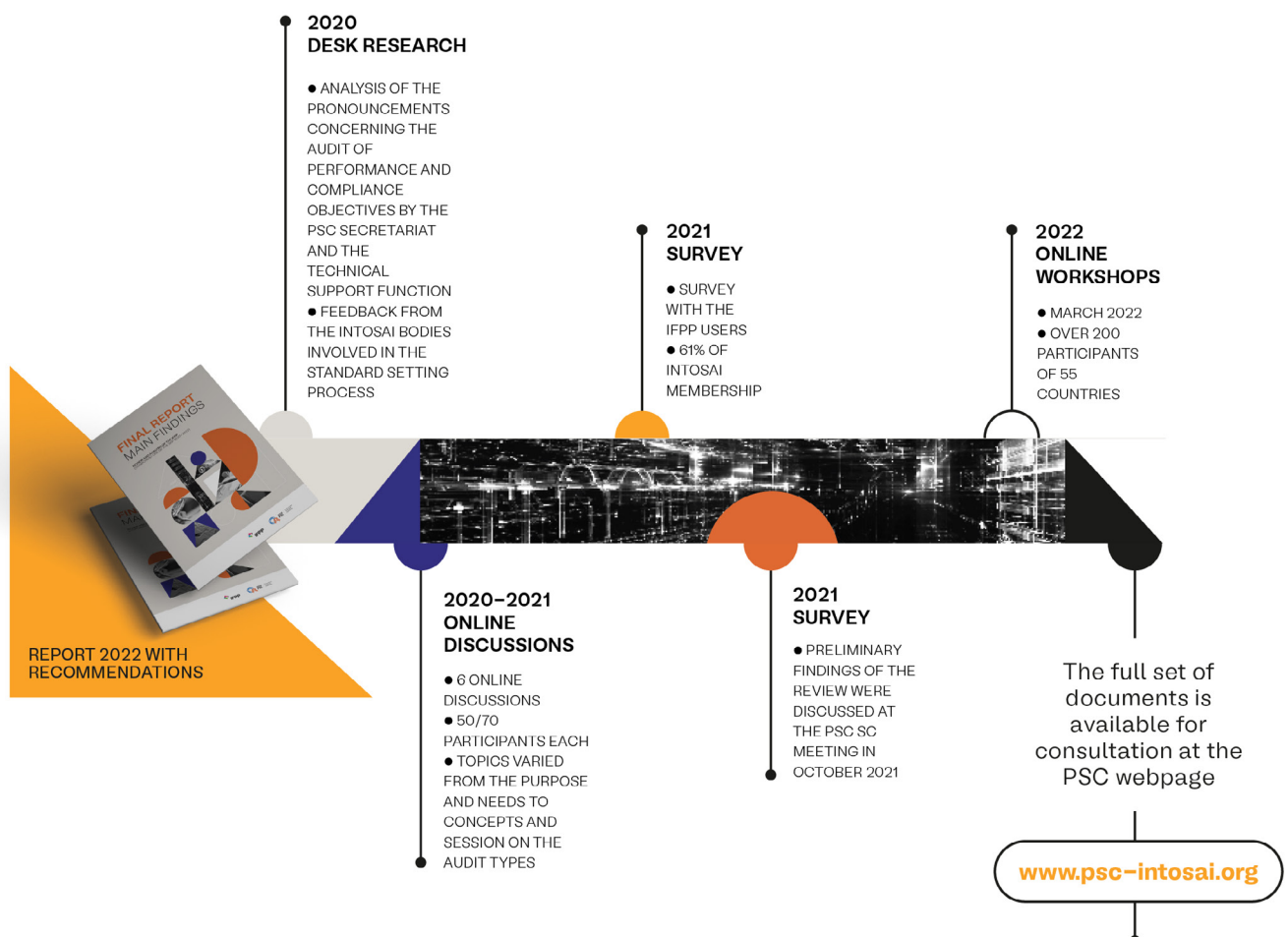
29   Within the third phase, we also met representatives of the Capacity Building Committee's work stream for SAIs auditing in complex and challenging context (ACCC), to understand better their concerns in implementing the IFPP.

30   Finally, as **phase four**, we organised a series of 14 workshops to discuss selected results of the survey with various INTOSAI bodies (INTOSAI regional organisations, KSC and CBC, PSC subcommittees, ISLOs, the General Secretariat, IDI as well as external partners). These workshops focused on three issues:

- improving user experience when accessing and applying the standards;

- providing relevant and up-to-date guidance; and

- setting the bar at an adequate level for requirements.

Summaries of these meetings are also available in the Component One project site and a summary report is attached to this report.

2020
DESK RESEARCH

● ANALYSIS OF THE PRONOUNCEMENTS CONCERNING THE AUDIT OF PERFORMANCE AND COMPLIANCE OBJECTIVES BY THE PSC SECRETARIAT AND THE TECHNICAL SUPPORT FUNCTION
● FEEDBACK FROM THE INTOSAI BODIES INVOLVED IN THE STANDARD SETTING PROCESS

2021
SURVEY

● SURVEY WITH THE IFPP USERS
● 61% OF INTOSAI MEMBERSHIP

2022
ONLINE WORKSHOPS

● MARCH 2022
● OVER 200 PARTICIPANTS OF 55 COUNTRIES

FINAL REPORT
MAIN FINDINGS

REPORT 2022 WITH RECOMMENDATIONS

2020–2021
ONLINE DISCUSSIONS

● 6 ONLINE DISCUSSIONS
● 50/70 PARTICIPANTS EACH
● TOPICS VARIED FROM THE PURPOSE AND NEEDS TO CONCEPTS AND SESSION ON THE AUDIT TYPES

2021
SURVEY

● PRELIMINARY FINDINGS OF THE REVIEW WERE DISCUSSED AT THE PSC SC MEETING IN OCTOBER 2021

The full set of documents is available for consultation at the PSC webpage

www.psc-intosai.org

WHAT WE FOUND

31

Standards (in the general sense) are an important way of underpinning a profession and promoting quality in its output. High quality standards reflect positively on the credibility of the organisation issuing them. To help frame our analysis we identified four qualities the framework and its content should meet:

- **clarity** - easily understood, unambiguous and not open to misinterpretation;

- **relevance** - covers key organisational issues and professional tasks that many/most SAIs are required to undertake;

- **robustness** - technically strong, thereby leading to reliable results when implemented; and

- **accessibility** - available to users at all levels in ways that suit their needs

These qualities are not mutually exclusive, but overlap and complement each other. They have guided our review of the IFPP and the individual pronouncements, and form the key structure of this report.

CLARITY OF THE IFPP

32

Being clear requires clarity and consistency in drafting style (aiming for short and active sentences that are not ambiguous), the underlying concepts (their meaning), and the structure and presentation of material.

33 The analysis of the IFPP found:

- a lack of clarity in concepts, and consistency in their application;

- an excessive volume of repetition notably across pronouncements;

- often overly elaborate and inconsistent drafting style; and

- inconsistent and sometimes illogical structure and presentation of material.

A LACK OF CLARITY IN CONCEPTS AND CONSISTENCY IN THEIR APPLICATION

34 The IFPP consists of the INTOSAI-Ps, ISSAIs, and GUIDs (see Picture 1). Each group is further split into numerous subcategories, which are not always self-explanatory. For instance:

- the five INTOSAI-P documents are split into 'founding' and 'core' principles. Users questioned the need for this division given that there is no practical difference between them, with the latter elaborating on the former;

- the ISSAIs – the core of the IFPP – consist of nine INTOSAI-developed pronouncements[3] split into ten subcategories (see Picture 1). It is not immediately clear what a user might find under the 'organisational requirements' category. Furthermore, there are six audit-type subcategories, and two categories which are currently unused ('Other engagements');

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3 ISSAIs 100, 130, 140, 200, 2000, 300, 3000, 400, 4000. These are complemented by ISSAIs 2200–2899, which rep—resent the renumbered ISAs, developed by and accessed at the IAASB website.

- the GUIDs are sorted into seven subcategories (see Picture 1), some of which do not give an immediate idea what each contains.

The IFPP comprises several categories of documents and labels, the use of which is not always clear. The current IFPP practice is that:

- documents labelled 'standards' (ISSAIs of the thousand series) include 'requirements', the accompanying 'explanations'. Standards should be implemented in their entirety;

- 'explanations' (sometimes referred to by users as 'explanatory note', 'explanatory material', 'application material' or 'application guidance') set out further details on how the requirement should be understood, definitions, and sets out options. Confusingly, explanations combine both compulsory and elective material – they explain the terms and issues, contain instructions as well as how a certain requirement might be applied in practice. Moreover, it is sometimes difficult to understand why certain obligations set out in guidance are not elevated to requirements by their own right, and what distinguishes elective guidance in standards from guidance in the GUIDs.

- documents labelled as 'principles' (ISSAIs of the hundred series) also cover professional matters and serve as a basis for users who wish or have to apply national or own standards in line with ISSAIs. These are not binding *per se*. They include 'principles' (although not specifically labelled as such) which can be understood as some form of minimum requirements, and corresponding

explanations, as is the case explained above (although again not specifically labelled as such);

- documents labelled as INTOSAI Principles (the INTOSAI-Ps), primarily cover institutional and organisational matters. These documents also include individual 'principles' that can also be understood as some form of minimum requirements to adhere to, each of which is accompanied with some form of an explanation. Depending on the document, individual 'principles' are either specifically marked as a 'principle', or the 'principle' is implicit. This dual use of the term 'principles' for two types of documents (INTOSAI-Ps and the ISSAIs) as well as for individual element of text brings a lack of apparent to even the most casual user;

- all of these documents – apart from some form of a requirement and accompanying explanation – contain other material on the characteristics, objectives, and key elements of the issue the cover (e.g. audit type). These are also drafted as a less clear combination of rules and guidance, the status of which in terms of the extent to which they are binding is not clear.

36   As regards content, the IFPP does not define sufficiently the difference between 'standards' and 'principles'. Indeed, the naming convention is more linked to the label of a document rather than the nature of their content. We found that:

- there is little or no difference in content between the two types of documents, except for the level of detail (although sometimes illogically inverted);

- the key difference between ISSAI principles

and standards appears to be that principles are introduced with the verb 'should' and requirements (=standards?) with the verb 'shall'. This causes further problems, as translating these auxiliary verbs into other languages if often problematic as the nuance between them in English – which in itself is not intuitive – becomes either unclear or completely lost.

37   Given that this difference between the current set of ISSAI 'principles' and 'standards' is more presentational than substantive, views were raised during the discussions that these could be given the same description, or – more efficiently – merged into one space or document (see paragraphs 62-63).

38   General definitions describe principles as fundamental assumptions or statements of commitment, while standards are examples of a measure or rule in support of the principle[4]. Alternatively standards could refer to the body of the material, rather than separately identified elements of it.

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4 https://www.linkedin.com/pulse/understanding-hierarchy-principles-policies-standards-wally-beddoe/

For instance, the IIA framework presents its principles[5] as a set of ten clear statements that cover key skills, tasks and qualities. They state that the internal auditor:

- Demonstrates integrity

- Demonstrates competence and due professional care

- Is objective and free from undue influence (independent)

- Aligns with the strategies, objectives, and risks of the organisation

- Is appropriately positioned and adequately resourced

- Demonstrates quality and continuous improvement

- Communicates effectively

- Provides risk-based assurance

- Is insightful, proactive, and future-focused

- Promotes organisational improvements

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5 https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx

40   In the spirit of the above, one option could be to explore the possible benefits of rethinking the approach to ISSAI auditing 'principles', on which to base professional requirements. These could be sufficiently broad to encompass all aspects of a task, requiring SAIs or auditors to (for instance):

- engage, develop and maintain competent staff

- plan appropriately, to carry out work effectively and efficiently

- collect sufficient, relevant and reliable evidence to support findings and conclusions

- apply effective audit methodology to provide the evidence efficiently

- reports clearly and comprehensively and

- innovate and makes good use of modern technologies.

41   Another question is if all requirements (regardless of the name of the document in which they are) should flow exclusively from a set of high-level audit principles (such as those outlined above), or if requirements could stand alone, independently.

42   The wide range of discussions revealed a variety of views on, and differences of opinion about, the meaning and purpose of principles and standards in the IFPP. A number of participants consider that principles and standards are individual elements of content, and that as such should be separately identifiable and implementable. Other participants consider them to be the complete content of

documents setting out requirements and relevant explanations.

43 Regardless of the above, users considered that there were too many types of principles (founding and core under the INTOSAI-Ps, fundamental and audit type under the ISSAIs), which should be dealt with. This included the option to simplify the IFPP structure as well as removing the dual use of the term for the INTOSAI-Ps and the ISSAIs.

THE DEFINITION AND STATUS OF IFPP GUIDANCE

44 The IFPP provides guidance in many forms. Most commonly, it takes the form of GUIDs as a separate set of documents, which cover a multitude of issues. This includes supplementary audit-type information, subject-matter guidance, organisational material (e.g. guidance on peer reviews) or other supporting material such as are good practices.

45 A significant volume of the ISSAIs and INTOSAI-Ps is also guidance, taking the form of explanations linked with the principles/requirements, or describing the key elements of the audit type or other issue they cover. All of this guidance is subject to the due process.

46 The IFPP does not set out clearly what should be the nature of guidance, and what form it should take. There is confusion and a lack of consensus among practitioners about the status of guidance included in the IFPP. Many users question the notion of having mandatory guidance, considering it a misnomer. This

notably applies to the explanations in the ISSAIs and INTOSAI-Ps. There is no clarity how to distinguish between mandatory and elective guidance, and their coexistence in one piece of text lacks clarity.

47   Most SAIs agreed that guidelines in whatever form should be elective (incl. 77 % of survey respondents). In such context, some users mentioned that to facilitate compliance given the applicable legislation and mandate, guidance (and other forms of ISSAI material) should not be written in an overly detailed way (as it would be in a manual), as this could complicate implementation in national circumstances.

48   Some SAIs consider that certain type of guidance could be mandatory, but mostly agreed that in such a case it should be given a different name to distinguish it from elective guidance (incl. 79 % of survey respondents).

49   A possible way forward would be to set out for guidance to be elective only, and phrase it consistently as such. To avoid any confusion, all guidance might even be removed from the INTOSAI-Ps and ISSAIs.

50   Material that accompanies requirements directly – currently known as explanations and often referred to as application material – could include the necessary definitions and clarifications to better understand the requirements, and should consistently be phrased as such. Furthermore, elements of explanations deemed fundamental might be elevated to 'requirements'.

51 The IFPP does not set out if GUIDs should be only be linked with higher documents, or can serve as standalone guidance. IFPP currently has both cases:

- some GUIDs are clearly linked to the 'higher' ISSAIs, such as supplementary audit-type guidance, or the INTOSAI-Ps, such as is good practice on SAI independence or on SAI transparency

- other GUIDs – notably those covering subject-matter issues – are linked less clearly, and can be even considered as standalone material. Another such example is guidance on peer reviews or cooperation between SAIs.

52 It is worth noting that users were not united if there should be a clear link between the INTOSAI-Ps and ISSAIs and GUIDs (43 % would like to see such links, but the same share of respondents do not see such a need, referring for instance to subject-matter guidance).

AN EXCESSIVE VOLUME OF REPETITION AND NOT SAYING THE SAME THINGS WITH THE SAME WORDS

53 The ISSAIs cover professional issues linked to direct execution of audit. One of the main issues identified in respect of their structure is significant repetition across the documents, further complicated by describing similar or the same issues in different ways. This gives the impression that the issues covered are exclusive of each other, while in fact they apply universally.

54 The key reason for the extensive repetition is linked to the IFPP's structure. This is because the ISSAIs:

- cover the three audit types in separate documents (horizontal repetition, see Picture 1)

- cover each audit type in at least three pronouncements, all of which the auditor must consult to fully understand the requirements (vertical repetition, see Picture 1) and

- describe in each document the entire audit process, the underlying general considerations.

55 We found that most audit steps, such as are planning, execution, reporting and follow-up, are identical or very similar regardless of audit type. The same applies to concepts such as are audit quality, the need to assess risk and materiality, understanding the environment and learning about conditions in which auditees operate, documentation, communication, ethical conduct, professional judgement, skills and training, or team management. In other words, most requirements are universal, and not audit-type specific.

56 Despite the repetition, the user has to consult a series of documents to fully understand the requirements. This includes:

- the 'fundamental principles' of public sector auditing (ISSAI 100), which currently represent the cornerstone of the ISSAIs and apply universally to all audit types;

- ISSAI documents labelled as 'audit principles' – one document for each of the audit types (ISSAI 200, 300 and 400 respectively) – elaborate on the former and serve as basis for SAIs wishing to state compliance with the ISSAIs but must or choose to apply national or own standards. These documents must still be read in conjunction with ISSAI 100 and the ISSAIs labelled as audit standards (see below);

- ISSAI documents labelled as 'audit standards', which serve as the authoritative set of documents for SAIs wishing to state full compliance with the ISSAIs with no exception. These are ISSAI 2000-2899, 3000 and 4000 respectively. Illogically, users of the performance audit standards (ISSAI 3000) are requested to still refer to the relevant 'audit principles', although one would expect that the most detailed pronouncement contains all the material necessary to be applied directly;

- some matters covered in the above documents are also further developed in 'organisational ISSAIs' on quality control and ethical conduct; and

- the audit-type ISSAIs are complemented by supplementary audit guidance in the form of GUIDs.

57   Most of the requirements and corresponding explanations in the ISSAIs describe the issue differently, which is because they were written by different teams and in different time. This gives the texts a feeling of mutual exclusivity and difference that is not present in reality. This becomes an issue when two sets of standards

have to be considered, such as when combining different audit types in the same task. As the analysis in paragraphs 75 to 83 shows, this is the norm rather than the exception.

58 In order to illustrate this issue we compared ISSAI 300 and 400, and found that around 85 % of material is either identical (albeit not always written in the same way), or the issue covered in one document could apply equally to the other even if not currently covered.

59 For instance, both ISSAI 300 and ISSAI 400 cover quality control. The pronouncement on performance audit covers the issue on one full page, providing a great degree on detail on various issues, while the pronouncement on compliance audit in one paragraph only. Firstly, this is inconsistent in approach. Secondly and as importantly, neither of the two texts provides information exclusively specific to the audit type concerned. The statements they contain apply universally to all audit types.

60 The remaining 15 % that represent true differences between audit types are definitions, the corresponding explanation of the nature and sources of criteria, and typically information about achieving assurance (almost non-existent in performance auditing, although SAIs have called for material on providing assurance on performance). A key difference distinguishing audit types are the audit techniques, but these methodological issues are not normally covered in standards.

61 We assessed the possibilities of removing rep-etition through a merger of related documents, either vertically or horizontally.

62 We consider – and users confirm – material in ISSAI 100 ('fundamental auditing principles') to be the backbone of the IFPP. Given its central importance to the IFPP, it would be desirable to review it to improve its relevance, clarity and quality in relation to ISSAIs 200, 300 and 400 (see paragraph 63). This could also including updating it accordingly in order to provide 'universal' principles for use when carrying out various non-audit tasks (see paragraph 89).

63 Users generally appreciate the idea of making it possible to state ISSAI compliance while developing or applying own or national standards. However, doing so is through a separate set of three dedicated audit-type pronouncements in the form of 'ISSAI principles' is inefficient and leads to significant repetition within the IFPP. Users confirmed (including 72 % of those who responded to the survey) that material in the hundred- and thousand-series audit type material could be presented in one document/online space as long as it would be clearly established which requirements the own or national standards should meet to state compliance, and which should be applied directly. In other words, vertical integration could help clarity for the user, and efficiency in presenting the framework.

64 As regards the integration of all audit type material into one 'general audit type' (horizontal integration), this does not appear as a desirable solution, despite the huge volume of repetition. However, there is significant potential for phrasing the same issues consistently in order to facilitate the users' understanding of the true differences between the audit types, and help in applying the standards in the case of combined audits.

65 The confusion and repetition also applies to the INTOSAI-Ps, where three INTOSAI core principle documents[6] elaborate on issues already covered in the Lima Declaration. Despite the historic and possibly sentimental value of these documents, the material would benefit from being updated and merged into one document/space as there is currently a large amount of repetition, but often using different wording.

ISSUES LINKED TO THE INDIVIDUAL ISSAIs

66 Issues linked to the individual pronouncements include:

- their complicated structure, resulting in multiple placement of entries within the same document, and sometimes misplaced entries

- inconsistencies in introducing requirements with headings and misleading headings

- cases of a disproportional level of detail in certain requirements, which could be more conveniently covered in the explanations

- sentences that are neither short nor active

- use of ambiguous formulations (such as 'suitable', 'adequate', 'may have', 'may consider'), which can also make it difficult to assess to what extent SAIs comply with the ISSAIs and

- inconsistent use of terms such as 'auditor', 'auditors', 'SAI' and 'SAIs'.

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6 INTOSAI–P10, INTOSAI–P12 and INTOSAI–P20

THE MEANING OF HAVING A PRINCIPLES–BASED FRAMEWORK

67 One of the stated objectives for the IFPP is to make it principles-based [7]. However, there is no clear description within the IFPP – nor a common understanding among its users – of what this means.

68 'Principles-based' standards are generally understood as ones that set out what should to be achieved, but not how to achieve them (which would be considered a 'rules-based' approach). A principles-based framework of standards can therefore be simple and short, with little need for frequent updating.

69 Discussions and notably the survey among IFPP users showed that most respondents favour applying a 'principles-based' approach. In this context:

- 57 % of those who replied to the survey considered that pronouncements should set out what should be achieved (the objective), but not how it should be achieved (the rules and procedure). Some of the arguments explicitly mentioned were easier application across different jurisdictions with unique environments, stability, as well as shorter documents being easier to read;

- some respondents consider principles-based should be understood as requirements being sufficiently general to be applied to any area or subject matter (38 % in the survey). This understanding supports and complements the one expressed above;

7 https://www.issai.org/wp–content/uploads/2019/10/2_SDP–FINAL.pdf (see page 7)

- the sentiment was that requirements should be complemented by explanatory material on how they should be understood but not how they could be implemented. This should be left to the professional judgement of the auditor, supported by guidance where useful.

70   Some participants in the Component One discussions consider that IFPP should not pursue being 'principles-based'. However, this sentiment seems to arise from a fear of this resulting in stripping the pronouncements down to a handful of requirements with little or no corresponding explanation, rather than support for detailed rules covering as many different scenarios as possible. The latter approach would of course be almost impossible given the wide variety of SAIs and the contexts in which they operate.

71   One SAI considered that the IFPP should not be 'principles-based', suggesting instead that requirements focus on safeguarding the credibility of INTOSAI, the ISSAIs and SAIs, on accommodating for the many different tasks, the unique national circumstances, maintaining the quality of audit, and that they are based on professional concepts. These suggestions make full sense and can serve as aspiration for the IFPP. In fact, they represent some of the underlying principles for the IFPP, and therefore do not contradict the principles-based approach as described in this section.

72   Overall, we consider that a 'principles-based' approach – in the sense defined above – is generally the only practical option where the

variety of users and situations in which they are used is wide (as in the case of INTOSAI).

RELEVANCE OF THE IFPP

73   Being relevant to user needs requires the IFPP to be comprehensive in its coverage. The more SAIs' tasks are covered, either directly or indirectly, then the more useful the Framework is, and the more positive its impact. The IFPP should therefore address issues faced by many or most SAIs in terms of organisation and work. It should also be up-to-date in content and efficient in providing time-sensitive material.

74   The analysis of the IFPP found that while it covers much of SAIs' audit work:

- the ISSAIs present material according to the three audit types, whereas in practice a large proportion of audits involve a combination of the different types of audit objective. This requires users to contend with more than one set of standards, although much of the material is simply repeated (although often differently described)

- it does not cover (even indirectly) the increasing amount of non-audit work many do (such as opinions or reviews)

- there is no clarity about the intended users of this IFPP making it difficult to assess that their needs are met

- the process for preparing and updating IFPP material takes considerable time, which compromises INTOSAI's ability to be agile and flexible in keeping the IFPP guidance up-to-date.

THE PRESENTATION OF THE ISSAIs DO NOT FOLLOW MAINSTREAM AUDIT PRACTICE

75   The ISSAIs provide separate pronouncements on the audit of financial statements, performance and compliance. This separation corresponds to the way INTOSAI's standard setting resources are organised, and may reflect how many SAIs worked in the past.

76   However, this separation does not take into account the current way a large majority of SAIs work. It is far more the case that SAIs assess multiple audit objectives in one task (the survey showed that 47 % of SAIs do so often and a further 34 % sometimes) rather than undertake single objective-type audits (around which the IFPP material is currently presented). Combining multiple audit objective-types in a single task helps ensure the results are as useful and relevant as possible to the user, such as the legislator and wider society. Such approach also helps use SAI resources efficiently.

77   For instance, while some SAIs carry out compliance audits as standalone tasks (25 % according to our survey), most of the reported cases showed that compliance audit work is done as part of the SAIs' performance and/or financial audit work. This allows them to:

- assess if poor delivery of a programme is caused by poor implementation performance and/or if it is due to inadequate rules and regulations or
- audit financial statements but also address compliance objectives, for instance the alignment with budgetary rules and provisions.

78   A very large majority of respondents prepare only one planning document for such tasks (91 % according to the survey), issue one report (90 %), and have one multidisciplinary audit team working on the task (90 %). This shows that rather than being 'combined audits' they are single audit tasks covering multiple objective-types.

79   Our analysis and discussions showed that this exclusive division of the ISSAIs separately by audit type is currently seen as a constraint rather than a useful tool to help ensure quality in what SAIs are doing. While the ISSAIs allow combining audit types in one audit task, the material is not organised in a way that is relevant to auditors. Instead, users must separately compare up to five sets of documents for every element that needs to be checked. It would be useful if users could access the combination of standards for the type of audit work they are doing.

80   Moreover, when the users finish reading all the selected material, they find that in the case of a combination of audit objectives either one or the other ISSAIs can be used (or even both at the same time). While most respondents (79 %) indicated that they do did not encounter problems in deciding which ISSAI to apply when 'combining audit´, this still is confusing for some SAIs, and it would be desirable to clarify this issue.

81   Some SAIs would also appreciate further guidance on how to address certain elements when combining audits, such as which ISSAI to apply, or how to apply both at the same time. Our analysis shows that it would not be practical to issue separate guidance on all the combinations concerned. Instead, this could be resolved

through a different approach to presenting the material, as well as a consistent drafting and presentation of the issues covered.

82 Using technology to provide user-centric ways of presenting the ISSAI material would neither represent a threat to the existing audit types, nor would it water down their importance, as some in the community fear. Relevant subcommittees would continue to develop and improve the material under their primary responsibility. The advantage would be greater flexibility and accessibility for users.

83 Moreover, this would also help SAIs that wish to accommodate different elements, such as whether the task should result in an opinion or conclusions, or whether full or reasonable assurance should be given.

THE RISK OF BUILDING THE IFPP AROUND AUDIT WORK ONLY

84 The IFPP covers standards that address the audit work, which together with jurisdictional responsibilities represents the core of any SAI's activity. However, mandates differ as time evolves, and expectations change. In the past, most SAIs audited financial statements or budgetary expenditure only. Assessing performance was a marginal activity at best, but has gradually become a common – although not universal – practice.

85 Nowadays, SAIs are often required or choose to do reviews or assessments that do not address audit questions (39 % of survey respondents), issue opinions (37 %), or – for instance – undertake some form of evaluative or analytical

work (20 %). The Lima declaration explicitly mentions opinions as a specific non-audit type of work SAIs may be required to do, although there is no further coverage of this activity in the IFPP.

86   The workshops and the survey (48 % of respondents) confirm that there is demand to cover other tasks that SAIs are required or choose to do. SAIs wish to declare adherence to high standards of work and ensure quality. This notably includes reviews, investigations and (ex-ante) assessments.

87   The IFPP is intended to help SAIs and the public audit profession. While it may not be realistic to cover every type of activity in which SAIs are involved, it could be useful and relevant to cover elements that many SAIs need. This should be done as efficiently as possible, to avoid creating an excessive volumes of material.

88   One approach to consider could be a set of general principles that could be helpful for a wider spectrum of non-audit work. For instance, the ISSAI 100 sets out the general audit process (such as effective planning, getting evidence, clear reporting, or documentation) in its purest form and is unaffected by audit-type material. It serves as a universal pronouncement for an array of audit tasks. Given that users have requested to improve the clarity of ISSAI 100, attention could be given to covering other tasks too.

89   Users also seek more material on audit-related tasks, such as are real time audits, more clarity in the IFPP about pursuing multiple audit objectives in one task (see analysis above), forensic audit, budget preparation and execution, providing assurance for performance

audit work and many more issues. For more details, see the separately presented report summarising the survey results, and details set out for the proposed Axis 2 of the future SDP in the annex of this report.

NO CLEAR DEFINITION OF THE INTENDED USERS OF THE IFPP HAMPERS A CLEAR DEFINITION OF THE CONTENT REQUIRED

90   INTOSAI pronouncements provide material addressing the role and prerequisites for the functioning of a SAI, organisational matters, standards for professional practice, and supplementary guidance.

91   This material is useful to different categories of users, each of which are likely to have different interests. However, there is no clear indication at INTOSAI level of who the users are, and how best to satisfy their needs in using the IFPP.

92   While not a primary objective of the review, users identified several categories of possible IFPP users. This includes auditors, methodologists, SAI leadership, the legislator (parliament), the auditee, donors and capacity builders, and the public (including media/academia…).

93   We found that SAIs see the auditors and methodologists to be the most important user categories, shortly followed by SAI leadership. However, users made it clear that the interests of the other stakeholders should be identified and reflected in the IFPP. Ultimately, the final user – or rather beneficiary – of the existence of standards is the citizen, whose money the

government raises through taxes and spends. SAI work helps hold the government to account for these actions through clear, relevant, robust and useful audit reports.

94   However, the INTOSAI has no information of what concerns and priorities the legislators and auditees have in respect of the IFPP. We can assume that:

- the legislator is most likely to be interested in clearly set out material on the role of SAIs and what they may need to function properly (similar to SAI leadership). The legislator may also seek assurance that the work delivered is in line with a robust set of internationally recognised standards;

- the auditee prefers to have good access to clear standards on professional practice (similar to public sector methodologists and the auditors);

- capacity builders may be most interested in accessing institutional, organisational and audit-related pronouncements, depending on the matter they are about to address.

95   Users considered that there might be benefits in distinguishing more consistently between what the INTOSAI-Ps and the ISSAIs might cover, and not to mix audit-related material with that concerning institutional issues. They suggested that:

- the INTOSAI-Ps should only cover institutional and possibly organisational matters, but not professional audit practice; and

- audit-related issues should be covered separately.

Overall, the analysis showed that greater consideration should be given to the intended user groups, and how their requirements should be best met. This includes identifying and addressing any possible trade-offs when dealing with different needs.

PROVIDING AND UPDATING GUIDANCE IN A TIMELY FASHION

96 One of the key qualities of any standards framework is its responsiveness to developments. An ability to provide users with new or updated material in a timely fashion, whilst ensuring appropriate quality. The INTOSAI ensures quality for all the pronouncements in the IFPP – the INTOSAI-Ps, ISSAIs and GUIDs – through the robust application of due process.

97 The nature of these pronouncements is different. The INTOSAI-Ps and ISSAIs are less time sensitive than the GUIDs, which are at a more practical level and should reflect on relevant developments. However, providing new or keeping existing guidance up-to-date is a considerable challenge because of the collaborative approach taken, and the complexity and length of the due process.

98 Many SAIs during the consultation sessions confirmed that the IFPP has not been able to react to developments as quickly as they needed. They referred to an absence of guidance, most notably on a response to the pandemic or auditing compliance with the

United Nations' Sustainable Development Goals. A considerable effort needs to be made to critically review the current GUIDs to ensure they continue to be relevant and are up-to-date.

99   If the GUIDs should reflect to developments in a timely manner, then arrangements that are more flexible might be considered as a way to achieve this. It would be most efficient to introduce a more flexible vetting process, and remove of the GUIDs from the IFPP. Within this context it is useful to note that professional material that could be useful to SAIs is prepared by other bodies and institutions (including individual SAIs). This includes excellent material prepared by INTOSAI outside the IFPP, including by bodies such as IDI and AFROSAI-E.

100   Users mostly recognise that INTOSAI subcommittees and working bodies act as centres of expertise, and as such see them as appropriate bodies for producing as well as vetting guidance. A risk mentioned in this context was that individual subcommittees might not be well suited to take decisions when guidance covers multiple audit objective types. Arrangements – including a possible involvement of the FIPP – may be necessary to ensure quality if subcommittees took over the vetting of guidance.

101   Users also considered that a disclaimer might be needed for all elements of guidance not approved by the standard due process, making it clear to all users that INTOSAI does not assume responsibility for them. An implication of this could be that the current formal due process would only apply to pronouncements that are part of the core part of the Framework.

102   The removal of guidance from the IFPP would not only free the working bodies' and FIPP's resources (as explained in the previous paragraphs), but would help bring together all elective material developed by the INTOSAI working bodies and regional organisations together on an equal footing. This would also end the dilemma many INTOSAI bodies face today when deciding if material they produce should become part of the IFPP, or not, and would help slim the Framework to its core.

103   Through the survey we also found that users are not united in their view whether guidance should remain a formal part of the IFPP, or be removed from it altogether. A number of users, INTOSAI working bodies and the FIPP support removing the GUIDs – including notably subject matter and good practice guidance – from the IFPP. However, some SAIs pointed out that have invested resources into developing the current GUIDS, which may become 'lost' if removed from the Framework. However, this line of reasoning does not take into account the strength and legitimacy of any future way of making guidance available.

ROBUSTNESS OF THE IFPP

104   In order to be robust, a set of standards needs to:

- have a strong, technical underpinning, and comprise tried and tested content;

- be based on a clear terms of reference in respect of what it is intended to achieve; and

- have clarity around what it means to apply or comply with the framework.

105	The analysis of the IFPP found:

- much technically solid material, but often difficult to identify and access in detail;

- no clear view on how to 'calibrate' the principles, requirements and other content during the standard setting process; and

- confusion about what it means to achieve and claim compliance with the ISSAIs (or the INTOSAI-Ps), and how to measure and monitor progress.

THE PURPOSE OF THE IFPP

106	The declared purpose of the IFPP is to foster credibility and relevance of public audit by setting internationally recognised professional principles and standards that promote excellence in the application of methodology, and support the effective functioning of Supreme Audit Institutions in the public interest.

107	To explore what purposes users assign to the IFPP, we listed several statements and asked survey respondents to mark to which extent they find them important. Among the most popular – all of which respondents marked as 'very important' – were:

- helping SAIs ensure that their work is of good quality (87 % of respondents)

- serving as a credible basis to develop own standards and manuals (85 %)

- demonstrating to stakeholders that they

follow or comply with a professional approach (80 %)

- helping to harmonise SAI practices worldwide (77 %)

- a practical resource for auditors when undertaking financial, compliance and/or performance audit work (75 %)

- a source of guidance when an issue arises that is not or only partially covered by a SAI's own methodology or other (e.g., national) standards (74 %) and

- support to capacity building in SAIs (70 %).

Users also listed other universal purposes they assign to the IFPP, such as enhancing transparency of the audit process, strengthening the generation of public value for the users of a SAI's output, helping develop the public audit profession, helping the other standard-setters to understand public sector audit.

108   This input confirms the users' appreciation of the IFPP, and could be considered as compelling input when defining the purpose of the Framework and deriving the different requirements of the various user groups.

CALIBRATING THE REQUIREMENTS TO ACHIEVE HIGH LEVEL OUTPUT

109   A principal question for the entire IFPP is where and how to set the bar (for example when defining requirements), so that users achieve high-level output when applying it. The options are to:

- establish the bar at the level of current practice, reflecting how the majority of SAIs currently operate and audits are currently done. While arguably unambitious in terms of lifting quality across the community, it would allow a large number of users to claim compliance, and provide a moderate target in order to attract new users. However, it is unclear if this approach would sufficiently underpin credibility of INTOSAI and its products across key stakeholders; or

- calibrate requirements high enough to achieve high quality results, even if it would take more effort for users to achieve. Such an approach would need to be facilitated through better tools and increased capacity building and support from the INTOSAI and its donors.

110   This was one of the main reasons we paid particular attention to consulting 'normal' IFPP users – i.e., those with no involvement or even knowledge of the standard setting process. For instance, we asked if the INTOSAI should support developing a separate set of standards ('light standards') for SAIs auditing in challenging environments or facing other difficulties. This approach was not supported by the SAIs we consulted. On the contrary, SAIs made the point that all SAIs face challenges of one form or another, regardless of their maturity or the environment in which they operate.

111   Some SAIs voiced the idea of setting maturity levels for complying with standards, which would allow users to achieve full compliance gradually for each individual pronouncement.

Whilst something to be considered, the question is if this would not lead to making the IFPP and its implementation even more complex than is currently the case.

112   The prevailing view in the discussions we held was that rather than reflecting the lowest common acceptable practice (or 'lowering the bar'), pronouncements should set the bar high enough to ensure high quality audits when applied, and therefore serve as an aspiration to those users not yet at the required standard. A number of these SAIs agreed that the current level of requirements was adequate, and any raising of requirements should be gradual and based on sound analysis.

NO GUIDANCE ON HOW TO APPLY THE IFPP AND CLAIM COMPLIANCE

113   INTOSAI places a lot of emphasis on encouraging SAIs to 'apply' the ISSAIs and INTOSAI-Ps, including making it a key part of the self-assessment process. It monitors the 'application rate' through the global survey.

114   SAIs apply the Framework on a voluntary basis, as there is no compulsion for them do so. There is no penalty for not applying the standards, and any decision to do so is a matter of voluntary choice (unless required by national legislation or donor requirements). In making that choice SAIs should be convinced by the positive impact implementation should have on the quality of their output for the benefit of citizens, as well as an important element of transparency towards stakeholders.

115 The ISSAIs can be applied through either direct use of the ISSAIs in everyday work (through ISSAIs of the thousand series), or using the ISSAIs as a basis for developing own or stating consistency of national (or other) standards with the IFPP (currently through the ISSAIs of the hundred series).

116 However, there are a number of ambiguities in the various texts, which makes it difficult to understand what apply the ISSAIs actually means in practice. This includes:

- the meaning of the term 'standards' which seems to refer both to the INTOSAI standards, and the standards 'developed or adopted' by SAIs

- whether reference to a SAI developing (or 'adopting') its own 'standards', actually means its 'methodology and processes for putting the requirements of the IFPP into practice', or only own 'standards'. The former is not mentioned in the IFPP directly

- if there are differences between terms such as standards 'adopted' and 'applied', the meaning of the terms 'comply with' and 'adopted or developed', whether there is actually any difference between 'based on' or 'are consistent with' given that in both cases they need to 'fully comply' with 'all relevant principles' (except when forbidden by national legislation)

- why is it necessary to distinguish between claiming that the principles have been applied, and the standards have been applied, given that the latter is implicitly a way of doing the former

- whether the ISSAIs can ever be applied directly, or always need the SAI to devise and define own methodologies and procedures to put them into practice in the local context and institutional set up through handbooks, manuals etc.

Ambiguities in this key area represents a considerable reputational risk for INTOSAI.

117 We asked the SAIs to indicate how they use the ISSAIs, and how they assess their compliance with ISSAI requirements if relevant. We found that this issue causes a lot of confusion not only among final users, which has also been noted the community of capacity builders, including IDI.

118 Our survey showed that most respondents declare applying the ISSAIs directly (44%), which is good news for the INTOSAI as a standard setter for the public domain. A similar number of respondents stated that they apply national standards consistent with the ISSAIs (23%), or have developed their own ISSAI-based standards (18%). Some other provided additional details about their specific cases how they comply with the ISSAIs, and fall under the latter two categories. This corresponds to the results of the recent IDI survey, according to which 86% of SAIs adopted the ISSAIs[8].

119 However, according to the IDI survey, only 16% of SAIs that responded to the survey report claim they are fully compliant, and a half consider themselves as mostly compliant. Almost half

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of the SAIs (44%) consider that they do not have sufficient capacities or resources to implement all the requirements, including applying a robust quality management system. Some face contradictory legal constraints, others do not consider all the requirements to be necessary and – as identified by the Component One survey – the IFPP does not cover all type of work SAIs do or the requirements are unclear.

120   Claiming compliance is a very difficult issue. According to the survey we conducted, the most popular method for assessing IFPP compliance is quality assurance or other similar evaluative work (79%), using the SAI Performance Measurement Framework (47%), external peer reviews (44%) and the iCATs (19%). Other examples included the use of tools developed by the AFROSAI-E, reviews by national regulators or private firms, or ISO 9001 certification.

121   The INTOSAI should also be mindful of the fact that even five years after the introduction of the IFPP, a full 26% of INTOSAI members are not familiar with the transition from the former ISSAI framework[9], although it is possible they are overstating the change that this brought as there was little impact on individual documents.

122   This lack of awareness most prominently applies to SAIs of the CAROSAI, AFROSAI-F/CREFIAF, and PASAI. In this context it should be noted that:

- many represent small nations and may have limited resources to follow all developments

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- some are still developing their capacities or function in challenging or complex contexts and

- a significant proportion of CAROSAI and PASAI members are not direct INTOSAI members, which may limit their exposure to INTOSAI communication.

However, according to the IDI[10], developing countries are more likely to adopt ISSAIs directly as standards.

123   For the sake of clarity there should be only one way to apply the standards (or principles), which is by reflecting the requirements in a SAI's methodology and processes suitable for their mandate and local context. This can be based on the wording of the ISSAIs directly, or indirectly through other (e.g. national) standards that are at least as stringent. In the above context, the IFPP could be simpler if there were no distinction between a 'principles' document (300, 400) and a 'standards' document (3000, 4000).

124   Moreover, there should be only one form of claiming compliance, supported by developing new or adapting current tools to help SAIs do so.

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ACCESSIBILITY OF THE IFPP

125   In order to be accessible, a standards framework needs to:

- use up-to-date methods and user-friendly ways of presenting content and information

- allow users to access the content in a way that suits their needs and

- be consistent in form, clearly delineated in extent and easily searchable.

126   The review of the IFPP found:

- *issai.org* has a large number of users, as it presents material in their national language or a language in which they can work

- the material is presented in static and not easily searchable 'documents'

- the IFPP does not take advantage of the possibilities afforded by modern communication methods

- substantial and useful guidance material is prepared by INTOSAI bodies and presented outside the IFPP

- there is no clarity in the full extent of what is available (inside and outside the IFPP) and therefore what should be followed, due to a lack of cross-referencing between documents and

- problems with translation of some of the material.

THE IFPP WEBSITE IS USED WIDELY

127   The IFPP is available in the public domain and for the benefit of both public audit professionals, as well as the users of our output. This is in the spirit of the INTOSAI's underlying belief that sharing experience is mutually beneficial. In turn, the quality of the IFPP and its contents – notably clarity, relevance and usability – reflects directly on the credibility of INTOSAI.

128   The IFPP website – *issai.org* – is the main source for accessing IFPP content. Over 90 % of survey respondents stated that the IFPP is available in at least one of their languages, or in a language with which they can work, and 83 % use *issai.org* directly. The others either use another national website that provides the relevant translation, or have translated them themselves which they access on their own system.

STATIC MATERIAL THAT IS DIFFICULT TO SEARCH AND NAVIGATE

129   The IFPP currently comprises a considerable volume of pronouncements that INTOSAI has developed. There are currently 38 active documents with a total of 1493 pages and another 11 documents with a total of 438 pages that are under review[11].

130   Given the rather complex structure (see Picture 1) these can be difficult to navigate between (but also within) themselves. The referencing system is insufficient, and complicated by the absence of what many consider as essential referencing from higher to lower level pronouncements.

11 As of August 2022. This excludes the ISAs (financial audit standards issued by IFAC).

131   This means that the user does not typically learn which material could, or should, be checked elsewhere, let alone if specific guidance (e.g. a GUID) exists. Instead, the user must have a deep knowledge of the IFPP structure and content to know what to search for, and where to search for it. Many users consider this a significant weakness, including 84% of those that answered the survey who stated a desire to improve the system of referencing.

132   Outside of a detailed knowledge of the framework and its contents, the only option is for the user is to use the search function. However, despite all the efforts to facilitate orientation through pre-set filters, and the existing search function, the current *issai.org* page is only partially helpful. This is because material is organised in documents, which do not support a comprehensive full text search (as would be the case in fully digitised presentation, for example).

EMBRACING MODERN TECHNOLOGIES TO IMPROVE THE USER EXPERIENCE

133   During the time INTOSAI has been developing the IFPP and its predecessor frameworks, the world has changed significantly. There are now many new opportunities arising from developments in communication and information management technologies to help with accessibility and presentation of material.

134   Development has already reached the audit profession too. IFAC is using a new on-line presentation[12], so does the US Government Accountability Office's Yellow Book[13] as well

12 https://eis.international-standards.org/
13 https://gaoinnovations.gov/yellowbook/

as the European Court Of Auditors' audit methodology and guidance[14].

135   It would seem a reasonable ambition to present the IFPP in a way that is accessible and user-friendly to more users, including new generations of auditors who have been raised in a digital world, and at the same time to make the IFPP future-ready. This is a challenge when material is presented in non-voluble documents presented in PDF format. Modern techniques can be used to present material in ways that can reflect users' needs. The paper/PDF and pure electronic version could co-exist, the latter allowing for a various methods of sorting material (by process, by engagement type, by assurance type, by audit-type; see also the previous section).

136   Embracing the benefits of modern technology as a key step of taking the IFPP into the future would give an important incentive to review and address all the issues that concern consistency, basic concepts and repetition. It would also make the IFPP:

- easy to access and intuitive to use, notably in facilitating the identification of all relevant material (which is not the case now). For instance, users should be able to decide if they wish to see material for e.g., 'pure' compliance audit, or for multiple audit objectives within the same task and

- attractive for potential new users, including young auditors who have been brought up in an 'online' world.

14 https://methodology.eca.europa.eu/aware/Pages/Home.aspx

137   Modern communication technology would also allow users to interact, discuss issues linked to implementation and share examples of good practice, and thus support dynamic user-centric knowledge sharing. Moreover, it would also serve as direct and useful feedback to the standard setters on the clarity, sufficiency, relevance and robustness of the material produced. This would be beneficial given the relatively small active participation of individual SAIs in the due process.

THE STATUS OF THE ISAs AND THEIR ACCESSIBILITY

138   The IFPP provides direct access to all INTOSAI-developed pronouncements except for those concerning the audit of financial statements. For this, INTOSAI refers to the ISAs as to the relevant authoritative standards.

139   The INTOSAI has no responsibility for their content, as these are developed by the IFAC's IAASB. This is why the ISAs are accessible to any user from the IAASB's site, and where the most up-to-date version can be found at any time. While during the discussion sessions some users mentioned their availability only from the IAASB's site as an inconvenience, none of the 125 survey respondents raised this as a major issue.

140   For administrative convenience, the IFPP renumbers the ISAs for them to be able to appear as ISSAIs of the 2000 series (e.g. ISA 810 is renumbered to ISSAI 2810). This happens even if they do not appear in the IFPP website physically.

141 The practical benefit of this duality in numbering is difficult to discern, as the practice can confuse users and stakeholders. Renumbering ISAs as ISSAIs could be given the impression that they have been prepared or adapted by INTOSAI, which is not the case. They are entirely the responsibility of IFAC. The ISAs already, and increasingly, reflect on the needs of public sector auditors. IFPP provides specific context through its Financial Audit Practice Notes, which is a dedicated pronouncement for this purpose

142 While most users in the survey (85%) prefer to give each applicable ISA an ISSAI number, only 45% of respondents indicated referring only to the renumbered ISSAIs in their reports. This could indicate that the renumbered ISSAIs are seen as nice-to-have, but are not in fact a necessity.

MUCH GUIDANCE IS PREPARED OUTSIDE THE IFPP

143 Much of the extensive audit guidance available outside the IFPP is produced by the regional and working bodies of INTOSAI, or groups of SAIs, based on various methods and approaches (but not through INTOSAI's due process). In general, it is produced relatively quickly, which helps meet short term needs. This type of guidance often goes unnoticed outside the community that issued it, although this does not undermine its value.

144 It could be useful to users if such guidance could be collected, publicised and accessed in one electronic space, to benefit the entire INTOSAI community and – as a means to enhance knowledge sharing – support discussion among practitioners and perhaps

interested public (such as academia). Another advantage could be avoidance of parallel work on the same topic, and generally facilitating cooperation across the INTOSAI community.

145 Participants agreed that collaborative websites can be a very useful tool (incl. 90% of those responded to the survey), but care should be taken about the status and origin of feedback provided by users for situations if INTOSAI were to base decisions on these. Some considered that access to such a site could be restricted to authorised users.

PROBLEMS WITH TRANSLATION OF SOME OF THE MATERIAL

146 Another form of improving accessibility of the IFPP is making it available in multiple languages. The Framework is available in the official INTOSAI languages[15], and provides links to translations to other languages whenever a SAI notifies such availability[16].

147 In the past, the PSC provided translations through commercial translators. However, experience and feedback from users shows that the lack of professional audit background did not lead to optimal results. Sometimes, it was difficult to understand the text. To counter this, the PSC has introduced an alternative approach, where volunteer SAIs translate the material instead. This helps ensure that technical vocabulary is translated and used correctly and benefits from the fact that the translating SAIs are likely to be among the biggest users of the translations.

15 https://www.issai.org/professional-pronounce-ments/
16 https://www.issai.org/cannot-find-your-language/

148   However, feedback also shows that some of the problems stem from an unclear phrasing of the pronouncements in the source (mostly English) language:

- firstly, native English speakers are not always involved in writing and finalising pronouncements. This often results in excessive use of passive language and long sentences.

- secondly, confusion arises from the use of words such as are 'should', 'shall' or 'may', which are sometimes difficult to translate to other languages and can also be understood differently given a cultural background of the reader. For instance, while in some languages or cultures the use of 'should' represents a polite obligation, in other cases this represents an option.

As regards the latter case, there are fortunately alternative and clearer ways of expressing an obligation or option, without resorting to the 'shalls' or 'shoulds'.

149   In order to facilitate effective translation, it is essential for the Framework to be extremely clear about the underlying concepts, style (as indicated above) and definitions.

150   Nowadays, technology gives the possibility of an online glossary that would avoid the need to define in individual pronouncements, but would also facilitate translation. Making this available to the outside world, as well as extending the languages covered, could make this a valuable resource for the public audit community worldwide.

CONCLUSIONS

151   The review of the IFPP found much strength in the material of the IFPP, which has resulted from a strong and inclusive standard setting process over a number of years. The INTOSAI community appreciates the IFPP and uses it widely. Most users access the pronouncements through the INTOSAI's relevant website (*issai.org*).

152   This solid basis gives an excellent departure point from which to slim down and develop the presentation of the IFPP, with the opportunity to provide an even more relevant and useful resource for users in the future.

153   As regards **clarity**, the issues that need addressing include:

- ensuring clarity in concepts and consistency in their application (including principles, requirements, standards, guidance, 'applying' the standards, application material etc.)

- filling gaps and removing unnecessary repetition and overlaps (thus slimming down the IFPP)

- the inconsistent and sometimes illogical structure and presentation of material and

- a sometimes overly elaborate and inconsistent drafting style.

154   As regards relevance, the issues that need addressing include:

- how to be useful in respect of the increasing amount of non-audit work SAIs do

- exploring how to present the material in various ways to be relevant to the user. The material is currently organised only by individual audit type, while many audit tasks cover multiple audit-type objectives

- identifying the intended (external) users or the IFPP, including their needs and

- a lengthy and complex development process, making it difficult to provide guidance quickly and up-to-date. The result of this could be a removal of all elective guidance from the IFPP (thus slimming it down).

155   As regards **robustness**, the issues that need addressing include:

- providing a clear and usable definition about what the IFPP and its different categories of pronouncements is intended to achieve

- providing clarity on how to calibrate the principles, requirements and other content at the desired level and how the due process can achieve this and

- providing clarity on what it means to apply or comply with the INTOSAI-Ps and the ISSAIs, and how this can be assessed.

156 As regards **accessibility**, the elements that need addressing include:

- ensuring effective translation (which is helped by clear, consistent source text), including preparing a multilingual glossary that can be accessed online

- presenting the IFPP material in a dynamic and easily searchable way

- ensuring effective referencing within and across the material, as well as to other useful resource (inside and outside INTOSAI) and

- users' overall desire for a digitised IFPP.

157 Overall, the review of the IFPP elicited a considerable amount of input. This is a positive sign that the issues raised are important. The different points of view have enriched the analysis and allowed us to identify and frame the issues well.

158 It is important to emphasise that the review of the IFPP is not the end of a process, but an important step on the journey that should help set the template for the future (or 'next generation') of the IFPP, and improve significantly the principles underpinning it.

159 The PSC secretariat sees this report – together with results from the IDI stocktaking report – as important inputs to the strategic planning for standard setting for the 2023-2028 period, and the individual projects to implement this SDP. Any project that involves the definitions and content of the IFPP and how it is presented should pass the due process and be undertaken

by INTOSAI's working bodies (where the specialised expertise resides). These projects should set out the feasibility of an approach and the benefits as well as costs involved.

160   The appendix sets out a structured approach to addressing the issues identified by the review.

161   Achieving a framework fit for the future generations will be a challenging and resource-consuming process for the INTOSAI standard setting bodies. The goal chairs, the FIPP and the working bodies will have to work even closer than before to come up with the best possible solution for the INTOSAI community.

FINAL COMMENTS

Following the presentation of the draft report to the INTOSAI Goal Chairs and PSC subcommitees, we invited them to provide final statements on its content.

We obtained feedback from the leadership of the Internal Control Subcommittee, the Capacity Building Committee, the Financial Audit and Accounting Subcommittee, the Compliance Audit Subcommittee and the Performance Audit Subcommittee.

STATEMENT FROM THE INTERNAL CONTROL SUBCOMMITTEE

The Subcommittee on Internal Control Standards appreciates the results of Component 1 analysis, which is a good and necessary step towards changing the IFPP into a high-quality set of standards and guidance for public sector auditors. The analysis is insightful, comprehensive, bold and directed in a right direction.

We would like to emphasise, though, that a diagnosis is not enough and will not substitute for the measures that need to be taken to make the reform effective. Therefore, we cannot stop at acknowledging the three axes identified as a result of the analysis, but we have to make things work – they need to be implemented and measured against the four qualities, or criteria, also identified through the analysis: clarity, relevance, robustness and accessibility.

COMMENT FROM THE PSC SECRETARIAT

We welcome the support of the ICS to the results of this review. Our priority is that the suggested next steps outlined in this report should be carefully considered when deciding on the projects in the next SDP for standard setting for the period 2023-2025.

STATEMENT FROM THE CAPACITY BUILDING COMMITTEE

First of all, we would like to thank the PSC Secretariat for their thorough analysis and consultation work in relation to Component 1. Thank you also for this opportunity to comment on the final report.

As a general comment, for the sake of transparency, it would have been helpful to see an overview of the comments received and how these were accommodated with in the final report – or not. (Similar to the disposition table INTOSAI uses for exposure drafts).

We take this opportunity to underline some of the issues previously raised:

On relevance: The perspective of the users of the audit reports needs to be taken into consideration when undertaking such a comprehensive review and restructuring of the framework.

Any decision on what is to be included in the framework, and at what level of detail, needs to take into consideration the intended users.

The SAI's size and level of development or the context in which they work should not determine whether they are able to use the pronouncements.

When removing pronouncements from the framework, we need to offer an alternative which provides equal exposure to the INTOSAI community as well as an appropriate level of recognition of the materials.

On robustness: Preserving the integrity of the separate audit streams is essential. Parts of the report are contradictory in this regard, relating to the end goal.

We do not agree with the statement in paragraph 75 that the separate audit streams "may reflect how many SAIs worked in the past." On the contrary, many SAIs are legally obliged to issue separate reports for different audit streams.

We urge the PSC to not underestimate the implications of changing how the material is presented in the framework. Throughout the process, please take into consideration that a multitude of global, regional and national standards, handbooks, training materials, working documents and other resources refer to the framework in its current structure.

On credibility: A new concern in the final report relates to INTOSAI's relationship with the IAASB and use of the ISAs. The report states that "INTOSAI has no responsibility for the content of the ISAs nor any direct power to change them." The IAASB has encouraged INTOSAI to nominate members to the Board to represent public sector

interests. They have also made efforts to balance the language in the ISAs to make them applicable in the public sector without the need for further guidance. INTOSAI members are also welcome to respond to exposures of draft ISAs.

The development of practice notes, to support the application of the ISAs in the public sector, is a way of demonstrating to INTOSAI members that INTOSAI has both considered the content's applicability in the public sector and provided any additional guidance necessary. The re-numbering of the ISAs and integration into the IFPP is a further manifestation of INTOSAI's acceptance of the ISAs. We therefore do not agree with the PSC conclusion that the responses to the survey "could indicate that the renumbered ISSAIs are seen as a nice-to-have but are not in fact a necessity." This also links to the need to provide direct access to the ISAs from www.issai.org.

We would like to stress the importance for many SAIs worldwide, not least in developing countries, to be able to refer to a comprehensive set of pronouncements approved by the global body for Supreme Audit Institutions, as opposed to a private sector body.

We look forward to supporting the PSC's continued development of the framework and its contents, with a focus on quality and credibility of the framework over time, as well as its applicability for all users.

COMMENT FROM THE PSC SECRETARIAT

We thank the CBC for its support along the Component 1 review process, and for these comments.

In the review, we have aimed to identify the principal issues to be addressed when we collectively develop the framework for the future, and to reflect the different points of view in the report. However, this is where the Component 1 process finishes. The next stage is to determine the way forward through a strategy to be reflected in the 2023-2025 SDP, put into action through projects that will be subject to due process in the usual way including the extensive consultation the process involves. This includes any changes to the classification of material, and the eventual removal of outdated documents. The current and future CBC feedback will prove valuable in this context.

In the meantime we provide the following on some of the points raised:

- we agree that the opinion of the ultimate users (in the form of readers of SAIs' audit reports) is important. However, we did not seek their views in the context of the Component 1 review as it did not question the substance of the IFPP content (such as principles and requirements), but the way the material is made available and presented. As such, users of audit reports would not be exposed to any change. However, this is something that should definitely be explored if, and when, INTOSAI

decides to reassess the substance of the in the future.

- the review indeed provided evidence that that some SAIs provide single-objective audits (financial, compliance and performance). This is not in doubt. However, at the same time a large majority of SAIs undertake multiple objective audits (such as compliance and performance together), and the review identified the challenge of accommodating their needs too. The use of technology to present the material may allow us to satisfy both, without undermining what we have currently.

- the review identified the different points of view in respect of the ISAs, and their integration into the framework, but does not recommend any change in this relationship.

We welcome CBC's commitment to supporting the future development of the framework and its contents and look forward to working with you in this context.

STATEMENT FROM THE FINANCIAL AUDIT AND ACCOUNTABILITY SUBCOMMITTEE

The views expressed by the CBC on the importance of continuing to offer a complete solution for each audit stream and on the benefits of the inclusion of the ISAs in the IFPP (and also on INTOSAI's ability to influence the development of the ISAs) are consistent with the views of FAAS Chair.

Thank you again for sharing the summarized results of this important analysis which will

certainly help us continue to pursue our common objective of continuously improving the IFPP.

COMMENT FROM THE PSC SECRETARIAT

We thank the FAAS for its support along the Component 1 review process, and for these comments.

We consider it important for INTOSAI to continue providing a complete solution for each audit stream, including the audit of financial statements. The review identified the different points of view in respect of the ISAs, and their integration into the framework, but does not recommend any change in this relationship.

STATEMENT FROM THE COMPLIANCE AUDIT SUBCOMMITTEE

PSC Secretariat has done an amazing work in relation to Component 1. It is comprehensive and provides a solid basis for moving forward.

The Component 1 brings out clearly the needs felt by the stakeholders across the spectrum. Detailed discussions and involvement of almost whole of INTOSAI community has provided a Report which can guide INTOSAI for future course of action.

This document also raises a lot of expectations for which an action plan is needed. Compliance Audit Subcommittee has participated in these discussions throughout and has no more comments to offer.

We look forward to work on continued development of INTOSAI framework to meet the needs and aspirations of stakeholders.

COMMENT FROM THE PSC SECRETARIAT

We thank the CAS for its support along the Component 1 review process, and for these comments. We look forward to CAS' continued cooperation and involvement in the work to come, in building an even clearer and more useful framework for its users.

STATEMENT FROM THE PERFORMANCE AUDIT SUBCOMMITTEE

PAS would like to congratulate the PSC secretariat on the final draft of the Comp1 report. PAS welcomes this important and necessary work, and assure that we are ready to contribute to a successful completion of it.

PAS also welcomes the opportunity to comment on the final report, and would like to highlight some of the concerns previously raised.

The main issue is about the risk that the transformation of the IFPP framework to a new structure could give rise to unintended changes in the substance of the present principles and standards, especially ISSAI 300 and 3000. We do think that these risks arise from two main sources:

Even though the textual differences between ISSAI 300 and 400 may seem minor, they imply pervasive differences between the rationale, aims, conducting and reporting of the two audit types. This also has major implications on how compliance with the two standards can be assessed, and quality assured. Our concern is to ensure that these intended differences should not be lost in the translation to a new structure.

Second, even though we agree with and welcome the strive for uniform wording and definitions whenever adequate, some of the subtle differences in the wording of similar concepts are intentional and carry meaningful information. Thus, even a terminological review presupposes a deep understanding of the intentions and reasoning behind the choice of wording, in order to avoid unintentional changes in the substance.

Please note that this does not mean that we exclude even substantial changes in the principles and standards of performance auditing. However, they should be intentional and deliberated in a due process. This would require the involvement of PAS from an early stage, and we are ready to contribute to this.

A second issue is the discussion about the so-called combined audits. The huge variety of SAIs' mandates results in a large variety in audit practice, including combinations of elements of different audit types. At the same time, according to the Component 1 reports, the majority of SAIs do not encounter problems in deciding which ISSAI to apply when "combining audit types". To try to address the multiple ways of combining audits in the framework

would entail a risk of reducing the clarity of the framework.

A related issue is the suggestion in the Component 1 report to accommodate non-audit and other SAI tasks not covered by the IFPP in the framework. Again, with reference to the variety in SAIs' mandates, the multiplicity of non-audit tasks could be near endless. Taking into account the complexity and size of the task ahead when it comes to the development of the framework and its contents, PAS would encourage PSC to focus on audit related issues, which is essentially the core task of SAIs.

Finally, it would be beneficial for all of us if the project management schedule of the next stages are set out well in advance so that all PSC subcommittees would be involved in this work from early in the process. PAS are really looking forward to working with the PSC to advance development of the framework and the quality of its content.

COMMENT FROM THE PSC SECRETARIAT

We thank the PAS for its contribution to the Component 1 review process, and for these comments.

We agree that unintended changes to the substance of the principles and standards should be avoided at all costs. Our aim is to strengthen the description of key differences in concepts and processes in order to make clear the real

differences between individual audit types, and to harmonise wording for elements that are common.

In our view, it would be important that all subcommittees are involved in this process from the very beginning. We therefore look forward to PAS' continued cooperation and involvement in the important work of building an even clearer and better structured framework for its users. Making use of new techniques to present material may also give us the opportunity to improve how e provide the material for the benefit of those combining audit types, without compromising the clarity for those wishing to access material in the current way.

Overall, our aim is for the framework to be as relevant and useful as possible. The suggestion to prepare material on non-audit tasks – such as the opinions mentioned in the Lima declaration, or reviews – is a reaction to the call of users, who wish to assure national stakeholders that their work follows relevant recognised standards to help achieve quality. It is likely that any development in this area would first be restricted to preparing 'universal' principles, largely derived from those governing audit. However, this does not need to involve resources of subcommittees dealing with audit issues.

ANNEX 1

IDEAS FOR SDP PROJECTS

This annex provides ideas for projects to be considered for the next SDP. It is divided in three axes which provide a sequenced way of addressing the challenges identified by the Component One review. All projects defined and approved in the SDP would be allocated project groups to present detailed project proposals in line with the due process.

AXIS 1: ADAPTING THE IFPP FOR A NEW ON-LINE PLATFORM

This axis focuses on developing a new way of presenting and making available the IFPP to help ensure it is clear, relevant and accessible. It largely involves adapting the content of the IFPP in order to make it suitable for presenting on an online platform (including through mobile devices).

None of these activities involves changes to the substance of the content, although the way they are described – and where – might be improved. In this way all 'ISSAI-compliant' audit procedures remain the same.

This development would be undertaken while keeping the current systems and documents in place for the users, and without halting any necessary updating of their content (see Axis 2). When finished and approved, the new platform – hosted by the PSC – could first be made available in parallel with the current material.

It would then fully replace the current material only after a transitional period of adaptation. Legacy documents would be archived in order that they would continue to be made available to the community.

The modules below – to be decided in the SDP process and organised as a single or multiple projects – could be considered:

- to arrive at, and agree on, a precise definition of the meaning of key terms: principle, principles-based, standard, standards, guidance (meaning vs operation), application material, good practice etc.

- explore which platform would be most suitable for presenting the IFPP, taking account of feature, accessibility and costs for setting up and maintenance. 'Version history' requirements should be considered

- analyse the 'organisational principles' material (identifying overlaps and gaps, deriving standard wording for the same concepts, and separately identifying each unique element of content)

- analyse the 'institutional' principles and material in the INTOSAI-Ps (identifying overlaps and gaps, deriving standard wording for the same concepts, and separately identifying each unique element of content)

- analyse the 'audit principles' material (identifying overlaps and gaps, deriving standard wording for the same concepts, and separately identifying each unique element of content)

- analyse the 'audit standards' material (identifying overlaps and gaps, deriving standard wording for the same concepts, and separately identifying each unique element of content)

- devise a platform architecture for presenting the principles and standards material, taking account of user needs for flexibility in accessing the information in a way that suits their needs (e.g., by audit steps, by audit type)

- devise a platform architecture for presenting guidance and other support material, allowing collaboration and feedback

- input the material to the new platform(s). Test with a control group and revise as necessary and

- make the platform live. Monitor the feedback. Update as necessary.

AXIS 2: UPGRADING THE CONTENT OF THE IFPP TO REFLECT NEW CHALLENGES AND NECESSARY UPDATES

This element comprises classification of what should be inside and outside the IFPP, and deciding on any new material that needs to be added, material that needs to be updated and material that should be removed. This process would take place in parallel with the adaptation to the new platform (Axis 1). This would help strengthen the IFPP's relevance.

This should include consideration of what (if anything) should be prepared in respect of the following issues that arose during the review:

- accommodating non-audit and other SAI tasks not covered by the IFPP, in terms of some universal principles that can apply (for steps such as are planning, gathering evidence, quality management, reporting)

- material on fraud, corruption and other illegal acts – to reflect the auditor's responsibility in respect of fraud, and how to incorporate in the IFPP, including the future of the GUID on corruption

- sustainability reporting in respect of undertaking the upcoming audit responsibilities on this important topic

- forensic auditing

- ex ante and real-time auditing

- audit of budgetary execution

- providing assurance on non-financial information

- non-assurance work for compliance and financial auditing and

- different elements of subject-matter related guidance as identified by the relevant INTOSAI working bodies.

The above should be considered in addition to any material the CBC, KSC, PSC and their working bodies identify through their prioritisation process.

AXIS 3: TAKING A CRITICAL LOOK AT THE REQUIREMENTS TO ENSURE THEY ARE COMPLETE, RELEVANT AND FIT–FOR–PURPOSE

While important, this initiative would only be able to take place after the IFPP had been cleaned-up, streamlined and consolidated in the new platform. This element would contribute to the robustness, clarity and relevance of the IFPP.
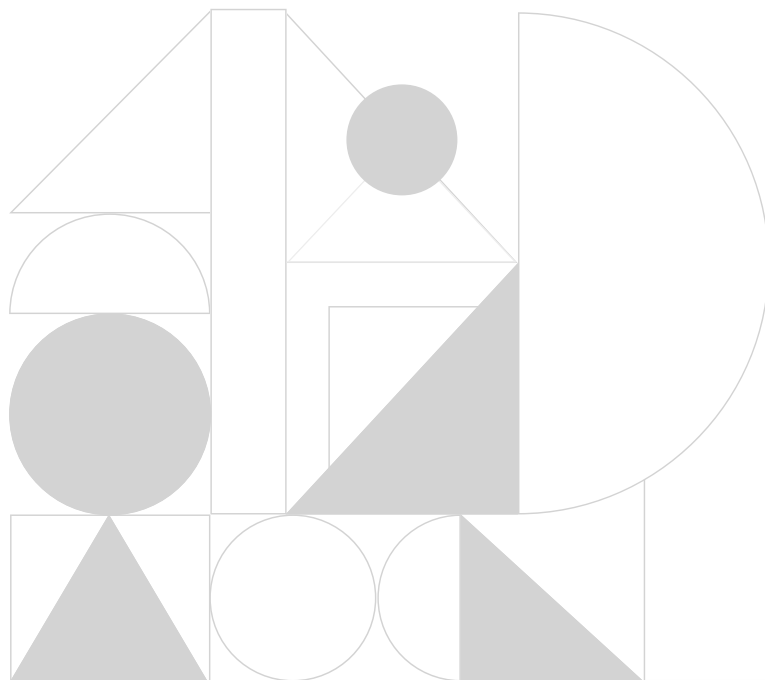
ANNEX 2

SDP 2020–2022: COMPONENT 1

FINANCIAL AUDIT IMPACT AND IMPLICATIONS OF RELATIONSHIP WITH THE ISAs

A SUMMARY OF VIEWS RAISED DURING THE DISCUSSION SESSION HELD ON 2 FEBRUARY 2021

Discussion sessions represent the second phase of the analysis carried out under the auspices of the PSC secretariat as part of Component 1 review. They build on the initial analysis and feedback provided by the INTOSAI standard setting community (phase one), aim to explore selected issues deeper, and provide input for the preparation of a survey to be addressed to all INTOSAI members (phase three).

The meeting – hosted and moderated by the PSC secretariat – was attended by interested members of the ISLO network, INTOSAI committees, their working bodies, and FIPP who had responded to the open invitation.

EXECUTIVE SUMMARY OF THE POINTS RAISED

The large majority of the financial audit ISSAIs are the ISAs (which are given their own ISSAI number, but no change to the content). INTOSAI

provides additional guidance for public sector issues separately. This used to take the form of practice notes which are currently being updated and consolidated into GUID 2900.

Despite there being no difference in content, some SAIs consider it important for their stakeholders that the ISAs can be denominated as ISSAIs. Other SAIs refer to the ISAs only.

Some SAIs access the ISAs through local sites. This is particularly the case when they were adapted to reflect on local circumstances or translated into the local language. Some SAIs access the ISAs on the IAASB site, to which the IFPP site directs the user. Some participants stated that they would prefer if IFPP provided direct links to the individual ISAs (although this is currently not technically possible). Some consider that accessing the site of a non-INTOSAI provider, which requires an account to be established, is burdensome.

Some SAIs preferred the previous approach, whereby the ISAs were relabelled as ISSAIs and published directly on the IFPP site. Others do not consider this necessary. The reasons for having abandoned the former practice were to eliminate the administrative burden of having to maintain the same content as the ISAs in a separate location and to ensure that the ISSAIs always remain in alignment with the latest ISAs as required.

Some participants considered that INTOSAI, through its representative in the IAASB's Consultative Advisory Group, should strengthen monitoring and help ensure that public sector

elements are reflected adequately in the standards. Some considered that the public sector perspective is well represented already. All SAIs have an opportunity to engage with IAASB during ISA development to ensure relevant public sector considerations are known and understood by the IAASB.

A view was raised that neither the past nor the current ISSAI/GUID content cover issues relevant to SAIs, and that it might be more useful to focus all attention to influencing the IAASB due process and reflect public sector interests therein.

INTOSAI should consider addressing new areas linked to the audit of finance, such as is budget planning and implementation, or the audit of performance indicators, to the extent that the existing material does not cover these, and what this would mean in relation to the ISAs.

DO YOU FIND THE SITUATION CLEAR, OR CAN THERE BE CONFUSION AS TO WHAT APPLIES IN PRACTICE? WHEN CARRYING OUT FINANCIAL AUDIT WORK IN ACCORDANCE WITH INTERNATIONAL AUDITING STANDARDS, DO YOU REFER IN YOUR AUDIT REPORT TO THE AUDIT AS HAVING BEEN PERFORMED IN ACCORDANCE WITH THE ISAs OR THE FINANCIAL AUDIT ISSAIs?

It is necessary to have in place standards applicable clearly to the public sector as much as there is a framework for private sector audit. There should be no confusion – notably among the stakeholders – about what is applicable. Any perception that public sector

international standards do not exist, or are not sufficiently relevant or reliable, could lead to the development of national standards that do not take international standards into account, and therefore may be insufficiently robust.

The World Bank through its capacity building programmes encourages countries to apply the ISSAIs, and integrate them in the legislation.

While in our country it is clearly established which standards apply, this may be less clear for cases of other countries.

We refer to the ISAs, the advantage of which is a suitable foundation and robustness. There is no confusion in the country as to what is applied as a national debate has established the suitability of the ISAs. We recognize the need for INTOSAI to cater for local considerations and specificities.

Our SAI has adopted the ISAs, because it gives us the most credible basis for our audit work, something that is possible in 99 % of cases. The public sector context that is now being captured in GUID 2900 was useful in its older formats. Regardless of format, the ISSAIs or GUID 2900 do not address the typical challenges that we face, which makes us to benchmark with other SAIs or refer to SAI good practices.

The SAI refers to standards developed by the SAI, which are based on ISSAIs. Entities in our country are split into various categories, and our SAI's approach to them varies. The audit of central government accounts is focused on regularity/audit of transactions, with no

opinion given. Government companies and corporations are audited by the pool of the SAI's chartered accountants along accounting standards established by the relevant accounting standard setter of the country. Other entities such as autonomous bodies, municipalities and corporations whose financial statements are based on an established accounting standard are audited against this requirement. The situation is quite complex.

The SAI applies the ISAs as presented within the IFPP. It is important to have a framework of standards adopted specifically for the public sector. There is some internal confusion amongst auditors about the ISSAIs referring to the ISAs and them not being published physically on the IFPP website.

In our opinion, INTOSAI is responsible for the Financial Auditing Standards which are included in the IFPP, regardless of who drafts them. The ISAs were developed in and for the private sector, so the application of these standards in the public sector requires adaptation. This should take the form of INTOSAI guidance.

The ISAs are principles based auditing standards that are developed to audit historical financial information produced by all entities including public sector entities. The public sector is well represented in the ISA development process to ensure that public sector needs are understood and addressed.

When auditing international organisations, it happens that the auditor refers to the ISSAIs while the auditee is used to the ISAs.

It sometimes is complicated for them to understand the difference in numbering. This situation creates some a certain amount of vagueness, but overall it is not so serious.

One participant referred that in his home country national standards are aligned with the ISAs, while where he works now, the ISSAIs are implemented.

The key question is what INTOSAI wants to accomplish with the financial audit standards and whether the direct integration of the ISAs into the framework is the right way right way forward, taking into account the different experiences and different environments in which SAIs operate.

IS THERE SCOPE TO FURTHER SIMPLIFY THE IFPP IN RESPECT OF FINANCIAL AUDIT, FOR EXAMPLE BY REMOVING FROM THE IFPP THOSE DOCUMENTS THAT ARE SIMPLY RENUMBERED ISAs (KNOWING THAT INTOSAI HAS NO RESPONSIBILITY FOR THE CONTENT THEREOF)?

It is practical to refer to the IFPP website to access the pronouncements directly rather than to create an account in another website. This also applies to stakeholders. It would be easier if all standards we kept directly in the IFPP website.

The INTOSAI can and should influence the content of the ISAs through its representatives in the IAASB/IFAC board by emphasizing the public sector perspective. The ISAs should remain part of the IFPP and be accessible via the IFPP site for ease of use.

INTOSAI should not abandon the current referencing to the ISAs. The issue of adding the "2" prefix before the ISAs, thus turning them to ISSAIs, is confusing. However, the current arrangement is not so practical. While the ISSAI practical notes are being consolidated into GUID 2900, no information is available until this is completed to provide the public sector perspective. It takes a while to access the sought standard when placed on the IAASB/IFAC site. More explanation on the status of the ISAs and the public dimension is needed in the INTOSAI website.

The IFPP should allow for an easy access to documents, and it would help if the ISAs were available through IFPP. Efforts to keep the site up-to-date would be worthwhile.

The original idea of the IFPP was to have an integrated set of standards with easy access to documents. It may be useful to consider if additional public sector notes would be useful, and to explore if all the necessary aspects are covered.

It is very practical to apply the ISAs directly because of the robust due process, their reliability and quality. Attempts in the past to incorporate into the INTOSAI standards the ISAs were complicated, and the INTOSAI always had to play catch-up. Practically there will always be a delay in identifying changes and adapting new ISAs to the ISSAI framework. The current approach avoids this problem and saves resources (as was the case of revising ISA 315 and 600). There is good reason to stay with the ISAs.

The development of standards at IFAC (and their standard setting board, the IAASB) should be well monitored through representation of INTOSAI in the IAASB. Further assessment of the impact of the development of standards at IFAC and the translation of these standards to the public sector context of an SAI remain, in our view, the responsibility of FAAS.

INTOSAI is not the author or even co-author of the ISAs. INTOSAI should provide more clarity on what applies to the public sector, without jeopardizing what we already have in place. It is perfectly acceptable to refer to the ISAs given that INTOSAI is represented in the related standard-setting board.

It is important to separate technical and editorial issues. The original solution was to publish the ISAs developed by IAASB with the Practice Note guidance developed by INTOSAI in a single pdf file for each ISSAI. The original versions of the Practice Notes that were published on INTOSAI's website were not updated in a timely manner for changes in the ISAs. The ISAs that were included within the ISSAIs and published on INTOSAI's website were also not updated for changes in the ISAs that occurred subsequent to the original publishing. The current proposed solution is to publish the Practice Note content in a single guidance document (GUID 2900) that will be updated annually and to refer the user of the IFPP to the IAASB website where the latest ISAs are published. From a technical perspective, the current proposed solution is consistent with the previous solution since the Practice Note guidance continues to exist in GUID 2900 but is updated for recent ISA changes and since the ISAs remain part of INTOSAI's

auditing framework. Linking directly to the IAASB site keeps INTOSAI perfectly aligned with the latest ISAs. Additional public sector guidance is developed by INTOSAI as necessary.

FAAS could be asked to go back and see how it can improve the current setup and presentation of the ISSAIs/ISAs, but to pursue this option it would be important to first make sure INTOSAI does not to fall back to previous problems. The ISAs are not freely available in editable format, and the IAASB does not allow other bodies to edit them. Moreover, sufficient resources would be needed to ensure timely editing of the ISAs, which can be difficult given that INTOSAI work is done on a voluntary basis.

The solution should not be to re-write the standards, but take information as is in the IAASB site, and establish a clear link to the ISAs.

DO YOU FIND DIFFICULTIES IN ACCESSING THE ISAs, AND WHAT COULD HELP IN THIS RESPECT?

Accessibility should be understood in the wider sense of having the document available in one's national language.

One participant indicated that they have access to a translation of the ISAs, but reckoned that not all SAIs have the luxury of access to translated documents. This does not solve the issue of stakeholder access to such standards, and the fact that the ISAs must generally be acceded through a transcontinental server. Stakeholders must know where to find the standards and which/how they are applicable. It is not always easy to find a certain standard in the IAASB website.

The current system of accessing the ISAs through an account in the IAASB website is not necessarily difficult but is burdensome.

There are advantages of linking to the IAASB or national equivalents, as these have often been adapted to local requirements.

We must understand how practitioners use the IFPP and overcome any obstacles. Regardless of what arrangement we find, we must always be mindful of the need to maintain the framework, keep it up to date, and ensure it is of high quality.

The national technical alignment, and access to it, is important but in other countries there are no national standard setters, so INTOSAI needs to make sure that its user needs are met including access to the standards.

WHAT DO YOU SEE AS THE CHALLENGES FOR INTOSAI'S FINANCIAL AUDIT STANDARD-SETTING STRATEGY? ARE THERE PARTICULAR ISSUES YOU WOULD LIKE TO SEE ADDRESSED IN THE FUTURE?

While the public sector perspective in the ISAs has increased over the past few years, it does not yet cover all relevant aspects. GUID 2900 is therefore needed to complete the picture.

The ISAs are international generally accepted audit standards. The discussion is how these should be addressed in the INTOSAI framework to meet the need of the community. The current process is comfortable, even if ISAs are not designed specifically for the public sector or do

not cover public sector issues significantly. GUIDs 2900 – 2999 are in place to overcome this hurdle with public sector- relevant details.

There is room to broaden the applicability of ISSAI 200 to other types of financial audit-type work carried out by SAIs, not limited to the audit of financial statements. However, this would need to be seen in respect of the relationship with the ISAs.

INTOSAI could elaborate more on issues linked to aspects such as is budget planning and execution, which are specific to public sector auditing.

Another participant supported the comment, appreciating that the discussion was moving from discussing administrative to subject matter issues.

INTOSAI could also address the audit of performance indicators. Regardless of the subject matter, work should be done together, otherwise SAIs will start developing their own guidance.

The new proposals should be covered by an overall standard setting strategy, given that some of the new elements go beyond the audit of financial statements, and the mandate of FAAS clarified accordingly. With regard to the audit of budgets, there is still some confusion as to which standards apply and in which circumstances.

The debate on ISSAI v ISA very futile when it gets to financial auditing. The ISAs should be more than adequate for most scenarios. If we honestly believe that there are vast areas that need to be addressed as public sector perspectives, I would

think that INTOSAI's limited time and resources will be best invested to address these as part of the IAASB processes, rather than opting for yet another fragmentation, hidden somewhere in the IFPP.

SDP 2020–2022: COMPONENT 1

ARE PRONOUNCEMENTS ON PERFORMANCE AUDITING SUFFICIENTLY CLEAR TO DO THE WORK?

A SUMMARY OF VIEWS RAISED DURING THE DISCUSSION SESSION HELD ON 23 FEBRUARY 2021

Discussion sessions represent the second phase of the analysis carried out under the auspices of the PSC secretariat as part of Component 1 review. They build on the initial analysis and feedback provided by the INTOSAI standard setting community (phase one), aim to explore selected issues deeper, and provide input for the preparation of a survey to be addressed to all INTOSAI members (phase three).

The meeting – hosted and moderated by the PSC secretariat – was attended by interested members of the ISLO network, INTOSAI committees, their working bodies, and FIPP who had responded to the open invitation.

EXECUTIVE SUMMARY OF THE POINTS RAISED

The IFPP could elaborate on a number of issues that could help SAIs – both developing and developed – better understand how to do effective PA. This includes providing good examples, which do not necessarily have to be part of the framework.

Pronouncements covering general and performance audit procedures – as well as general ones – should be clearer, as they also represent the core for the quality and credibility of a SAI's work. This includes removing overlaps, clarifying what is a requirement, and what is an explanation. Standards should be clear and short. Handbooks (and not standards) should cover how to do the job.

The question is if IFPP needs to maintain the hundred and thousand series pronouncements as separate sets of documents, if it could distinguish in a single document what represents the basis for developing own standards vs implementing the ISSAIs directly.

The concept of 3Es seems to be generally clear and flexible enough to cover all PA needs. Some voiced a concern that the framework would not benefit from expanding the list of Es, particularly if they represent subject matter (even if one country reported having Environment as a separate E in its legal act). However, a number of participants voiced their conviction that the IFPP may need to make further consideration of certain elements such as sustainability, as they become increasingly relevant in the future.

Some participants reported that the IFPP does not cover certain work they are required or decide to do, such as reviews or assessments that do not address audit questions, or provide conclusions or recommendations. They are currently not able to state that these have been done compliance with standards.

A similar situation applies to evaluations, which certain SAIs consider a distinct and others a similar discipline to performance audit. The distinction is often based on national legal requirements or cultural considerations. Users find PA pronouncements a suitable base for carrying out evaluations, but there is space to reflect on how best to reflect any differences.

DO YOU FIND THE CURRENT PERFORMANCE AUDIT CONTENT OF THE IFPP CLEAR, SUFFICIENT AND USEFUL? HOW WOULD YOU LIKE TO SEE IT DEVELOP IN THE FUTURE, SUCH AS TOPICS THAT NEED COVERING OR WHERE FURTHER GUIDANCE WOULD BE USEFUL?

It would be useful to have access to more (anonymised) examples of how SAI apply standards and principles, especially in cases when interpretation is more difficult (e.g. COVID-19 pandemic). These examples need not be part of the IFPP.

Most PA work does not really measure efficiency and effectiveness, but rather assesses the conditions for that and how it is managed. More examples on how to do "real" audits of efficiency/effectiveness would be useful. These need not be part of the framework.

One participant questioned if these issues were within the remit of the Component 1 review. (The moderator explained that they are.)

There should be more consistency and clarity in the sequence of ISSAI 100 – 300 – 3000 (and possibly GUID 3910/20).

Topics that could be covered by relevant PA guidance include stakeholder engagement, inclusiveness, assurance, risk, professional judgement, balance in the audit process and report, communication and impact, technology, data analysis and "multi-sectorial" audits.

More guidance on "agile performance audits" would be useful, including what they are in practice and how to conduct them.

One SAI recently started doing "investigations", which are not PA in the pure sense but the SAI finds them a valuable part of its reporting portfolio. They are more descriptive in nature and do not use criteria. They also do "focus audits", which are carried out quickly (no more than 14 weeks from start to publication), present facts in context, and do not express any conclusions or recommendations.

There should be a clear distinction between ISSAI 300 and 3000 in order to provide full value. There should be no overlaps. It should notably be clear what is a requirement and what is supporting material.

Current PA rarely addresses real 3E issues; the focus is more on examining the prerequisites for achieving performance. The standards do not reflect this reality. Pronouncements could state more clearly how we connect our world to the 3Es. Clarity also is necessary to facilitate discussions on the subject with colleagues and stakeholders.

Standards should remain clear, free of unnecessary details and abstain from addressing

concrete practice. Details should be in handbooks, which also help new auditors to learn. A good example used by the SAI are IDI and ECA handbooks on performance auditing. Making good examples available is always useful, but they are hard to identify.

The current PA standards are useful not only to establish in-house practice, but also for stakeholders to understand what SAIs do. The definition of PA based around the 3Es is good. Referring to "investigations", work not based on using criteria should not be considered PA, and PA should not deviate from established practice.

The existing performance audit content in the IFPP is certainly useful. The question is if it is necessary to have performance audit standards on two levels within the IFPP, or if it would be better to have only one principles-based performance auditing pronouncement containing all the requirements. For instance, the IIA standards prove to be a very good example of a full set of principles-based auditing standards that are presented clearly and concisely in one pronouncement. This format would work well for INTOSAI's performance auditing standards.

From a purely theoretical stand-point, more is required to ensure credibility. This does not cast doubt on the competence of performance auditors, but stems from a firm belief that principles and standards are the core of the quality and credibility of our work. Where reports are often disputed, extreme compliance with the standards and extensive QA / QC become critical.

DO YOU FIND THE 3Es TOO RESTRICTIVE WHEN SCOPING PERFORMANCE AUDITS, OR DO THEY REPRESENT A SUFFICIENTLY FLEXIBLE GUIDE FOR ALL PERFORMANCE AUDIT WORK? SHOULD THERE BE OTHER "Es"?

The 3Es are not restrictive. On the contrary, they are very relevant.

In essence, the 3Es are good as they are, but the key question is how you define them. They may need to be adapted to new situations in the developing world.

The 3Es are the core, but can be restrictive when for instance auditing SDGs. Relevance is also a possible key criterion. We can go beyond problems, into outcomes.

The 3Es are comprehensive and we apply them in our work with no problem.

The 3Es are quite appropriate, but we need to see how we can apply them in various situations. For instance, in assessing public response to the crisis of the likes of COVID-19.

The 3Es are sufficiently flexible and do not restrict the SAI from conducting most PAs. In the future, INTOSAI should consider the importance of sustainability, ecology, and social issues. Sustainability could be another element to look at consistently as much as we look at legality of measures or actions.

Having more Es would not change anything – SAIs are not limited in what they can do in applying the 3Es.

One representative mentioned that their law includes "environment" as the fourth E.

Adding more Es could be even be dangerous as this would affect the current broad scope of the 3Es, and open the new ones to further interpretation.

The 3Es model has proven to be robust over the past years and work is well. It can be adapted to the work SAIs do.

Having more concepts in place can be confusing. Not even the three currently in place are always clear to SAIs.

The 3Es are comprehensive and there is no reason to change them. However, SAIs should consistently consider sustainability in their work as already now they consider legality. SAIs should look ahead and assess e.g. whether in ten years' time sustainability issues will become even more important, and therefore whether they would then need to be reflected more specifically in the framework.

When attempting to achieve a performance audit objective, it is helpful to determine if it is the efficiency, effectiveness, and/or economy that is being evaluated.

The potential magnitude of the risk posed by climate change and its potential financial impact (and existential impact in some cases) is now more widely recognized and understood. The environmental sustainability dimension is therefore also highly relevant when evaluating the performance of any entity. It is also likely to be become more relevant in the realm of financial auditing since financial reporting frameworks could require the recognition of balances and the disclosure of information related to climate change risks. Ethics and equity are also relevant and important dimensions to consider.

The community should be cautious about mixing 3Es with other categories, which are subject matters (e.g. the environment). The 3Es are part of an impact model, but the SAIs may not be well familiar with it. INTOSAI or SAIs should provide training for performance auditors to better understand the model.

HOW DO WE MEASURE EFFICIENCY, IF IT IS BASICALLY A MIXTURE OF THE OTHER Es? IS IT AND E?

Efficiency is a relative concept – SAIs can measure improvements over time or benchmark with more efficient organisations.

3Es are "perspectives" and not "measures". They are not absolutes as such.

ARE THERE TYPES OF WORK SAIs WOULD LIKE TO DO BUT CANNOT BECAUSE OF STANDARDS BEING TOO RESTRICTIVE?

Current pronouncements do not cover investigations and "focus" audits, which are not PA in the strict sense given the absence of criteria considered. The SAI considers these products useful and attempts to follow the standards to the extent possible, or in the spirit they represent.

Pronouncements could address forensic audit work and auditing auditee objectives.

Certain countries do other engagements such as investigations in the sense of identifying fraud. They usually follow CA standards.

DO REQUIREMENTS IN MANDATES AND NATIONAL LAW MATCH THE DEFINITION OF PA IN THE STANDARDS?

DOES THE PA DEFINITION CAUSE PROBLEMS FOR THE SAI TO MEET THE REQUIREMENTS IN THE MANDATE?

Five participants that spoke indicated that they do not have such problems.

One participant informed that they have the mandate to question policy matters and law, and make recommendations to change them.

One participant mentioned that stakeholder expectations are important, which in their case means focusing increasingly on outcomes and doing real time audits (COVID response). This is challenging for the SAI.

One participant stated that:

- The object of the evaluation is a public policy and not an organization, project or program. At the end of the process, the SAI can recommend changes to the legislation. This happens in half of relevant reports, mostly addressing coherence between legal acts or legislation that is rather old and does not reflect how society has evolved.

- Evaluation is different from PA. Evaluations examine more the impacts of the state's activity, considering also the role of private actors. They assess the social and qualitative aspects of a public policy, and tend to make more use of social science methodology to answer questions. Nonetheless, PA can also use such methods and other SAIs consider this PA.

- Evaluators have a lot to learn from auditors, but evaluators can also bring a valuable know how to auditors. What is important is the quality of the audit and that the questions and answers are addressed appropriately, regardless of whether these are called an evaluation or a PA.

- Differences are often given by different institutional set-ups of the SAI in each country.

- What is more important than labeling is quality: good questions, good methods, good answers.

- It is good to have two INTOSAI working bodies – on PA and evaluation. It allows for stimulating debates, standards and guidance, but importantly training possibilities.

All PA is evaluation and a systematic determination of performance, using criteria. There may be various approaches, but PA is about evaluation.

Performance auditors evaluate and use results of evaluation to make a conclusion.

One participant indicated that their mandate clearly distinguishes between the PA work done by the SAI and the evaluations that government is mandated to carry out on its activities and operations.

It would be useful if ISSAI 300 included the possibility to question legislation and allow proposals to change legislation through recommendations.

Evaluation is broad concept and there can be many types, whilst for PA there is a standard defining the audit type. PA is also evaluation, and then each SAI may decide to call its approach what it wants.

There is a gap that we find quite critical – the auditing of government's performance reporting. This is a critical element of work that sits outside the standards. In our case, investment in methodology in this area comes from benchmarking with one SAI and – unfortunately – nowhere else. Added to this is an expectation from citizens that this type of auditing (or performance auditing, or even evaluations) will give a credible view on the citizen's experience of government's initiatives. In our current set-up, we are exploring the world of social auditing (either cooperating with or doing it in own right) as a way of bridging

this gap. This would be an excellent area to address as part of emerging issues – something that the world of standard-setters or INTOSAI is not touching at all yet. Hopefully our work on component 1 will also flag the need to have something to say on emerging issues – perhaps following a maturity curve that starts with guidance outside the IFPP, Guidance in the IFFP and perhaps even later a few principles and/ or standards.

That there is no big difference between PA and evaluation. Such distinction probably is a matter of culture and legal mandate. There can be a separate regulation for evaluations, it may be stated specifically who can do them, how evaluations are financed; who chooses the topics for evaluations, how evaluators collect data; how they ensure quality; how evaluation results are recorded and whether they are publically reported; and how evaluations are used. However, both PA and evaluations are evaluating activities.

There is a historical difference between PA and evaluation, and one does not consider them to be always the same, although they can be. Both evaluators and performance auditors – through analysis – discover and communicate what they found. Both activities could learn from each other. If the SAI is mandated to do both, it is put at the risk to illustrate how these activities are different. In conclusion, SAIs should try to understand the difference and learn / apply the methods from evaluation.

IS THERE A NEED FOR FURTHER GUIDANCE ON EVALUATIONS IN IFPP?

There is no need for further guidance as there is already GUID 9020 in the framework.

There is no need for further guidance but perhaps PA guidance could further clarify and explain the relationship between the two.

There is no fundamental difference. SAIs can learn from each other, especially on how to apply in PAs methods used specifically in evaluation.

Differences lay in terminology and legal implications. This includes possibilities for one approach to propose sanctions, and not for another. Which may be reason for a SAI to call some of its work one or another, as is more suitable.

Empathy could be used as a fourth "E". SAIs should be open and understand circumstances in which institutions operate. Respect is key.

ANNEX 3

SURVEY ON THE IFPP: RESULTS

COMPONENT ONE OF THE SDP
2020–2022

INTRODUCTION

1   This report provides an analysis of the PSC secretariat's survey on the IFPP, the aim of which was to identify how SAIs use the framework and to what extent it meets their needs.

2   The survey was part of the wider review of the IFPP (known as 'Component 1' of the Strategic Development Plan 2020 – 2022), which looked at the clarity of concepts and drafting and presentation of the IFPP in order to provide ideas for its future development. This extensive survey served as an opportunity to extend the outreach of the review, and in particular to obtain feedback from users not involved in the standard-setting process.

3   The survey was addressed to SAIs with full or affiliate member status of INTOSAI, which at time represented 196 recipients. As the survey dealt with technical issues, we suggested that the survey be completed by individuals with responsibility for audit methodology. SAIs had the option of providing multiple sets of responses for cases where its individual services might differ in its views on methodological issues. Regional INTO-

SAI bodies supported the survey by encouraging their members to participate.

4 We received 125 replies – 117 from INTOSAI members (60 % of INTOSAI membership) and eight from other SAIs, subnational and territorial audit bodies that are typically members of the INTOSAI's regional bodies (e.g. CAROSAI). Three SAIs provided two sets of replies. This represents a solid basis for understanding the concerns of the INTOSAI community.

Table 1 – Number of respondents

	Responses received	Percentage of responses
	125	n/a
INTOSAI	117	60%
EUROSAI	42	82 %
ASOSAI	27	57 %
AFROSAI	29	54 %
ARABOSAI	10	45 %
OLACEFS	19	39 %
PASAI	10	37 %
CAROSAI	5	22 %
Non–INTOSAI responses	8	

5 The results of this survey are only part of the input obtained during the review. They will be considered together with views and feedback collected through the corresponding desk research, the online discussion sessions and workshops, and the IDI's stock taking exercise of 2020.

THE WORK SAIs DO

6 A vast majority of respondents audit financial statements, and carry out performance and compliance audits, either as standalone objectives or in combination. The most significant non-audit engagements are

reviews/investigations and opinions (around 40 % for both engagement types). A quarter of respondents carry out judicial functions, and a fifth do evaluations. The other types of work done include various types of analyses, examinations, certification work, standard setting, exchequer functions, or – for instance – cooperation with law-enforcement bodies.

Major categories of SAI work   125 respondents
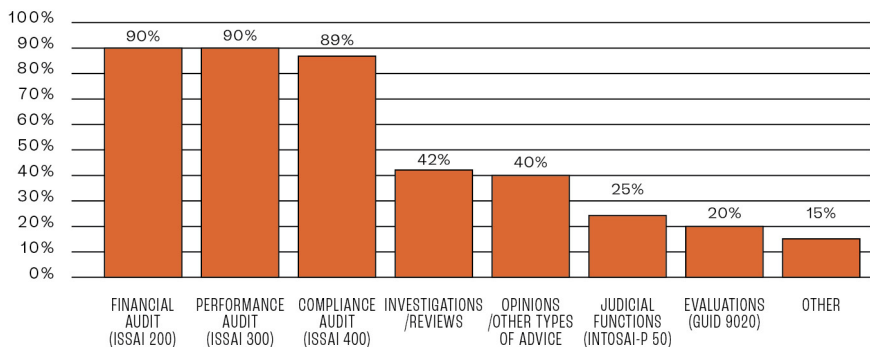
It is quite usual to have a reference to ISSAI-defined audit types in the SAI's mandate. Explicit references are more typical for financial and performance audit, and slightly less so for compliance audit.

7

Reference to ISSAI–defined audit types in a SAI's mandate   125 respondents
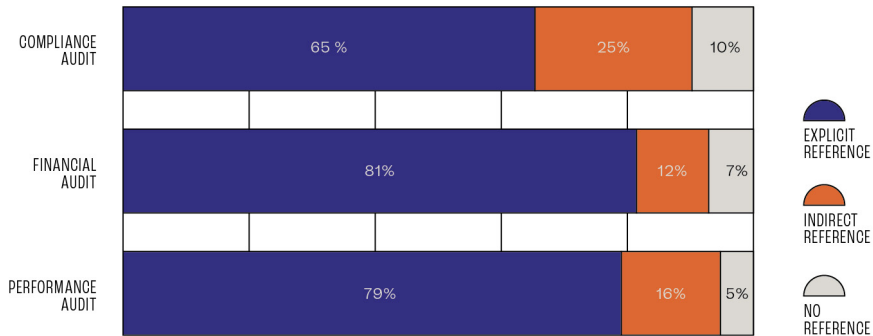
A majority of SAIs organise their departments by subject matter (53 %), and 40 % of SAIs have separate departments dedicated to the different audit types. Some SAIs indicated having a hybrid or other type of arrangement, such as a matrix structure or a performance audit department combined with a number of subject matter departments for other audit work.

How departments are organised   124 respondents

THE PURPOSE OF THE IFPP

9
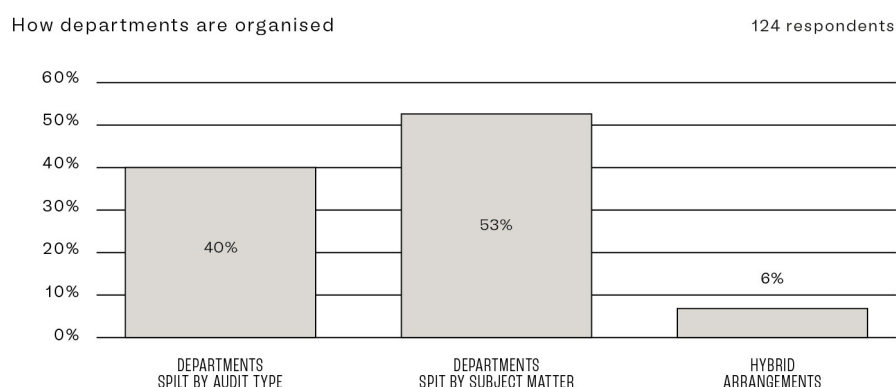
A vast majority of respondents agreed that the promoting the quality of audit work, underpinning credibility, demonstrating adherence to a professional approach and harmonising SAI practices were very important purposes of the IFPP.

Agreement with the purposes of the IFPP   125 respondents
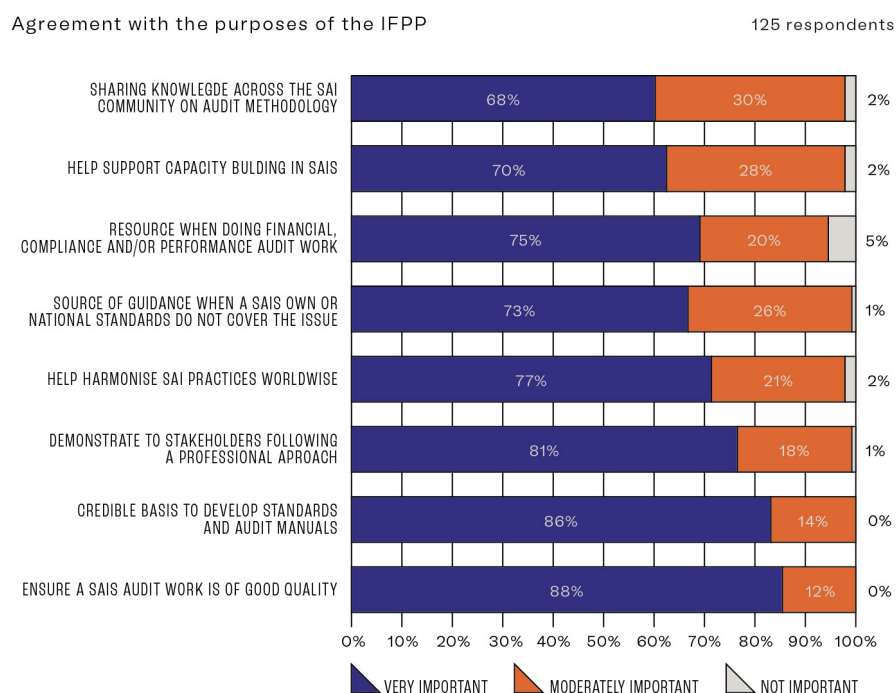
10   Respondents also listed other distinct purposes as set out below:

- Enhancing transparency of the audit process.

- A guide to transitioning from system- to risk-based audit.

- Strengthening the generation of public value for the users of our reports.

- Helping to develop public sector auditing as a distinct profession.

- A common language and concepts across the world.

- Helping to establish transparency for auditors and stakeholders, thereby increasing the credibility of public audit.

- Metrics to compare work done by different SAIs

- Helping other standard-setters to understand public sector audit.

- Helping to develop training materials.

- Helping to benchmark practices with other SAIs.

- Helping to measure the compliance with professional due care requirements

- A criterion to assess SAIs' performance and audit guidance they develop.

- Contributing to the efficiency of building and maintaining a quality management system.

11   Respondents were asked to rank the importance of the IFPP to six pre-defined user categories. As expected, the most important were the auditors, followed by methodology departments and SAI leadership. Compared to these categories, the auditees, legislator and the public were considered less important users.

Importance of the IFPP to user categories   123 respondents

Category	Value
AUDITORS	28%
METHODOLOGY DEPARTMENTS	26%
SAI LEADERSHIP	22%
AUDITEES	10%
THE LEGISLATOR	9%
GENERAL PUBLIC	5%
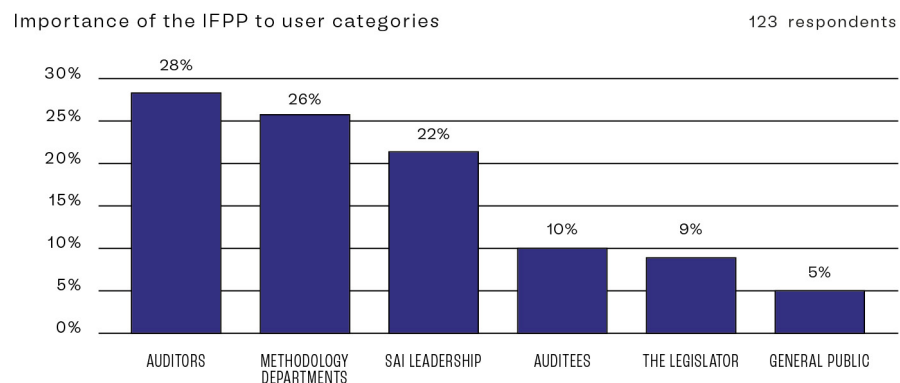
ISSUES USERS WISH TO SEE COVERED IN THE IFPP

12   Further to feedback obtained before the survey, we asked respondents to indicate their interest to cover additional engagement types in the IFPP. Almost half of the respondents (47 % out of 124 responding SAIs) considered that the IFPP should also cover non-audit engagements they are required, or choose, to do. This typically concerns review work (sometimes called investigations) and evaluations.

13   Those who do not consider it necessary to expand the framework further fear that the IFPP would become too voluminous (65 %) if additional material were produced, or that the framework should only focus on audit as the SAIs' core business (45 %).

14   Some respondents consider that SAIs can provide support for other engagements without covering them explicitly, perhaps through universal principles. For example, some respondents indicated that the process-based principles set out in the ISSAIs – such as effective planning, getting evidence or clear reporting – can be applied to other work by analogy.

Reasons against covering other engagement types   62 respondents

Response	Percentage
THE FRAMEWORK WOULD BECOME TOO VOLUMINOUS	65%
THE IFPP SHOULD ONLY COVER PUBLIC AUDIT RELATED TOPICS	45%
SAIS CAN ACHIEVE QUALITY WITHOUT IT BEING COVERED BY THE IFPP	27%
OTHER	13%
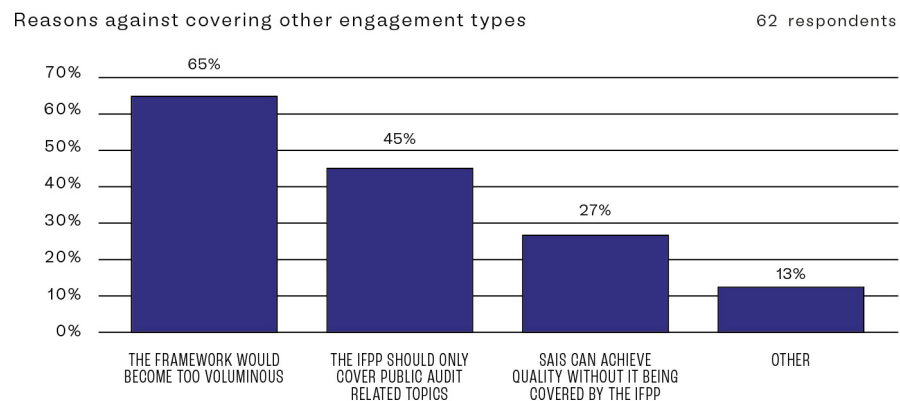
15   For audit work, SAIs seek more clarity or material on undertaking horizontal (wide-scope) audits, ex-ante and real time audits or undertaking judicial functions. They seek guidance on process issues such as providing assurance on non-financial information and, conversely, for non-assurance work in financial and compliance auditing. SAIs also seek more clarity in respect of combining audit objectives in a single engagement (see paragraphs 47-59).

**16**   SAIs also seek more guidance on subject matter issues. Those mentioned multiple times included audits of information technologies and systems/cybersecurity, the environment, emergency and disaster-related issues, forensic and fraud-related audits.

THE ISSAIs RESPONDENTS APPLY

17 Respondents were asked to indicate what standards they apply for their audit work and other professional engagements. Most indicated that they apply the ISSAIs as their authoritative standards (44 %), followed by those who apply national (24 %) or standards developed by themselves (17 %), that are based on, or otherwise consistent with ISSAI 100 and the relevant auditing principles of ISSAI 200, 300 and 400.

Which ISSAI standards the SAI applies   124 respondents
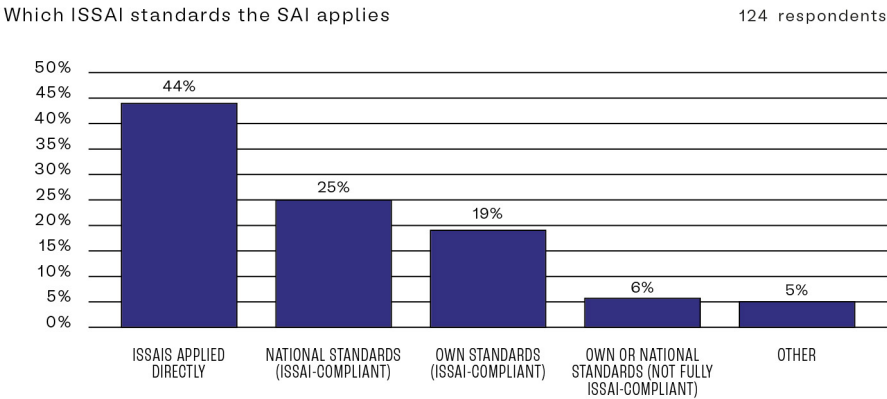
18 SAIs applying standards not entirely consistent with the ISSAIs stated that this was mainly because they were obliged to follow national legal requirements, or the ISSAIs did not satisfy their needs (for instance because the framework contains inconsistencies, overlaps and gaps, making them difficult to apply).

19 Most SAIs establish their compliance with ISSAI requirements through quality assurance or other evaluative work (79 %) of respondents. This includes the SAI PMF process (47 %), the iCATs (19 %) or ICBF self-assessments. External peer reviews (44 %) or reviews carried out by other reviewers are also frequent (OECD, World Bank, national regulator, AFROSAI-E or ISO certification). One SAI indicated that they have not carried out any relevant assessment.

THE MEANING OF HAVING A PRINCIPLES–BASED FRAMEWORK

20   The current strategy for INTOSAI standard setting sets the ambition for the IFPP to be principles-based, similar to many other professional accounting and auditing standards. The understanding of the term can vary. Most respondents considered that the standards should set out requirements what SAIs should achieve, but it should be left to the judgement of the SAI to decide how to achieve this. There is also the view that requirements should be sufficiently general for them to be applied in any area or subject matter.

Understanding the term "principles–based" framework   125 respondents
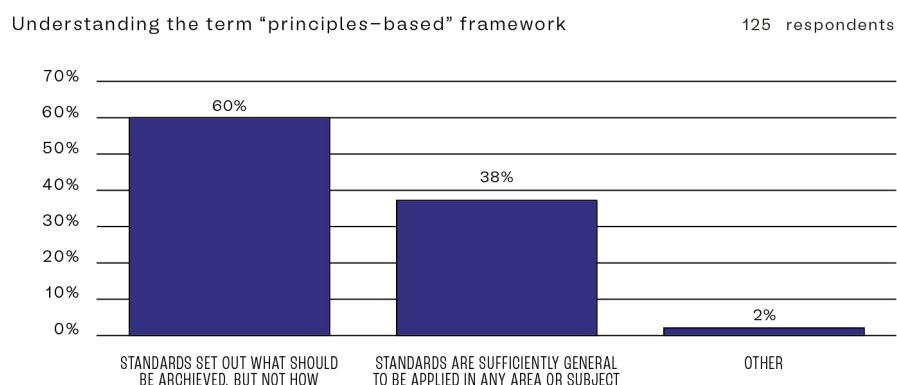
21   SAIs also shared additional comments on the IFPP being a principles-based framework, summarised as follows:

- Standards setting out what should be achieved as well as being general enough to be applied in any area or subject are not a contradiction. Both are possible.

- Requirements setting out what should be achieved - but not how - would give SAIs the flexibility to apply them to the different jurisdictions and environments in which they operate. This would facilitate the achieving of

a common goal. It would also allow them to apply different methods they developed that best suit their circumstances.

- It is not the role of the INTOSAI to be the driving force in deciding how audit should be done, but to help SAIs implement their mandate.

- The framework would have to indicate clearly, which of its elements are binding or elective. Guidance should be of sufficient length to ensure clarity of text, rather than limited for the sake of it. It should include examples, good practice and courses of action to help understand SAIs how they can comply.

- The requirements (principles) stated in the ISSAIs of the hundred series ensure inclusivity for those not being in position to apply ISSAIs of the thousand series.

- Applying the principles-based approach should not result in pronouncements being vague and unclear, because the "how" is important too. Insufficient information can mislead even experienced or senior auditors.

- Guidance should be "rules-based" if standards are "principles-based". Requirements should be detailed.

PRESENTING ISSAI PRINCIPLES AND STANDARDS AS INDEPENDENT SETS OF DOCUMENTS

22 ISSAI 100 sets out the fundamental principles of public auditing. ISSAIs 200, 300 and 400 cover the principles of financial, performance and compliance auditing separately, but must always be read in conjunction with ISSAI 100 to provide the full set of principles. ISSAIs 200, 300 and 400 are therefore not standalone documents.

Most respondents (67 % of 123 responding SAIs) prefer that ISSAI 100 be presented separately from the other audit-type ISSAI principles.

Importance of presenting audit type
fundamental principles separately from ISSAI 100
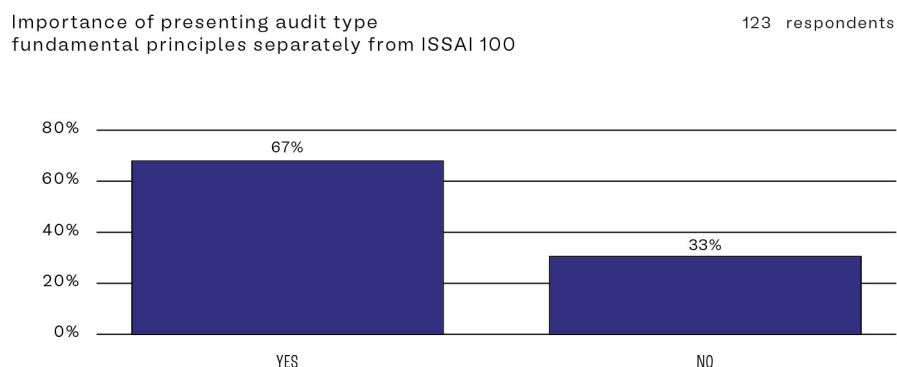
123 respondents

23

A third of respondents do not consider it important to keep this material separate in the current form. Half of these respondents consider that clarity would be improved if the framework presented the ISSAI principles once only, and this material was supplemented by dedicated well-highlighted sections covering specifics of the different audit types. The other half of respondents consider that all common issues should be covered in ISSAI 100 only, and that only the specific audit-type differences could be covered by ISSAIs 200, 300, 400. The responses show that through its content, ISSAI 100 is seen an anchor document of the IFPP.

24

Most respondents (72 % of 124 respondents) considered that all audit-type material (ISSAI 200 and 2000; ISSAI 300 and 3000; ISSAI 400 and 4000) could be presented in one place, which would allow for removal of duplication. The condition would be to ensure that such transposition would make it clear which set of the merged requirements own or national standards should meet to be able to state

ISSAI compliance. Approximately a third of the respondents prefer to maintain the current approach.

Advantages of merging all "audit type" material in one place to remove duplication

124 respondents

72%	28%
THIS COULD BE USEFUL, BUT STILL MAKE IT CLEAR WHICH REQUIREMENTS NATIONAL OR OWN STANDARDS SHOULD MEET	WE PREFER THE CURRENT ARRANGEMENT
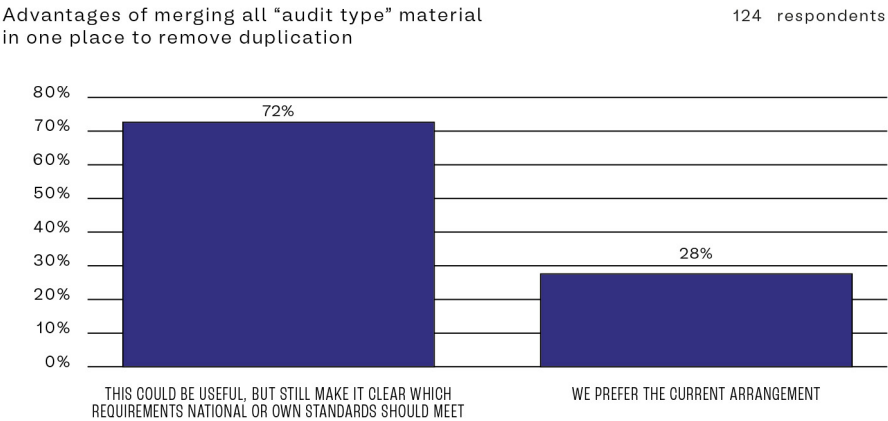
AVAILABILITY OF ISSAIs

25

The ISSAIs are available in the language of the user, or a language in which the user can work, in 92 % of cases. A further analysis shows that 38 % of users have ISSAIs available in their language, 10 % in one of the applicable national languages, and 44 % in a language in which the user can work.

Availability of IFPP on issai.org in user's language

124 respondents

38%	10%	44%	8%
AVAILABLE IN OUR LANGUAGE	AVAILABLE IN AT LEAST ONE NATIONAL LANGUAGE	AVAILABLE IN A LANGUAGE WITH WHICH WE CAN WORK	NOT AVAILABLE IN A LANGUAGE WITH WICH WE CAN WORK
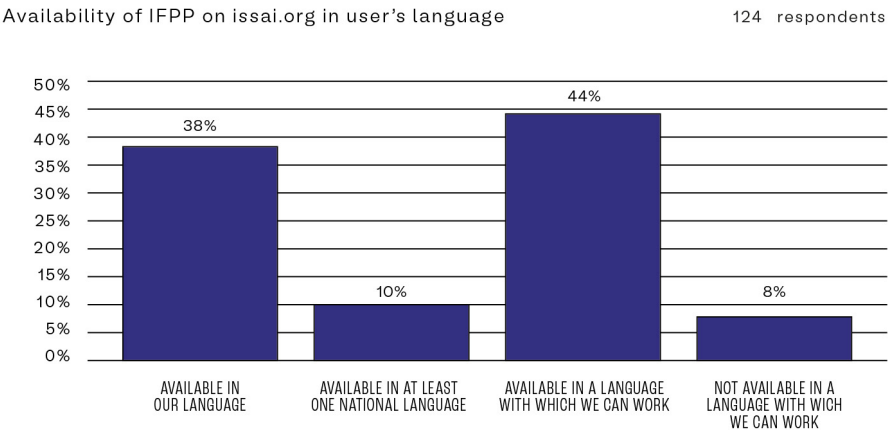
26

Most SAIs access IFPP content directly from the IFPP website (issai.org), with a small proportion of those who access them either from a national site or their own intranet. Some SAIs combine the approach. For instance, one SAI indicated

that they translate the ISAs to their own
language, but not the entire IFPP.

How does your SAI access IFPP content?   125 respondents

```
90%
80%          83%
70%
60%
50%
40%
30%
20%                              13%
10%                                              4%
 0%
        IFPP WEBSITE        NATIONAL OR SAI-SPECIFIC WEBSITE    OTHER
        (ISSAI.ORG)              OR INTRANET
```
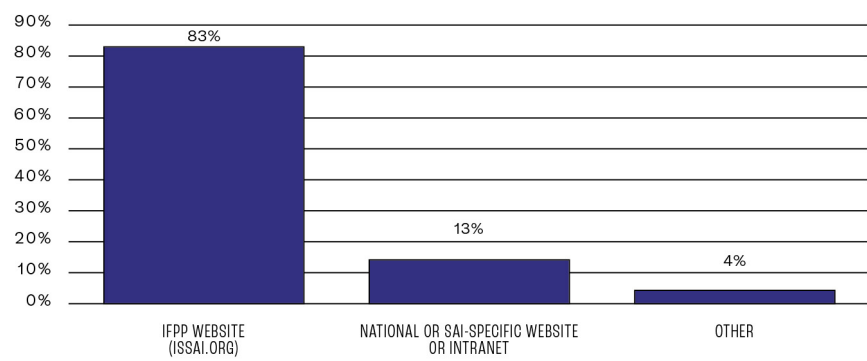
27 The main reason for SAIs accessing the IFPP
from a national site or making it available on their
intranet was that the content is available in their
own (non-IFPP) language, or have incorporated
the ISSAIs into their methodology, so there was
no need to access the IFPP separately.

Availability of IFPP on issai.org in user's language   16 respondents

```
        63%
70%
60%
50%
40%
30%
20%                  19%
10%                                   6%              13%
 0%
   IFPP MATERIAL AVAILABLE  REQUIREMENTS INTEGRATED  DOCUMENTS MORE    OTHER
     IN OUR LANGUAGE         INTO OUR METHODOLOGY  ACCESSIBLE COMPARED
                                                      TO ISSAI.ORG
```
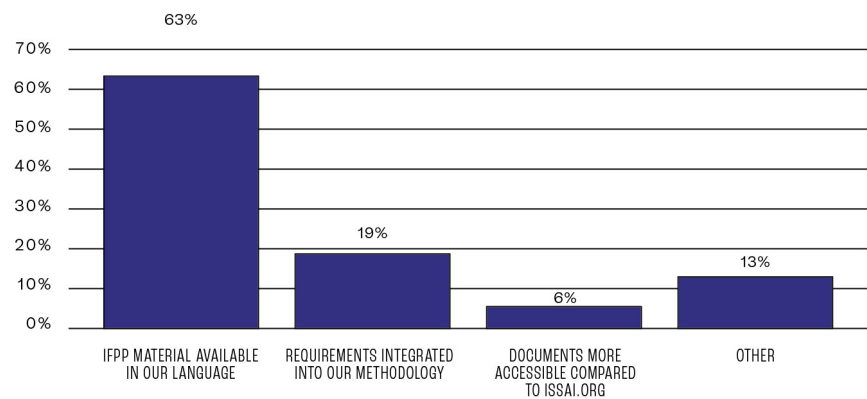
USING STANDARDS FOR THE AUDIT OF FINANCIAL STATEMENTS

28 Public sector accounting standards in the countries of the responding SAIs are mostly either prepared directly in accordance with international public sector accounting standards (23 %), or national standards that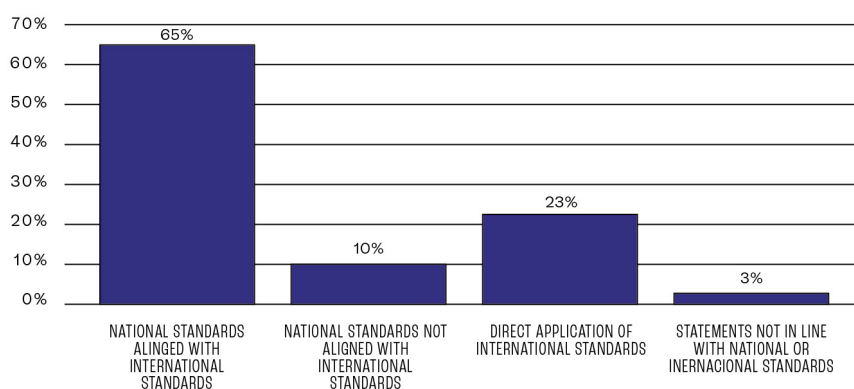 are aligned with them (65 %)[1]. A small number of accounting standards is not fully based on or compatible with international standards (12 %)[2].

Accounting standards used to prepare financial statements   111 respondents

29 When auditing financial statements, most respondents stated applying international auditing standards directly (57 %) or national standards that are consistent with the international ones (42 %). Details on whether they apply the ISSAIs or the ISAs are in the chart.

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1 IPSAS/IPSAS Cash Basis as the dominant norm (75 %), followed by IFRS/IAS (35 %), in some cases both sets of standards are used. CEMAC Directive on Public Accounting. Specific mentions of national standards include the U.S. Accounting Standards/GAAP, Malaysian PSAS, Brasilian PSAS, Danish PSAS and UK PSAS.
2 One example of a framework close to IFRS given – SYSCOHADA (Système comptable pour l'harmonisation en Afrique du Droit des Affairs

Standards used to audit financial statements   104 respondents
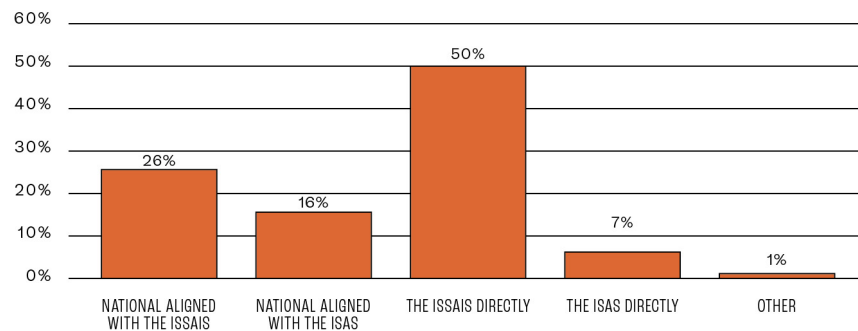
SAIs applying the ISSAIs (either directly or indirectly) identified a number of opportunities to improve the framework. These can be summarised as follows:

30

- Some public sector material should be elevated to ISSAIs, not be kept as guidance and practice notes referring to the ISAs *(no specific details given).*

- More detailed guidance relevant to the public sector needed. The current practice notes still focus too much on the approach applicable to the private sector.

- Focus the ISSAIs on reviewing draft budgets, budget execution, income and expenses, expenses of government policies, and auditing small and less complex entities.

- Ensure consistency between implemented recommendations in audit report and audit opinion (ref. ISSAI 700).

- INTOSAI to make IAASB more aware of the needs of the public sector.

Some respondents still refer to the previous ISSAI framework and not the current IFPP. Suggestions respondents made to improve the previous framework are not included in this analysis.

31   Most respondents (84 %) consider it important that the IFPP continues to give each applicable ISA an ISSAI number.

32   Most SAIs that responded to the survey disclose in their reports that the audit has been performed in accordance with the ISSAIs or the ISAs (77 %). The remaining SAIs either refer to national standards only or do not disclose this information at all, even if may have a general reference on their website.

Disclosing in reports reference to international standards   110 respondents

Category	Percentage
ISSAIS	45%
ISAS	11%
BOTH ISSAIS AND ISAS	21%
OTHER	23%
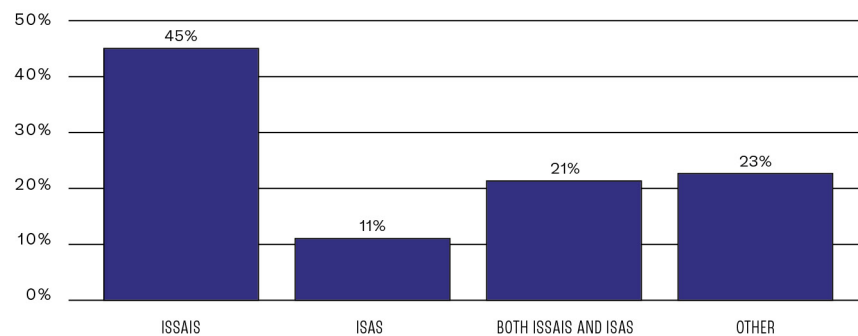
COMPLIANCE AUDITING

33   Most respondents indicated that that combining compliance audit with other audit types is common practice (75%), in various combinations, as seen in the chart below. One quarter of respondents do not combine compliance auditing with other audit types.

How compliance audit is done   110 respondents

Category	Percentage
AS INDIVIDUAL ENGAGEMENTS	25%
INDIVIDUAL AND WITH FA	3%
INDIVIDUAL AND WITH PA	3%
INDIVIDUAL AND WITH FA AND PA	15%
WITH FA ONLY	17%
WITH PA ONLY	2%
WITH FA AND PA ONLY	36%
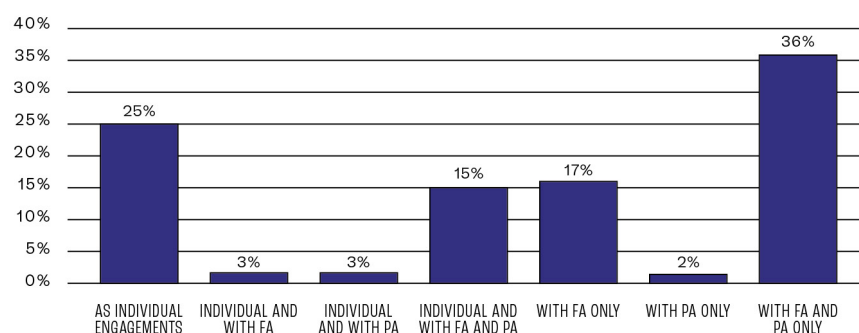
34

The ISSAIs define that compliance auditing may be concerned with regularity (adherence to formal criteria such as relevant laws, regulations or agreements) or with propriety (observance of the general principles governing sound financial management and the conduct of public officials). Most SAIs (65 %) address both elements, and the remainder (35 %) address regularity only. No SAI stated that they only apply the propriety element of compliance auditing.

Elements of compliance audit SAIs address

110 respondents

0%

35%

65%

◢ REGULARITY AND PROPRIETY

◢ REGULARITY ONLY

◿ PROPRIETY ONLY
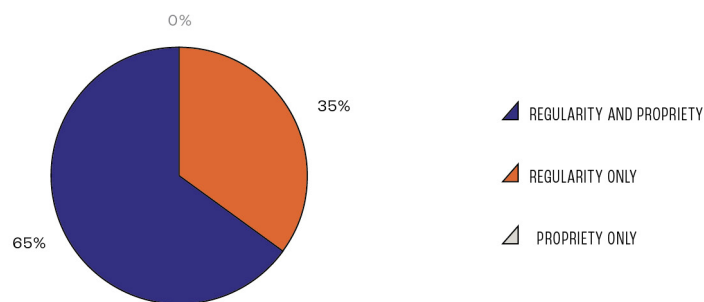
35

The element of propriety – defined by ISSAI 400:13 as observance of the general principles governing sound financial management – can by covered within compliance or performance audit. The views on this issue are diverse. Approximately a third consider it to be compliance audit of propriety, a third a performance audit issue, and a third considers that this depends on circumstances.

Audit of sound financial management seen as part of which audit type

106 respondents

28%

38%

27%

◢ COMPLIANCE AUDIT OF PROPRIETY

◢ PERFORMANCE AUDIT

◿ EITHER, DEPENDING ON CIRCUMSTANCES
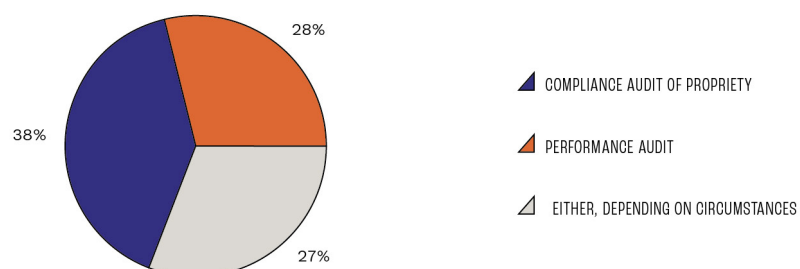
36   Some SAIs explained the considerations taken in deciding whether they would follow performance or compliance audit standards:

- In the vast majority of cases, this depends on the overall objective of the audit and the related criteria.

- Some stated that they do not have to deal with this issue as they would pursue compliance and performance objectives anyway.

- Some SAIs stated that this also depends on the discretion of the auditor general or specific nature of request to carry out an audit from national authorities (without giving further details).

- Specific examples given can be summarised as follows: if the issue contained elements of irregularity (if there are requirements set out in the legal framework), then they would follow compliance auditing standards. In the other cases (such as if affecting performance), they would follow performance auditing standards.

37   Most SAIs refer to the ISSAIs in their published reports when carrying out compliance audit work (60 %), or refer to them on their website or in another prominent place (26 %). The rest do not refer to the ISSAIs in any way, even if the work was conducted in accordance with the ISSAIs.

38   Finally, SAIs put forward a wide variety of views on compliance auditing standards, as seen in the extracts below:

- *"There is no need for a separate set of compliance audit standards, as the requirements can be incorporated into standards for financial and performance audit."*

- *"Compliance audit standards are broad (unspecific) compared to those on financial auditing."*

- *"There is space to elaborate on auditing compliance with public policy objectives."*

- *"Compliance audit standards have been developed to express and opinion or conclusion, but this rarely seems to be the case. Auditors often do not provide assurance, but report on findings."*

- *"There is no information on identifying threshold when audit procedures for legality are performed within the scope of financial audit (ISA 250) or performance audit."*

- *"It is not clear if in a performance audit certain legality audit procedures must be performed, if this falls under the scope of performance audit or compliance audit."*

- *"It should be clearer how to communicate to the stakeholder that compliance audit was done in combination with performance or financial audit."*

- *"There are too many unnecessary differences between ISSAI 300/400 and 3000/4000, which makes it difficult to apply them together and to identify the true differences between the concepts for direct engagements."*

- *"There are too many similarities between compliance and financial audit procedures."*

- *"The definition of compliance auditing does not represent the experience and knowledge of SAIs operating in different jurisdictions. Many such audits are performed for much more comprehensive purposes, which cannot be covered by a methodology focused on giving a final opinion, as is the current state."*

- *"We should merge compliance and performance audit standards into one for a universal direct engagement audit."*

- *"The ISSAI principles and standards for compliance auditing can be merged into one document."*

- *"More details for combinations of CA with PA in the ISSAIs."*

- *"The coverage of propriety issues in IFPP should be broader."*

- *"It would be useful to conduct a mapping exercise on compliance audit practice worldwide to clarify its status in the IFPP."*

- *"Compliance is present in all audit work, so in not unique to legality. Assessing compliance is more a technique than an audit type."*

PERFORMANCE AUDITING

39   Most respondents (79 %) considered that the concept of economy, efficiency and effectiveness ('3Es') is a sufficiently broad and relevant guide for all performance audit work their SAI does.

40   The other respondents (21 %) do not consider this to be the case. Some consider that the balance between the three elements is unequal.

While the principle of economy only refers to cost, the principles of effectiveness and efficiency are much more complex and could even be divided into further distinct principles.

41 The examples of additional elements the respondents thought should be considered in addition to the current 3Es (or as sub-elements thereof) included sustainability (sometimes called "environmental awareness"), ethics, and equity/equality. A specific example given in this context was that a policy should not be considered effective if it contributes to inequality.

42 Some respondents also suggested including respect to coherence, relevance, basing findings on evidence, transparency and compliance.

43 Respondents were requested to specify their approach to undertaking evaluations, and their perception of the work in relation to performance auditing. Most responding SAIs do evaluations as part of performance audit work (43 %). The other SAIs are either required (10 %) or choose (9 %) to undertake evaluations as a separate discipline.

Undertaking evaluations as a separate discipline   110   respondents
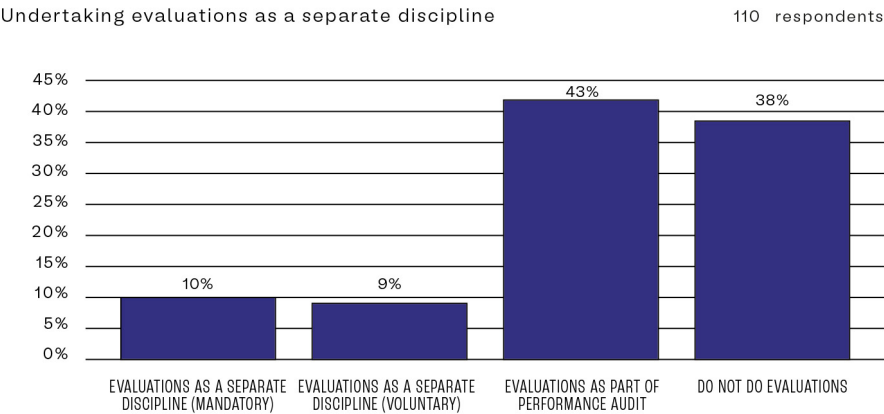
44 SAIs undertaking evaluations as a separate discipline indicated that they mostly used GUID 9020 on the evaluation of standard policies (45 %), followed by a third (33 %) who use ISSAIs on performance auditing. A small number of SAIs (14 %) apply own professional norms and approaches.

45 Most SAIs refer to the ISSAIs in their published reports when carrying out performance audit work (59 %), or refer to them on their website or another prominent place (22 %). The rest do not refer to the ISSAIs in any way, even if the work was conducted in accordance with the ISSAIs.

46 SAIs applying the ISSAIs identified a number of issues and suggestion they wished to put forward. These can be summarised as follows:

- Performance and compliance audit essential follow the same methodology, even though the standards are different.

- While performance audit appears to be more open to obtaining evidence from interviews and direct observations, in reality this is not the case as such evidence is not often seen as solid enough. This desire for solid evidence can cause auditors to address the problem in their report neither as precisely nor as broadly as they wish. This reliance on solid evidence brings performance audit closer to compliance and financial auditing.

- Performance audit should cover the implementation of public policies, SDGs, and focus on the impact of audit recommendations. It should also widen coverage of (strategic) planning and address ex-ante and real time auditing.

- More guidance on the practical implementation of the 3Es could be useful.

- Performance audit principles and standards should be merged into one.

- It should be made clear that SAIs do not need to conclude on each of the elements in a particular audit.

- The ISSAIs should recognise that PA and CA are often done together, making it clearer how to apply both or distinguish between audit types, and how to report on them.

- The ISSAIs should recognise that some PA work is done on an annual basis

COMBINING MULTIPLE AUDIT OBJECTIVES IN ONE ENGAGEMENT *'COMBINED AUDITS'*

47   Addressing two or three audit objectives (compliance, performance and financial-based) in one engagement is common practice and therefore more the mainstream than an exception. Almost half of the responding SAIs do so often (47 %) and one third (35 %) sometimes. The 18% of remaining respondents stated that they cover the different audit types in dedicated separate engagements only.

48   SAIs not pursuing multiple audit objectives in one engagement indicated a variety of reasons for not doing so. The main reasons typically are no such demand from stakeholders or civil society, that the SAI is not organised to carry out such audit work, lack of relevant mandate, and that it does not find it appropriate to do so. The chart shows the distribution of reasons stated.

Reasons for not combining audit types in one engagement   21 respondents
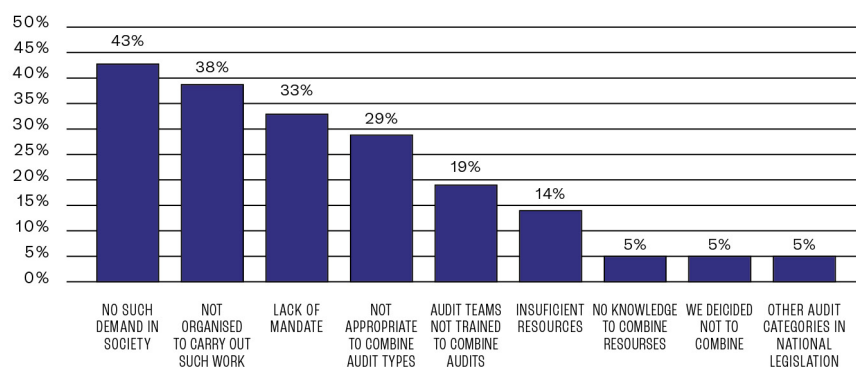
SAIs typically combine the audit of compliance the audit of financial statements (66 %) or performance (53 %). The chart below provides further details on the approaches.

49

Types of audit objectives combined in one engagement   99 respondents
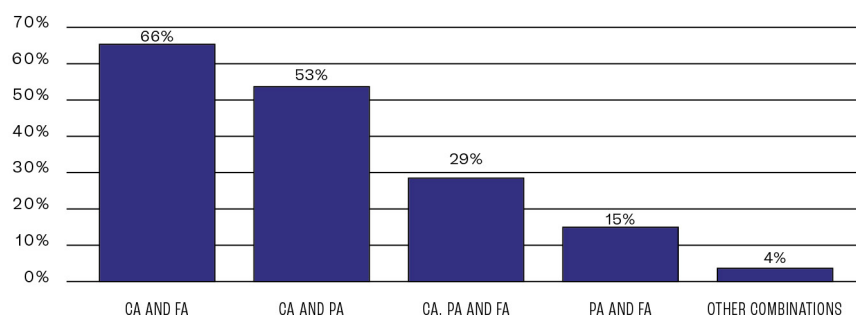
50

The other combinations referred to included additional tasks not covered by the ISSAI-defined audit tasks (such as Parliament's achievement of goals or proposals that Parliament considers new legislation) or using a different naming convention for audit types than those specified in the ISSAIs.

51

It is also general practice when pursuing multiple audit objectives in one engagement

that teams prepare one planning document (91 %), issue one report for the engagement (91 %), and have one audit team working on the engagement (90 %). In more than half the cases the team selects one sample to cover the different issues (57 %).

General practice when undertaking combined audits   99 respondents

WE USE ONE SAMPLE TO COVER THE DIFFERENT ISSUES: 57% | 29% | 14%
WE HAVE ONE TEAM WORKING ON THE ENGAGEMENT: 90% | 6% | 4%
WE ISSUE ONE REPORT FOR THE ENGAGEMENT: 91% | 7% | 2%
WE PREPARE ONE PLANNING DOCUMENT FOR THE ENGAGEMENT: 91% | 7% | 2%

YES   NO   NOT APPLICABLE

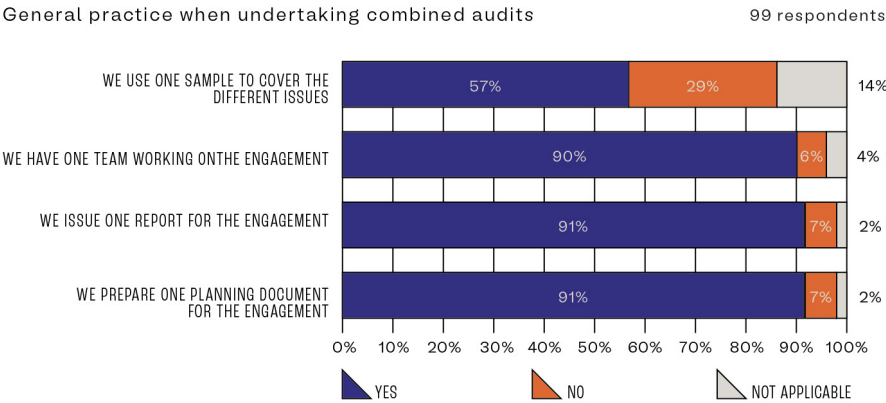**52** In the above context, some SAIs provided specific details, many of which concerned country-specific practice and legal requirements. Respondents also stated that when pursuing multiple objectives, they must consider the situation on a case-by-case basis, as there is no "one size fits all approach". This includes considerations in deciding on various approaches to sampling or selecting the appropriate team.

53 Most respondents stated that they encounter no challenges in deciding which ISSAI to use for cases of combining audit types in one engagement (80 %). The remainder stated that they encounter some problems.

54 Some of the 20 SAIs that that indicated having some problems in applying the standards did not give further explanation, do not apply the ISSAIs, or misunderstood the question. Some referred to problems in applying individual standards, but not when combining them.

55   Among the specific issues mentioned in this context were:

- not knowing which standard to choose, assuming also that the standards are somehow exclusive, and therefore must be followed even if not applicable in a certain circumstance;

- confusion about reporting, and particularly how to include a incorporate an opinion on compliance in a financial audit opinion;

- difficulties and much time needed to understand and apply all the standards relating to the standards covering the audit types concerned;

- applying the standards for one audit type to another type, when just one set of standards is selected (as the IFPP itself recommends);

One SAI suggested producing a separate set of pronouncements to cover and clarify the individual combinations of scenarios.

56   All in all, the feedback did not identify SAIs having technical issues with combining the audit of different types of objective in the same task.

57   The problem seems to be that SAIs mostly did not know which standards to apply to be able to declare compliance. It appears that the pronouncements are not written clearly enough to provide the necessary certainty and support, and might be seen as a constraint instead.
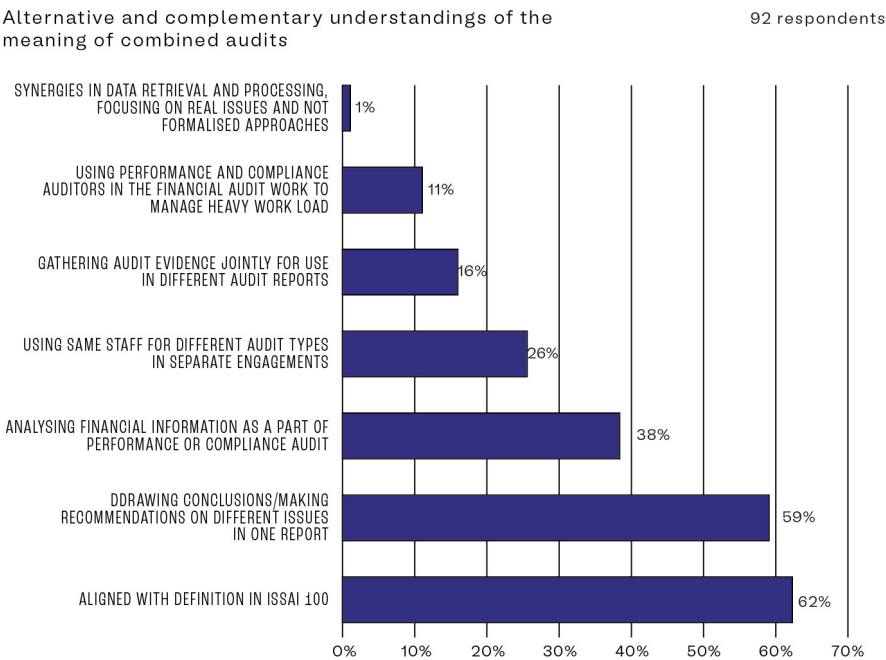
58   As was the case of comments stated in replying to audit-type-specific questions, some SAIs stated unnecessary differences in the way

principles and requirements are formulated. One SAI stated "*the ISSAIs fail to distinguish between different types of engagements, circumstances and reporting obligations....and shape how we actually work*". Some also thought that it was difficult and costly for auditors to apply the ISSAIs together as a coherent set. To some it made no sense to choose an ISSAI and apply this to audit types it is not aimed at.

59   On the basis that SAIs might have a different understanding of the meaning of the term 'combined audits', these differences were explored by the survey. While most SAIs stated that their understanding was aligned with the definition in ISSAI 100, they also stated other definitions as stated in the chart below.

Alternative and complementary understandings of the meaning of combined audits — 92 respondents

Category	Percentage
SYNERGIES IN DATA RETRIEVAL AND PROCESSING, FOCUSING ON REAL ISSUES AND NOT FORMALISED APPROACHES	1%
USING PERFORMANCE AND COMPLIANCE AUDITORS IN THE FINANCIAL AUDIT WORK TO MANAGE HEAVY WORK LOAD	11%
GATHERING AUDIT EVIDENCE JOINTLY FOR USE IN DIFFERENT AUDIT REPORTS	16%
USING SAME STAFF FOR DIFFERENT AUDIT TYPES IN SEPARATE ENGAGEMENTS	26%
ANALYSING FINANCIAL INFORMATION AS A PART OF PERFORMANCE OR COMPLIANCE AUDIT	38%
DDRAWING CONCLUSIONS/MAKING RECOMMENDATIONS ON DIFFERENT ISSUES IN ONE REPORT	59%
ALIGNED WITH DEFINITION IN ISSAI 100	62%

IFPP GUIDANCE

60 Most respondents indicated that IFPP guidance (GUIDs) is used, and quoted by, both their methodology departments and audit staff (83 %). The detail and distribution of responses is available in the chart.

Estimated frequency of using/quoting from IFPP guidance   123 respondents

	FREQUENTLY	SOMETIMES	RARELY	NEVER	I HAVE INSUFFICIENT INFORMATION
AUDITORS	28%	28%	26%	9%	8%
METHODOLOGY DEPARTMENTS	36%	32%	15%	7%	10%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

FREQUENTLY   SOMETIMES   RARELY   NEVER   I HAVE INSUFFICIENT INFORMATION
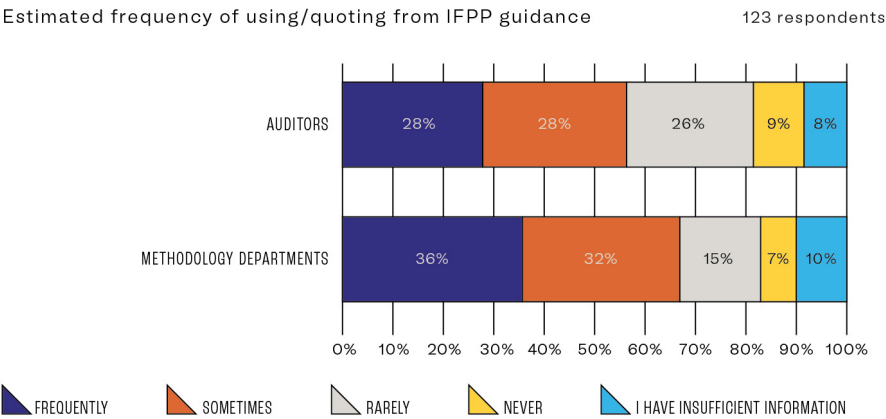
61 Most SAIs consider that all IFPP guidance should be elective (77 %), and that it should be left up to the user to decide if it should be followed.

62 The remaining respondents (23 %) consider that some guidance is of a nature that should be considered mandatory. This typically applies to explanatory material and process-based information or definitions, rather than to specific GUIDs. Responses to this question also revealed that some respondents have a difficulty in distinguishing between the ISSAIs and GUIDs. One SAI stated that all material specific to a certain subject matter should be compulsory.
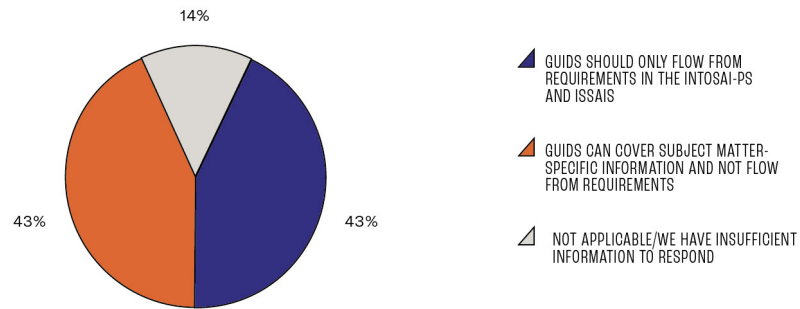
63 Most of the respondents who see space for having mandatory guidance (79 %) consider that it should be given a different name to distinguish it from elective guidance.

64   SAIs are not united in respect of whether guidance in the form of GUIDs should only flow from INTOSAI-Ps and ISSAIs, or if GUIDs can stand alone, as seen in the chart below.

View on status of GUIDs in relation to INTOSAI Ps and ISSAIs   123 respondents

14%

43%   43%

◢ GUIDS SHOULD ONLY FLOW FROM REQUIREMENTS IN THE INTOSAI-PS AND ISSAIS

◢ GUIDS CAN COVER SUBJECT MATTER-SPECIFIC INFORMATION AND NOT FLOW FROM REQUIREMENTS

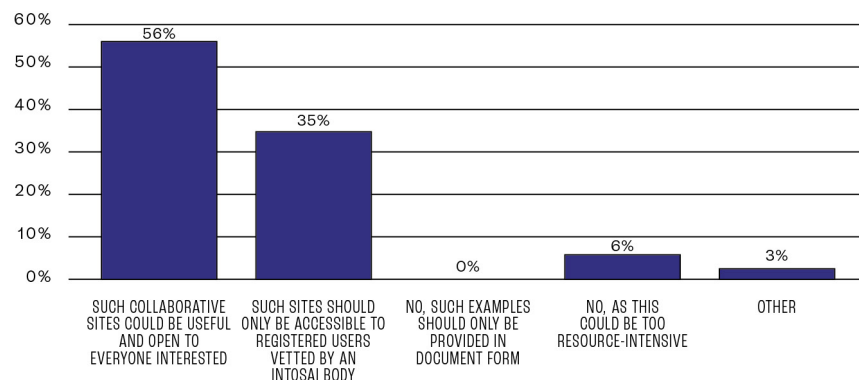◢ NOT APPLICABLE/WE HAVE INSUFFICIENT INFORMATION TO RESPOND

65   Most respondents would appreciate improved referencing from the ISSAIs and INTOSAI-Ps to the guidance that supports their implementation (84 %), in the form of links.

66   Finally, a vast majority of respondents (91 %) are in favour of establishing collaborative sites to support knowledge sharing, by posting material and stimulating discussion on topics of professional interest without the need to meet in person. The specificities of their responses are in the chart below.

Views on using collaborative sites for knowledge sharing   122 respondents

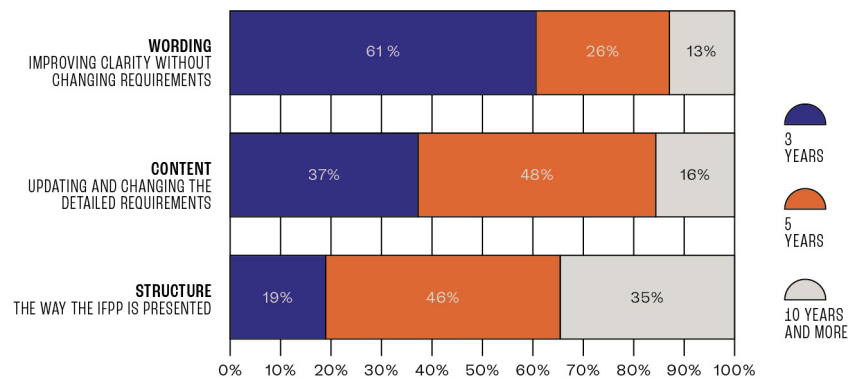|				
56%	35%	0%	6%	3%
SUCH COLLABORATIVE SITES COULD BE USEFUL AND OPEN TO EVERYONE INTERESTED	SUCH SITES SHOULD ONLY BE ACCESSIBLE TO REGISTERED USERS VETTED BY AN INTOSAI BODY	NO, SUCH EXAMPLES SHOULD ONLY BE PROVIDED IN DOCUMENT FORM	NO, AS THIS COULD BE TOO RESOURCE-INTENSIVE	OTHER

67

Respondents mentioning other options mentioned that the work of working groups combined with the due process is sufficient, or that collaborative sites would be ineffective. Supporters of the collaborative approach mentioned a need to use relevant disclaimers that posts and discussion do not challenge the authority of the pronouncements, and that external experts could have access to closed discussion groups.

REVIEW PERIOD FOR IFPP

68

Finally, respondents were asked to indicate a preference for standard periods for reviewing the IFPP. Most are in favour of changing all elements within a period of at least five years. Ranging from 87 % when improving clarity, to 65 % for the way the IFPP is presented.

Optimal standard period for reviewing and changing the IFPP in respect of: 122 respondents

	3 YEARS	5 YEARS	10 YEARS AND MORE
WORDING IMPROVING CLARITY WITHOUT CHANGING REQUIREMENTS	61 %	26%	13%
CONTENT UPDATING AND CHANGING THE DETAILED REQUIREMENTS	37%	48%	16%
STRUCTURE THE WAY THE IFPP IS PRESENTED	19%	46%	35%

ANNEX 4

SUMMARY OF WORKSHOPS ORGANIZED ON THE REVIEW OF THE INTOSAI FRAMEWORK OF PROFESSIONAL PRONOUNCEMENTS

COMPONENT 1

INTRODUCTION

The INTOSAI Professional Standards Committee (PSC) undertook the analysis of the INTOSAI Framework of Professional Pronouncements (IFPP) to better define, scope and plan its future development.

The aim of the project was to look at the clarity of concepts and drafting and presentation of the framework. The review neither questions the formal requirements nor makes proposals for factual changes to the substance of those requirements and therefore the way audits are done.

The project has been divided into the following phases: 1. Desk review 2. Online discussions on specific issues 3. Survey to identify the needs of the INTOSAI community 4. Analysis of the survey and workshops to discuss the preliminary findings.

In the phase 4, the main preliminary findings were transformed into discussion themes. The PSC

Secretariat then organized 14 online workshops with over 200 participants from 55 countries. This summary outlines the discussions.

The workshops were:

Regional organizations: AFROSAI-CAROSAI, OLACEFS, EUROSAI, ARABOSAI, PASAI-ASOSAI

PSC Subcommittees: Subcommittee chairs, FAAS, ICS, CAS, PAS

Other: ISLO, IDI and General Secretariat, GCC, External Partners.

The input from the workshop must be seen in conjunction with the results from the survey, the desk research and the other consultations. The workshop is only one part of the Component 1 analysis.

1 – SETTING THE BAR AT THE ADEQUATE LEVEL FOR REQUIREMENTS

The discussions were based on the following discussion points:

The IFPP sets the general basic requirements for government auditing – high level of compliance (in theory) shows that the bar is at common practice level.

SAIs have different maturity levels. Most SAIs state compliance with the standards, although not with all aspects set out by the IFPP. It is

important to consider the needs and smaller capacity in terms of resources of SAIs in working in challenging contexts.

Some main points that came up in the workshops:

1. INTOSAI should aim for a **principles-based framework** that adds value to SAIs' work. We should deliver a strategy to increase an understanding of the value and usefulness of the IFPP.
It is not clear to the users of the IFPP what it means to be ISSAI compliant. This should be defined. It is also unclear if the audits or the SAI should be ISSAI compliant.

2. **It has not been defined whether the bar is too high, too low, or at acceptable level.** The relatively high number of SAIs applying the ISSAIs suggests that the current level of requirements is acceptable. Requirements of public audit standards should not be lower than those applicable to the private sector.

   Although we should avoid calibrating the requirements too high, most SAIs consider that the framework should encourage SAIs to undertake high quality audits resulting in high quality output. In any case, raising the bar should be a steady process accompanied by capacity building activities to avoid creating more gaps.

3. Regarding **SAIs different maturity levels** it is crucial to build the capacity of SAIs in challenging conditions to be able to implement the standards. Some SAIs suggested that if would be useful to introduce the option to implement the standards in incremental steps.It

was mentioned that the GUIDs are very important in operationalizing the set INTOSAI Auditing Standards to enhance the level of compliance.

4.   There is a need to define the **scope of the framework and its objectives**. Currently, there is no clear distinction between standards and guidance. INTOSAI needs to ensure that definitions and application material are understandable. It was suggested to establish logical pathways for carrying out the different types of audits, individually or within one audit engagement.

5.   Regarding **monitoring**, SAIs need to know where they are in relation to the standards and compare with others for example by comparing with SAIs in the same region. Peer reviews could give a neutral point of view of where you are. INTOSAI needs tools to measure and follow progress towards ISSAI implementation

6.   **Capacity building** is essential to the use of the standards. We should consider a platform for sharing experience, knowledge, and challenges among SAIs within INTOSAI community on the practical application of the Auditing Standards. Many SAIs have challenges and could benefit from peer assistance to find practical solutions. Collaboration of INTOSAI Capacity building with the standard setting should be strengthened.

2 – IMPROVING USER EXPERIENCE WHEN ACCESSING AND APPLYING THE STANDARDS

The discussions were based on the following discussion points:

In practice, most audits combine different audit objectives in a single audit engagement. The current presentation hampers the understanding of which requirements to apply, because they are presented in separate documents. This is complicated further through unnecessary repetition and by presenting the same requirements/concepts with different wording, and because of the difficulty in searching within documents.

These challenges can be addressed by a flexible approach to presenting the material. Auditors and SAIs are now more familiar with technological solutions than before the COVID pandemic. Technological advancements allow digitalisation and web-based solutions to increase flexibility, searchability and user-friendly access and application.

A solution could be by presenting the framework to allow auditors to identify with greater confidence which requirements to apply for the engagement concerned. While looking for a new presentation of the material, we still need to safeguard the integrity of the IFPP and respect the specificities of the individual audit types. This solution should also still allow downloading material from the platform.

SOME MAIN POINTS THAT CAME UP IN THE WORKSHOPS:

1. While most SAIs indeed **combine different audit objectives** in a single audit engagement, some still conduct pure FA, CA and PA, so should be able to access standards separately. Most SAIs do not have problems with the combinations (so

there seems to be no need for a specific ISSAI to combine audits), but rather with the ambiguity of how requirements are phrased. However, some useful guidance addressing these issues already exists – such as AFROSAI-E guidance on the combination of FA and CA in one audit task. Some of the questions raised in the discussion were linked to lack of clarity for preparing a single report when combining audit objectives or whether it was truly necessary to issue separate opinions on the financial and compliance element of the issues covered.

2. Regarding the **quality of the material,** translations are a challenge, especially to Arabic. The text should be easy and quick to understand for each audit type, and should have clear requirements. However, they should not be defined separately for each audit process.

3. Regarding the **quantity of the material**, the problem is that there is too much material with too much repetition and auditors are not able to find all relevant requirements. You can find the information you need, but it takes a lot of time as the documents are in PDF.

4. Presenting the audit standards in **"Wikipedia" format** could be useful as well as videos explaining the standards and their importance. A mobile app should be considered. The referencing system should be significantly improved to improve access to material. Good practice was found in UN, ECA, IFAC and IAASB websites. We should implement a tool to cross-check within the IFPP and include an efficient search engine.

5. **Auditors should not be required to to look at 2 or 3 different places to find information on one issue**. In this context, SAIs referred to material repeated between ISSAIs of the hundred and thousand series. Digitalization should help to tackle the overlaps.

6. Even though downloading the **PDF documents** is not the most user-friendly way to present the framework, an offline solution is still needed for SAIs with challenges in accessing the internet . Hyperlinks should be considered for interconnectivity between the documents. It is also important to ensure access to older versions to know which standards were in place at a particular time.

3 – PROVIDING RELEVANT AND UP–TO–DATE GUIDANCE

The discussions were based on the following discussion points:

Currently there is no clear vision for the scope and overall purpose of the IFPP: the framework came into being after most of the documents that compose it. In practice, there is no definition of a GUID, and it appears that if some material was not deemed fit to be labeled as an INTOSAI-P or ISSAI, it was simply labeled as a GUID.

The development period for GUIDs (following due process) is lengthy and the process is complex. Some documents are clearly outdated, while others cannot be adopted in time to react to current developments. This is because audit practice around many subject-matter topics can evolve quickly and the collective built body of knowledge (experience) regarding them grows even faster. To facilitate

the process of providing useful timely guidance, it could be placed outside the IFPP to allow for a streamlined approval process that would still guarantee the necessary level of quality.

Finally, it is unclear if "mandatory" guidance is actually guidance or a rather requirement.

SOME MAIN POINTS THAT CAME UP IN THE WORKSHOPS:

1. There is a clear demand for a **strategy and overall purpose of the IFPP**, including definition of its scope - what should be in it. We need to define what is a standard, what is guideance, and between the different types of guidance – GUIDs, manuals, handbooks. We need to find a balance between relevance and abundance of documents.

2. A clear message from the workshops is that **GUIDs should not be mandatory**. Their position in the hierarchy of IFPP must clarified. They are seen as material supporting the standards, but not standing at the same level. This notably applies to subject matter guidance, which can be seen as standalone material.

3. Another issue is the **development process for the GUIDs.** There should be some process in place to ensure quality but it might be a different from the due process necessary for the INTOSAI-Ps and the ISSAIs. This is because the GUIDs are expected to be delivered or updated in time. In any case, drafting conventions for GUIDs is need.

4. Regarding the **access to the GUIDs**, a digital solution for finding them easier is recommended. Sometimes it is hard to know which GUID to consult for a specific topic and under subject matter topics a lot of guidance is already available. A collaborative tool would help knowledge sharing.

IFPP