

INTOSAI Professional Standards Committee

Terms of reference

**Adopted by the PSC Steering Committee at its 23rd meeting in
Luxembourg, September 2023**



Professional Standards Committee – Terms of Reference

1. Purpose, mandate and structure

Purpose and mandate

INTOSAI supports the effective functioning of SAIs in the public interest by providing, maintaining, and advocating for internationally recognised professional principles, standards and guidance that promote the quality, excellence, credibility, independence, and relevance of public sector audits.

The Professional Standards Committee (PSC) is the body established by INTOSAI for supporting its activities in this area. It is one of the four INTOSAI goal committees. PSC's work is guided by the strategic objectives for Goal 1 of INTOSAI's strategic plan.

The strategic objectives for the PSC are to:

- Continue developing the INTOSAI Framework of Professional Pronouncements (IFPP) as principles-based, and ensure a dynamic and flexible provision of guidance and other supporting materials.
- Assure the consistency, professionalism, quality and relevance of the IFPP, and regularly update the IFPP technical content in response to developments in the audit profession and user feedback.
- Draft and present IFPP material clearly, while leveraging technology to ensure it is accessible in a way that is meaningful to users.
- Advocate for, support and monitor the implementation of the IFPP by SAIs, in order to gain feedback on its relevance and use, and to identify opportunities for improvement.

Structure

The PSC consists of the following:

- the PSC Steering Committee
- the PSC Chair

- the PSC Vice-Chair
- the Compliance Audit Subcommittee (CAS)
- the Financial Audit and Accounting Subcommittee (FAAS)
- the Internal Control Subcommittee (ICS)
- the Performance Audit Subcommittee (PAS)
- the Technical Support Function (TSF)
- ad hoc working bodies created as necessary to undertake specific activities or projects.

The PSC Chair informs INTOSAI's General Secretariat about the membership of the PSC. This is based on information provided to the Chair by the subcommittee Chairs. In addition, an updated list of PSC members and subcommittees members is posted on the PSC website.

The PSC strives for a membership base which, as a whole, reflects the diverse nature of INTOSAI and its members.

The PSC-SC specifically seeks to integrate in its work feedback from the Regional Organisations about ISSAI implementation issues, and encourages the active participation of all Regional Organisations in the PSC Steering Committee's debates and discussions.

2. Roles and responsibilities

PSC Steering Committee (PSC-SC)

In addition to the general steering committee responsibilities outlined in the *Handbook for INTOSAI Committees*, the PSC Steering Committee has the following specific responsibilities:

- approves the strategic development plan for standard setting (the 'SDP');
- leads INTOSAI's collaboration with other international standard-setters
- decides on any issues in relation to the procedures contained in due process for INTOSAI's framework of professional pronouncements and their effective application;
- makes proposals to the Governing Board (along with the chairs of the CBC and the KSC) on any changes to due process;
- gives guidance and input to FIPP's work;
- approves changes to FIPP's Terms of Reference;
- ensures the FIPP's correct application of the procedures of due process;
- ensures the FIPP's correct application of its Terms of Reference, and Working Procedures (*Annex I gives further details relating to FIPP's annual report to the PSC-SC*);

PSC Chair

The responsibilities of the PSC Chair in its capacity as Goal Chair are outlined in the *Handbook for INTOSAI Committees* and in *due process*.

Joint responsibilities with the other Goal Chairs

The PSC seeks to work closely with the other Goal Chairs to meet INTOSAI's objectives for standard-setting, capacity development and knowledge sharing, and to contribute to the successful development of the IFPP.

The Goal Chairs share responsibility for the proper functioning of the FIPP and for certain matters related to the management of the FIPP according to due process. The FIPP chair takes part in the collaboration on matters relating to FIPP, with the exception of issues relating to the FIPP chair's own role and person. The PSC Chair leads any collaboration between the Goal Chairs on any such matters.

Subcommittees

The subcommittees are standing PSC bodies responsible for the development of new standards and the revision of existing ones, in accordance with the *Handbook for INTOSAI Committees* and due process, and after taking appropriate account of the PSC's "Working Together" document (See Annex II).

The subcommittees act as centres of expertise in matters relating to the setting and application of standards in their respective areas of responsibility and collaborate with the Knowledge Sharing Committee and the Capacity Building Committee and other relevant INTOSAI bodies on audit related matters. The subcommittees also provide technical expertise in the main types of audit (financial, performance and compliance) and on internal control to other INTOSAI working bodies charged with undertaking SDP projects.

Each subcommittee Chair:

- Is responsible for the work of their subcommittee in accordance with the Terms of Reference approved by the PSC Steering Committee;
- Reports to the PSC Steering Committee in terms of agreed progress indicators, and may be asked to report to the INTOSAI Governing Board or Congress;
- Conducts its work in accordance with the *Handbook for INTOSAI Committees*, due process, and other INTOSAI rules and procedures;
- Informs the PSC- and INTOSAI membership and stakeholders about its progress, through formal reports, contributions to the PSC website, or otherwise as requested by the PSC leadership.

Temporary, or ad-hoc, structures

The PSC Steering Committee may also decide to establish temporary, or ad-hoc, structures to develop a project in the approved SDP. These structures will function during a defined period or until an agreed outcome has been reached. Its roles and responsibilities may be set out in specific terms of reference or other format as necessary and appropriate.

When their mission is completed the temporary, or ad-hoc, structure is dissolved. Some structures may, after agreement with the PSC leadership, remain in place with limited resources in order to ensure continued tracking or support of specific issues.

In the case that the Chair of a temporary, or ad-hoc, structure does not, or cannot, or is not able to fulfil its responsibilities, the PSC Chair will designate a temporary Chair until a permanent solution can be found.

3. Composition of the PSC Steering Committee

The PSC Steering Committee is the PSC's main decision-making body.

Members: PSC Chair and Vice-Chair, CAS, FAAS, PAS and ICS Chairs, CBC Chair and Vice-Chair, KSC Chair and Vice-Chair, PFAC Chair and Vice-Chair. The SAIs hosting the FIPP Chair and Vice Chair. One representative from AFROSAI, ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEFS and PASAI. The PSC Chair may allow additional representatives from the regions engaged in particular work streams or reflecting different SAI models where they contribute to the work of the Steering Committee.

Observers: the INTOSAI Chair, the First Vice-Chair of INTOSAI, the INTOSAI Secretary-General, Chair and Vice-Chair of the FIPP, a representative of IDI, a representative of the INTOSAI Journal, and the PSC advisory partners (the International Federation of Accountants (IFAC), the Institute of Internal Auditors (IIA) and the World Bank).

Other observers: Other observers may be admitted to the PSC Steering Committee for defined periods. A reasoned request should be made to the PSC Chair, who will forward the application along with a recommendation to the PSC-SC for decision.

4. Stakeholders

INTOSAI stakeholders

The PSC cooperates closely with the INTOSAI General Secretariat, the Supervisory Committee on Emerging Issues (SCEI), the INTOSAI Development Initiative (IDI), and other INTOSAI bodies. This cooperation reflects the PSC's need to collaborate with all INTOSAI bodies and initiatives in order to contribute to the achievement of Goal 1 strategic objectives, and to receive feedback about ISSAI implementation issues.

External stakeholders

The PSC encourages the support of advisory partners and consultative bodies in order to exchange experience with external stakeholders and receive their feedback on, and inputs to, standard setting.

The current PSC-SC advisory partners are the International Federation of Accountants (IFAC), the Institute of Internal Auditors (IIA) and the World Bank. Specific functions may be agreed between them and the PSC Chair, and set out in memoranda of understanding when necessary.

Consultative bodies are external stakeholders that can be asked to participate in the activities of PSC by providing comments on, and input to, individual standard-setting and other types of project.

5. Reporting

Chairs of working bodies report to the PSC Steering Committee at the PSC Annual Meeting, and to the PSC leadership as requested on the progress of the task(s) under their control. They may be asked to report directly to the Governing Board and Congress to present specific results or products, such as standards or guidance to be included in the INTOSAI Framework for Professional Pronouncements.

The PSC reports to the Governing Board on the implementation of Goal 1.

6. Written Procedure

Where the issue at hand is of sufficient urgency such that it cannot wait to the next Steering Committee meeting, the PSC Steering Committee members or the PSC Secretariat may decide to use a written procedure to adopt decisions.

- i. The written text of the proposed decision, along with any supporting material, shall be sent to all the members of the Steering Committee, stating the time allowed for communicating any objection or modification to the proposed decision. The time allowed for objection or comments may not be less than ten working days. If, by the time stated, no member of the Steering Committee has lodged a written objection or modification with the PSC Chair, the proposal shall be deemed to have been adopted.
- ii. If an amendment is lodged, the modified text shall be resubmitted to all the members of the Steering Committee following the procedure in paragraph 6(i) above.
- iii. If an objection is lodged, the proposal that was the subject of the written procedure shall be entered on the agenda of a forthcoming PSC Steering Committee meeting.
- iv. At the end of the procedure, the documents adopted in this manner shall be recorded in the minutes of the next PSC Steering Committee meeting.

7. Meetings

The PSC Steering Committee meets at least once annually. The whole committee will also meet in connection with the INTOSAI Congress (INCOSAI) every three years. All SAIs may attend the full meetings of the PSC during congresses as observers.

Any decisions made by the PSC Steering Committee, during meetings or through written procedure, will as far as possible be by consensus. When consensus is not reached, the issues will be decided by a simple majority of votes. The PSC Steering Committee's observers may not vote.

The PSC Chair, in coordination with the SAI that hosted the meeting, is responsible for drafting the respective minutes.

The working language of the PSC is English.

8. Coverage of costs

All costs resulting from the participation of SAIs in the PSC, including attending meetings, are borne by the SAIs themselves. Direct meeting expenses are the responsibility of the SAI that hosts the meeting.

The PSC will use any contributions from INTOSAI (item 12 of the INTOSAI Statutes), as well as any voluntary contributions received according to the budget approved by the PSC Steering Committee.

ANNEX I

Specific considerations in relation to the FIPP's annual report to the PSC-SC

The FIPP Chair shall report to the PSC-SC annually, at least 30 days prior to the meeting. The PSC-SC prescribes the content of this report, which will normally include the following elements:

- the main results of FIPP's activities that took place in the period since the last report was made to the PSC-SC;
- any specific problems in the implementation of any project that might have an impact upon the quality or timeliness of the project's outputs;
- any proposal to update or amend the strategic development plan, along with explanations;
- any proposal to amend the classification principles to define exemptions from specific requirements of the due process for other categories of pronouncements;
- any proposal to change FIPP's terms of reference;
- any significant change in working procedures;
- any general personnel matters that need to be brought to the attention of the PSC-SC (for example, where a lack of expertise limits FIPP's ability to carry out its functions properly);
- any issues in the application and procedures of due process;
- the need for the establishment of any supplementary due process procedures needed to make the due process work well in practice; and
- an account, by financial year, of the use made of any INTOSAI funds made available and of any balances held of such funds.

ANNEX II

Working together effectively within the PSC to achieve success in cross-cutting SDP projects (August 2021)

Introduction

We are increasingly being required to work on complex standard-setting projects. A number of them cover multiple professional and technical disciplines, meaning they require expertise from one or more of INTOSAI's specialised working bodies. It is therefore essential for the technical robustness and quality of such projects that the PSC, its subcommittees, and other working groups (collectively 'working bodies'), cooperate effectively.

This requires us to address issues and opportunities together, to share resources and responsibilities, and to jointly plan, implement and evaluate standard setting projects to achieve our common goals.

The aim of this document is to:

- identify the main project types, and the type of cooperation necessary;
- clarify the responsibilities and processes for the different cooperation types.

These guidelines have been developed and agreed between the PSC secretariat and the chairs of its subcommittees (FAAS, CAS, PAS and ICS).

Different project types and the cooperation needed

Standard-setting projects need to be technically rigorous and robust. INTOSAI organises its technical resources into sub-committees and other working groups, in order to provide specialised expertise. This includes audit-type expertise (e.g. PAS, CAS, FAAS), specific professional issue expertise (e.g. ICS), and audit subject matter expertise (e.g. WGITA).

Standard-setting projects can cover a multitude of subjects. Some are very focused on specific issues, whereas others cover a wider range of issues. This means that some projects can be undertaken by a specific working body working alone, while those that involve cross-cutting issues will require the input from one or more of the working bodies from within the PSC, or from the CBC and/or KSC.

Depending on the nature and subject matter of the project, the required participation of working bodies can be one of three different ways:

- completely focused on a specialist topic covered by the mandate of the lead working body ('sole project');
- concerns material that comes under the responsibility of one or more working body, in addition to that taking the lead ('collaboration project');
- requires consultation with other working bodies as part of the quality process ('consultation project')

These are explained in more detail below.

The roles of the project lead and contributing working bodies

Any standard setting project will typically have a lead working body identified in the SDP or appointed by a goal chair.

The nature, time, and timing for specialised input from other working bodies contributing to the project should be assessed as part of the research and preliminary assessment at the time of the project conception.

Before the project proposal is presented to the FIPP, there should be clear understanding and agreement of the project's scope and content as well as of the nature and level of the contribution required. All the working bodies involved have to agree on the technical content of the proposal, as well as the responsibilities of each participant in the development process. This is essential to ensure that the roles and deliverables are clear, and the developed material is sufficiently robust.

The selection and role of the project lead in 'collaboration' and 'consultation' projects is explained in more detail below.

For some projects the lead will be identified by the SDP, based on a reasoned assessment and appropriate consultation. For other projects the respective goal chair will initially identify the most appropriate project lead, and negotiate the acceptance of this role by the proposed project lead prior to the submission of the project proposal for approval.

Overall, the project lead is responsible for:

- managing the project, including preparing the different project stages and timing in accordance with the approved project proposal;
- coordinating the input to ensure the draft pronouncement is complete, clear and technically robust, and that all points of view have been taken into account;
- liaising with the PSC secretariat and the FIPP during the development of the project; and
- bringing issues of disagreement – duly documented – to the attention of the PSC secretariat for resolution.

Differences of opinion can sometimes arise during a development process. The project lead must identify, address and document them in a structured way, to help ensure the timely and effective achievement of the project objectives. It is important to consider and resolve all disagreements in the development of projects, since they may represent views in the wider SAI community.

The project lead should use the most appropriate method to clear any differences of opinion. Such methods may include negotiating and resolving the difference of opinion with the parties that have different opinions, involving the Technical Support Function (TSF) in the process, seeking feedback from stakeholders during the exposure process on the issue involved, and/or requesting from the respective goal chair an independent evaluation of any unresolved

difference of opinion. By following a professional approach to addressing differences of opinion, it is expected that the majority can be resolved without the need for intervention by the goal chair.

The contributing working bodies are responsible for:

- assisting the project lead in developing the content and structure of the project proposal and pronouncement;
- providing specialised input;
- guaranteeing the level of commitment agreed in the project planning phase, regardless whether this takes the form of 'collaboration' or 'consultation';
- voicing concern if their input, or the input of other consulted or collaborating bodies, is not reflected appropriately.

Sole project: for subject matter entirely under the responsibility of the lead working body

This situation arises when the subject matter of the draft pronouncement is either completely, or very closely, aligned to the responsibility of the lead working body, and which has no relation with other audit types or issues. This would typically be the scenario for material related to a specific audit type, such as the ISSAI 2000 on financial audit.

For a sole project the project group would normally be comprised of members of the lead working body.

Under a sole project, the project lead works directly with the FIPP, and the PSC secretariat follows the development of the project, being informed of major developments in the project or emerging concerns and making submissions according to due process.

In the case of sole projects, the responsibility for the detailed content of the final product lies with the project lead.

Collaboration project: for subject matter that concerns the application of pronouncements developed by working bodies other than that taking the lead

This situation arises when the subject matter of the draft pronouncement concerns the application of requirements, or other pronouncement material, that comes under the responsibility of more than one INTOSAI working body.

The respective goal chair takes the lead in collaboration projects until the elaboration of the project proposal. They ensure the up-coming proposal is need-based, feasible and technically sound. At the stage of the elaboration of the project proposal, a project group is established.

The project group shall be comprised of members of a lead project group, as well as representatives of the working bodies dealing with the specialised content to ensure the effective implementation of the project. This project group will be designated to draft the project proposal, under the coordination of the goal chair. The project group will together with the goal chair agree on the final project proposal to be provided to FIPP for approval.

The representatives of the specialised working bodies would be involved in the drafting of the specialised material coming under their responsibility. Being part of the project teams helps the participants understand the context of the subject matter and thereby the consistency and coherence of the material they contribute.

This may typically apply to situations when the pronouncement deals with issues that affect how core audit processes are implemented.

Collaboration projects will generally imply considerable resources to be devoted by all those involved, as they will often require detailed research and drafting work as well as attendance at project group meetings. It is therefore likely that involvement in collaboration projects will require specific inclusion in the work plans of the participating bodies. The specific needs therefore must to be known well in advance.

Role of the project lead in collaboration projects:

- the project lead coordinates and develops the content and the structure of the pronouncement, in collaboration with the other working bodies represented in the project group
- the lead is responsible for coordinating the specialised input from the other working body or bodies involved, in line with the project proposal
- the relevant experts will also be involved in addressing technical exposure comments
- the lead should ensure that the cooperating working bodies agree with the way the material on areas under their responsibility is used and presented in the draft
- the responsibility to ensure the effective achievement of the objectives of the project is shared with the members of the project group

Consultation projects: for pronouncements that require input by other working bodies as part of the quality process.

If the parties agree that close involvement of the other working bodies concerned is not necessary, the project group would normally be comprised only of members of the lead working body. Representatives of the other working body or bodies concerned would not normally be members of the project group or otherwise be involved in drafting. However, the project lead will provide draft text for review by the working body or bodies concerned, for them to check for inaccurate, incomplete, unclear or ambiguous application of the material under their responsibility.

This may typically apply to projects dealing with the application of one or more audit types to specialised topics, such as public procurement.

The working groups that should be consulted as part of the quality process should be defined during the planning of the project and should be clearly mentioned in the approved project proposal. The project lead negotiates the participation of subcommittees or other working bodies, before submitting the project proposal for approval to FIPP.

Consultation projects are much less onerous for those being consulted, than collaboration projects, as they will not generally require detailed research or drafting work. The subcommittee may decide to include the involvement in consultation projects in their work plans. The project lead should allow sufficient time for consultation and follow up. The expected timing and time required for the feedback should be agreed with the bodies concerned in advance, both as a professional courtesy and to allow effective planning. The

project lead will maintain contact during the progress of the task with the working groups involved, to inform them if the planned timing for their input is expected to change.

Role of the project lead in consultation projects:

- the project lead is the actual (sole) drafter responsible for the content, and specialised bodies are consultants (reviewers)
- the project lead makes the proposals for the detailed content of the final product but must ensure that all the feedback is discussed and considered
- the project lead will always consider, and typically accept, the input and opinions of the consulted bodies, unless they could lead to the objectives of the project not being met. Any professional discussion about differences of opinion should be documented, stating the points and the arguments for and against at a technical level.
- the consulted bodies do not necessarily need to be involved in addressing technical exposure comments
- the responsibility to ensure the effective achievement of the objectives of the project remains with the project lead.

Which cooperation option to apply?

On the organisation of project groups, due process (page 9) determines that:

Depending on the scope and purpose of the project, the proposal may entail that work will be performed by an existing working group (subcommittee) within the PSC, CBC or KSC, or that a special working group (project group) will be established to carry out the project. FIPP shall consult with the chairs of the PSC, CBC and KSC on any matters in this regard that have not previously been appropriately determined through the strategic development plan for the framework of pronouncements. The PSC Steering Committee may – with the consent of the chairs of the CBC and KSC – decide to provide directions on the organisation of the project in order to ensure the appropriate involvement of all relevant parties in the work. Each committee – the PSC, CBC or KSC – is responsible for the allocation of resources and the timeliness of projects referred to their respective working groups and for ensuring a result in line with the goals of INTOSAI's Strategic Plan.

ANNEX III

Conditions specific to funding for FIPP members' business trips

INTOSAI members are classified into categories, for the purposes of paying their annual dues, using a classification from the United Nations Organisation. There are seven categories in total. We propose the following financial support as a percentage of the total costs for each business trip for categories VI and VII as outlined in the table below.

<i>Category</i>	<i>% support for total costs</i>
CAT I	-
CAT II	-
CAT III	-
CAT IV	-
CAT V	-
CAT VI	50 ¹
CAT VII	70 ²

Total costs are the necessary costs of the business trip calculated under the same terms and conditions applicable in the SAI for normal business trips, and may include travel, accommodation (in hotels agreed by the host if applicable), daily allowances and insurance.

The financial support applies to the FIPP member only and not to any technical assistant.

The maximum amount per business trip per FIPP member will be €3 000³ (or equivalent in local currency).

¹ At the discretion of the Steering Committee

² At the discretion of the Steering Committee

³ At the discretion of the Steering Committee

The FIPP member seeking support must seek an agreement from the PSC chair and the employing SAI in advance of any travel plans being made and will submit an estimation of the costs likely to be incurred to the PSC.

The maximum amount that can be offered per year for support to all SAIs will be defined when the PSC-SC decides on the PSC's budget for the forthcoming year.

Support from the PSC will be payable in arrears to the SAI following receipt of an invoice from the FIPP member / SAI.
