

1 FAAS Digital Meeting 23 January 2025 – Minutes

Participants: Austria, Azerbaijan, Cameroon, Canada, European Court of Auditors, France, Germany, India, Ireland, Kuwait, Latvia, Namibia, Netherlands, Norway, Sweden, United Kingdom, United States of America, PAS, AFROSAI-E, IDI, IAASB, IPSASB and the PSC Secretariat.

1.1 Introduction and Housekeeping

The FAAS Chair opened the meeting (James Osborne).

The Secretariat (Steve McClenaghan and Eleonora Cereceda Nassirova) took the membership through the agenda and other practicalities.

1.2 Follow-up from our London FAAS meeting in October 2024

1.2.1 Approval of Minutes from London FAAS meeting (FAAS Secretariat)

Changes submitted by SAI Germany have already been incorporated.

SAI Netherlands noted that the minutes at the end of Day 1 mention Objective 9 as being about guidance on cooperation with internal auditors. This should be Objective 8 as Objective 9 concerns guidance on understanding internal control. This will be updated.

No further comments, minutes were approved, pending changes. They will be uploaded to the PSC's webpage.

1.2.2 Update to the FAAS on discussions with the FIPP regarding GUID updates (FAAS Secretariat)

- From the FAAS meeting in London (15-16 October), it is clear that there is a need to build a relationship with the FIPP.
- A productive conversation and engagement with the FIPP, who offered insight into how to best navigate Due Process arrangements.
- The FAAS Secretariat attended the FIPP meeting in Sofia in November and received confirmation from the FIPP that we will be able to use the revised pronouncement version of Due Process for amendments to GUID 2900, which is a lighter version of the full procedure, as FAAS are updating existing standards rather than creating new ones.

- FIPP is open to the idea of FAAS preparing amendments and passing them through to FIPP for review and approval.
- The current ambition of FAAS is to present all the projects with proposed amendments to GUID 2900 as one block at a time.
- A separate conversation will be held about how FAAS deals with ongoing updates.
- FAAS needs an overarching project proposal to describe the work that they will carry out, to be approved by FIPP. FIPP proposed that, to minimise bureaucracy, a project can be set up with no end date so it can cover any future updates.
- The FAAS Secretariat will look to move this work in the first half of the year.

Action Point: Submit project proposal + GUID 2900 updates to FIPP before summer 2025.

1.2.3 Feedback on IPSAS 33 (James Osborne, FAAS Chair)

Thanks was expressed to AFROSAI-E for leading the initiative with support from SAI France and IDI.

A very positive way of working – seeking to influence the content of standards ahead of their publication.

US GAO supported holding a meeting with a liaison contact once an exposure draft was available so we can understand key issues and provide guidance on how their proposals relate to the public sector.

The FAAS Secretariat was very pleased with the engagement that we received on the exposure draft, particularly given the short notice.

1.3 Sector Updates

1.3.1 PSC Update (Alan Findlay, PSC Secretariat)

- Updates on MoU between IFAC and INTOSAI were presented.
- **Undergoing a revision of due process**
The deadline for comments is at end of January. Any changes will take a long time to come to fruition as there is a long consultation period and changes need to be submitted to the governing board. This means that none of the proposed changes will impact planned work on GUID 2900.

- **Strategic Development Plan Project 2023–2028**

The SDP project regarding five initiatives (projects) was described. Caution is needed to ensure changes to frameworks and pronouncement have the intended results. Everything is now in place to provide excellent deliverables.

Close cooperation is needed between initiatives. This is a challenge as project groups are autonomous. There will be a core group bringing together key people from each project group, outside the constraints of INTOSAI structures. This brings key flexibility to the process. Projects need to be finished by 2028. A project proposal template has been finalised, and project groups can now start working on these to be sent for submission and approval by mid-2025.

FAAS Secretariat asked whether SAIs are still welcome to join initiatives to add capacity. The answer is yes, initiatives are now staffed sufficiently to be operational, but more input is always welcome. It was noted that FAAS are more than happy to provide input into initiatives.

- AFROSAI-E work on moving from passive to active consultation with bodies – presented several points where consultative bodies can work closer with FAAS to give feedback and insight. Wants to accentuate post-implementation feedback.

- **FIPP**

There are currently three vacancies with an application deadline in mid-February. This week, FIPP has nominated a new vice chair from SAI Bahrain, Mahmood H. Mahmood.

Action Point: A request was put forth that if members are involved in initiatives, to please let the FAAS Secretariat know.

1.3.2 IPSASB Update (Ross Smith, programme and technical director)

- A new strategy approved in autumn 2024 focused on delivering global standards and inspiring adoption and implementation.
- In 2025, the Board will set up a new suite of maintenance activities to collect up-to-date feedback from people using the standards to make sure they are operating as designed. An application panel will respond to questions on application in order to consider whether clarifications or modifications are required.
- The climate-related disclosures consultation period ends on 28 February 2025. A response from either FAAS or individual SAIs would be welcome.

- The same deadline applies for the exposure draft on tangible natural resources.
- A large project on the presentation of financial statements – updating the existing IPSAS 1, which was last updated in 2007. The consultation paper will contain an initial exposure draft showing the Board’s preferred options so that respondents can see in more detail what the future proposed reporting framework may look like. A proposal is expected to be released in September 2025.
- IPSASB is looking at providing additional guidance on making materiality judgements, adapting private sector guidance for the public sector. Looking to approve a project brief in March and to have an exposure draft ready by mid to late 2025.
- Gratitude expressed for the FAAS response to IPSAS 33 consultation. Comments will be deliberated in March and amendments are expected to be completed in 2025.
- About to start a work programme consultation – searching for a future chair of IPSASB to assume duties in 2026. Proposals will be discussed and ready for them to select when they begin. The Board will propose future projects with a plan to approve them in late 2025 and then send to consultation. Projects will relate to
 - future post-implementation reviews
 - international alignment projects
 - public-sector specific financial reporting projects
 - sustainability reporting projects.
- UK NAO inquired further into the project on materiality guidance, and whether there would be specific public sector emphasis. IPSASB updated that the project deals with IFRS Practice Statement 2 and the practical guidance it provides. They are considering adding practical guidance examples for the public sector rather than rethinking any of the materiality principles.
- US GAO asked how expansive the change will be to the presentation standard. IPSASB updated that their current research indicates it will not be a complete re-think but rather an in-depth discussion of where there are currently gaps.

1.3.3 IAASB Update (Director, Jasper van den Hout)

- Going Concern (ISA 570) approved – effective in December 2026.

- Fraud (ISA 240) expected to be approved in March – effective in December 2026.
- Listed entity and PIE also intended to be effective in December 2026. IAASB wish to have all these standards become effective at the same time as they will all have implications for the Auditor's Report.
- The project proposal to revise ISA 300, ISA 500 and ISA 520 has been approved. The standards will be reviewed, and any potential issues or changes will then be considered.
- US GAO highlighted that the fraud standard is one in which governmental issues differ slightly from standard fraud in the corporate world. Fraud within government is less likely to concern revenue than costs. Believes there is a role for FAAS to add input into the standard.
- IDI emphasised that it is important to keep track of updates that are being made and upcoming changes to standards. They asked when we can expect the final pronouncement of revised standards. IAASB outlined that they are working towards an exposure draft for publication early in 2026, and the standards will probably be finalised two years from now.
- SAI Canada enquired about the gap analysis that was performed to see where there may be issues caused by technology in standards. Has this been completed and are there other standards that may be impacted? IAASB updated that for now, analysis will be completed in March but will be revisited. The currently affected standards are ISA 300, 500, 520 and quality management – for now identified as gaps. Cannot launch all technology projects now because that would prolong the materiality projects.
- SAI Cameroon: With reference to the technology project, are there plans to make this into its own standard, standing alone or developed as a tool that will support other standards, since technology nowadays cuts across planning, execution and reporting and is present in almost all standards? In reply, there are currently no plans by IAASB to establish a standard exclusively on technology but rather to lay on the technology elements throughout all standards.

1.4 Operational Plan

1.4.1 Project group 1 – LCE (Andy Harkness, SAI Ireland)

The project group has been analysing the LCE standard and how it can apply in the public sector. The project group has held two meetings, and there will be one more before the project report is finalised. Surveys have been carried out and have led to nine responses from members and observers, in which challenges and difficulties

were considered. The next step is to complete further analysis of the standard, including a review of GUID 2900. The plan is to finalise this project within two months and to present the results at our next FAAS meeting.

FAAS Chair asked whether the project group had any thoughts on the scalability under the definition of less complex entities. The project lead replied that they have had discussions within the team, but not at a group level. Supplemental guidance and checklists are provided, but no more than that.

1.4.2 Project group 2 – ISSAI 2600 (Steve McClenaghan, UK NAO)

Presented updates on the work of objective 2, ISSAI 2600. An annotated version is included in today's documents. There have been changes to references and concepts. Will meet in the project group for final discussions on the suggested amendments, which will then be ready for submission to FIPP for update to GUID 2900.

US GAO informed that they worked with IAASB and focused on risk and on the group leader, and how the group leader corresponds with other auditors within the group. Is FAAS considering changing the standard or the guidance? The project leader clarified that they will change the guidance.

1.4.3 Project group 3 – ISSAI 2570 and 2240 (Alfred Wambang, SAI Cameroon)

The project group awaits IAASB's approval on ISA 570 and ISA 240 in March 2025 and subsequently plan to analyse the impact of its revision on GUID 2900. The focus will be on ISA 240, since ISA 570 is not considered to be a major issue in the public sector worldwide. Most recently, the project group had a preparatory meeting in January.

The project group's aim is to gather information through a documentary review and possibly a survey.

At this meeting, an analytical comparison of both standards between the private and public sector was presented.

FAAS Chair asked whether the gap analysis between public and private sector findings on fraud and going concern was based on existing standards or on changes arising from the upcoming standard amendments? According to the project lead, it deals with brainstorming based on existing standards, while waiting for the new ones.

US GAO's question concerned whether this project would be able to be finalised and included to the submission to FIPP with suggested GUID 2900 updates for ISSAI 2600 and ISSAI 2220, since fraud and going concern have yet not been approved by IAASB. The FAAS Chair replied that this is being taken into consideration and is not expected to be delivered before June, but rather that we put our focus on the other amendments and discussions on how we can coordinate.

Documentation is more central in the public sector, compared with the private sector. We must make sure that we follow the standards in full. When we do so, the conversation will be more fruitful in this group.

A comment from IDI on assessing risk of fraud (ISSAI 2240): the auditor has responsibility to assess in both private and public sectors.

The FAAS Chair advised caution to ensure that the project appropriately considers the boundaries between financial, performance and compliance audits.

1.4.4 Project group 4 – ISSAI 2220 (Bjørn Rydland, SAI Norway)

The project group has submitted a draft on amendments that need to be implemented in GUID 2900, where they suggested changes to three areas.

A comment from IDI offered suggestions concerning terminology in refreshing this as “individual ultimately responsible and accountable for managing and achieving the quality audits as well as on teams”.

More discussion points were raised by SAI Canada, IDI, and SAI Netherlands and these suggestions will be shared in writing with the project group after this meeting.

1.5 Updates from FAAS

1.5.1 Membership

The FAAS Chair informed everyone that SAI UAE has left FAAS. This means there is now a vacancy. In line with FAAS terms of reference and the wider INTOSAI principles, and to bring the right skills into the group, this will be taken forward by the chair and vice chair, who will present proposals to the annual meeting this autumn.

1.5.2 MoU between IFAC and INTOSAI

The FAAS Secretariat presented updates on the Memorandum of Understanding between IFAC and INTOSAI, where the PSC Chair has arranged a meeting with IFAC’s Chief Executive Officer, Lee White, in March.

1.5.3 FAAS Forum

The Secretariat is currently investigating setting up a forum for FAAS members and observers for the purpose of sharing documents and for easier communication. The PSC has provided the possibility of having a forum on the PSC webpage. An update on this will be provided, whether it is seen as suitable for our subcommittee.

Action Point: The Secretariat will update FAAS whether it will be suitable to establish a forum in due course.

1.5.4 Due Process

FAAS have no comments to provide to the PSC on the renewal of the INTOSAI Due Process, as there has not yet been any practical experience related to the due process since the new chair assumed their duties in FAAS.

1.5.5 FAAS Template Project Paper

The Secretariat is currently preparing a template for project papers within FAAS, to establish some structure for going forward. The proposed template will be shared in due course.

Action Point: The Secretariat will prepare a template and share it with FAAS for feedback and comments in due course.

1.5.6 FAAS In-person Meeting 2025

The Secretariat is currently working on a suggestion received to this effect. Once all the details are confirmed, the information will be shared with FAAS.

1.5.7 Next FAAS Digital Meeting

The date set for our next FAAS Digital meeting is 12 May, 12.00–15.00 BST.

1.5.8 Other

A question from US GAO on how project group works will be moving forward in FAAS, once the project work is done. Will it be shared with other FAAS members and observers for review and feedback? The Secretariat responded that, before being submitted, all projects will be open for comments and feedback within FAAS.

SAI Cameroon suggested producing a guidance for use in FAAS project groups, to establish a harmonised approach.

Action Point: The Secretariat will consider introducing a guideline within FAAS in due course.

1.6 Meeting ends