

11 February 2019

Project Proposal

SAI India

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

PART A: PROJECT IDENTITY

Description	Information
Project number and title as per SDP	2.7. Consolidating and aligning Guidance on audits of Privatization with ISSAI 100
Working title(s) for the new pronouncement(s)	Guidance for Audit of Privatization (herein after – Guidance / GUID)
Project aim	<p>The purpose of the project is to migrate the existing pronouncement on audit of privatisation, i.e., ISSAI 5210 “Guidelines on Best Practice for the Audit of Privatisation” from the old framework to the new framework, i.e. IFPP as guidance for subject specific audits. The existing ISSAIs are to be restructured and redrafted by consolidating the relevant parts of the text and updating with additional inputs, to provide comprehensive guidance through a step-by-step approach which is specific to the audit of privatisation, in order to assist auditors in the audit of privatisation projects and enable them to give an assurance in a reliable manner. The pronouncement will cover direct reporting engagement only. The project’s main focus will be on performance audit. However, compliance audit aspects will be covered where relevant. Another important focus of the project will be on the planning in particular the identification of risks particular to the subject matter and on possible audit objectives and audit questions such an audit could cover.</p>
Project objectives	<p>The Project intends to provide methodological support to SAIs and develop capacities through the development of a comprehensive GUID on audit of privatisation:</p> <ul style="list-style-type: none"> - By aligning the GUID with ISSAI 100. - By consolidating the existing information on the audit of Privatisation and updating the same while developing the GUID. - By elaborating on the general and specific principles, framework, approaches and procedures for auditing privatisation of State-owned Enterprises. - By evolving comprehensive step-by-step guidance for each stage of the audit engagement, covering the entire life-cycle of such audit which is specific to the audit of privatisation, however the main focus will be on the planning stage. - By considering the differences in both auditing arrangements as well as institutional structures, in the sector across countries. - By conforming with the drafting conventions for GUIDs and the supplementary FIPP guidance on subject-matter specific GUIDs.
Project duration	January 2019 – April 2021 (28 months)

Name of the lead WG ¹	Working Group on Privatization (WG-Priv)						
Key contacts	Name	Surname	Address	Email	Office Phone	Business Mobile Phone	Organization / Sponsoring SAI
Project Group lead	Prachi	Pandey	Office of the Pr. Director of Commercial Audit and MAB I 3 rd Floor, A Wing Indraprastha Bhavan, IP Estate, New Delhi - 2	prachip@cag.gov.in	+91-11-23370530	+91-9902888384	SAI India
Contact person for the goal chair	Praveen Kumar	Tiwari	Director General (International Relations), O/o Comptroller and Auditor General of India, 9, DeenDayal Upadhyaya Marg,	tiwaripk@cag.gov.in	+91-11-23237822		SAI India

¹ For those "type A" projects where an existing working group/subcommittee is considered to have "natural ownership" of the project

			New Delhi-110124 (INDIA)				
FIPP liaison officer	Gerhard	Ross	Director - Audit - Chamber 2 Directorate - Investment for cohesion, growth and inclusion 12, rue Alcide De Gasperi - L-1615 Luxembourg	gerhard.ross@eca.europa.eu	+352 4398-45988	+352621552988	European Court of Auditors
Other anticipated project team members (list of names and organisations)	SAI India		<ol style="list-style-type: none"> 1. Ms. Narmadha R. 2. Mr. Saurabh Singh 				
	SAI UAE		Shehab Abdullatif Almulla Email: s.almulla@saiuae.gov.ae				
	SAI Libya		Mr. Yosef Kalefa Hosen Tel.: 00218913817328 Email: ho.yosef@yahoo.com				
	SAI Egypt		<ol style="list-style-type: none"> 1- Mr. Ashraf Mohamed Ibrahim Sharawy (Head of Sector) 2- Mr. Mahmoud Refaay Abd El Hafez (General Manager) 3- Mr. Hany Hafez Mohamed (General manager) 4- Mr. Amr Abd El Mongy Amr. (Comptroller) Email: ircdept@yahoo.com ircdept@asa.gov.eg				

PART B: PROJECT MILESTONES

Stage		Due process milestones			
1.	Project proposal	Start Date	End Date	Expected Time in Total	Comments
		January 2019	February 2019	60 days	
		N.B. Allow three months between end date of stage 1 and start date of stage 2 for FIPP approval of the project proposal			
2.	Exposure draft	Start Date	End Date	Expected Time in Total	Comments
		June 2019	November 2019	180 days	
		N.B. Allow three months between end date above and start date below for FIPP approval of the exposure draft			
	Exposure period	Start Date	End Date	Time in Total (not negotiable)	Comments
		December 2019	February 2020	90 Days	
3.	Endorsement version	Start Date	End Date	Expected Time in Total	Comments
		June 2020	August 2020	90 days	
		N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval of the project proposal			
4.	Final pronouncement, including translation into all official INTOSAI languages*	Start Date	End Date	Expected Time in Total	Comments
		December 2020	April 2021	150 days	
		*“Unless other mechanisms have been established, the working group is responsible for translation of the approved endorsement version into the five official languages.” (Due Process, page 9). Time must be allowed to obtain the required translations of the endorsement version(s).			

		<p>Privatization is a highly technical area with a distinct framework of administrative responsibility, legal requirements and regulatory approvals. At the same time, there exist varied stakeholders having competing objectives, elaborate processes and numerous sub-activities. However, audit resources to meet the challenges of such an assignment are not readily or easily available. Consequently, it is possible that these activities remain either unaudited or audited superficially. Further, at present, there are no guidelines, which can assist auditors in the audit of privatization projects implemented by government. This gap, in terms of either experience or knowledge, can be successfully filled by the GUID which can ensure a better and more common understanding, to a reasonable level, concerning the approach adopted by the auditors and assist the auditor in providing assurance</p> <p>The format and content of the existing ISSAI 5210 needs to be better aligned with the ISSAI 100. The key messages need to be extracted and updated in the GUID and Statements about 'best practice' need to be well founded.</p> <ol style="list-style-type: none"> 1. GUID 5210 (Former ISSAI 5210) needs to be restructured and redrafted in alignment with the ISSAI 100 and, 300 and where applicable 400. 2. The GUID is required to elaborate on the 'What' and 'How' to audit in each of the different privatisation schemes, starting from the project development stage to review and approval, , to implementation and termination. 3. The GUID will compile and lay down the possible approaches for audit of privatization, to ensure that auditors conduct audit with a better and more common understanding. 4. The GUID will consider the differences in both auditing arrangements as well as institutional structures which prevail across countries vis-à-vis privatisation. However, in doing this, the GUID will avoid overlaps with the relevant SAI organisational pronouncements
C.2.	Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)	The GUID on Audit of Privatisation is a subject matter specific guidance for conducting audits in the governance of the privatization process (for both national-level and sub-national level State owned Enterprises) to cover all major aspects of the sale that have a bearing on propriety, value for money of outcomes, identifying best practices and lessons from the sale, revenue realization, compliance to national laws and regulations, together with the extent

		to which the sale objectives were achieved. Consequently, it will cover performance audit depending on the stage of audit intervention, scope, mandate and objectives of the engagement. The GUID covers direct reporting engagements only.
C.3.	Description of different types of SAIs / audit engagements that must be accommodated in the new pronouncement	Privatisation is an area of concern for all SAIs, essentially as it relates to the sale of Public assets. However, there may be different levels of involvement of the SAIs in the privatisation process. In certain cases, the SAI may also be required to give certain approvals to the vendors before the sale or simply play an advisory role in such sale, informing the financial standing of the business. Depending on such level of involvement of the SAIs/ access to the privatization process, there may be different steps in the audit process which will be accommodated in the GUID.
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	<p>The public and the legislatures expect the SAI to provide assurance that the sale has been efficiently and properly handled. There is a need for specialised knowledge and skills should be ensured either via in-house capacity or via external experts.</p> <p>Limitations in the audit mandate for examining all aspects of the decision to privatise and its ensuing processes may be a challenge which would require clarity at the outset of any audit engagement.</p> <p>Non-availability of standard and consistent policies on privatisation in the concerned Governments would have implications on the implementation of the GUID by the SAI.</p>
C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional pronouncement(s) will be ensured	The consistency of the GUID with the other ISSAIs will be ensured by ensuring compliance with the Due Process for the INTOSAI Framework of Professional Pronouncements. The GUID will build on underlying principles of Lima Declaration and fundamental principles of public sector auditing – ISSAI 100. Since this GUID envisages only performance audit engagements, it will be ensured that the procedures, methodology etc are in line with ISSAI 300.

C.6.	Explanation of the extent to which it will be possible and desirable to build on pronouncements from other internationally recognized, regional or national standard-setters and, if so, the extent to which supplementary pronouncements are needed to provide clarity on new pronouncement	This GUID will draw extensively from the ISSAI 5210 as per the recommendations given in the report of the Working group to review the existing texts with reference to Privatization. At present, it is understood that there are no internationally recognized, regional or national pronouncements in this area, however, during the process of preparation of this GUID, the latest developments in the area in other countries will be examined as per need.
N°	Project proposal - Matters to be covered (Due Process, page 7)²	
C.7.	Explanation of organisation of the project describing how project group members will be drawn from relevant sub committees/ working groups/ other interested parties	The members of the Working group will be drawn from the SAI preparing this project proposal (SAI India) and other SAIs who participated in the Initial assessment of the ISSAIs on Privatization and Disaster aid.
C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	The GUID will be a subject matter specific guidance on the Audit of Privatization in the GUID 5000-5999 series. Subsequent to its approval and publication, ISSAI 5210 would be withdrawn. Since another Working Group is working on the GUID for audit of Public Private Partnerships, it would need to be ensured that there is necessary alignment with no conflicting or contradictory statements.
C.9.	Explain the quality processes that will be applied in the drafting process (see Due Process, page 7 and 8) along with the parties that the project group will consult and engage with.	<ul style="list-style-type: none"> - The GUID will be developed as per the Due Process for INTOSAI Professional Pronouncements and the Drafting Guidelines issued by the FIPP. - The Project Team will review the existing ISSAI 5210 to identify all possible amendments and enhancements that need to be incorporated. The Project Team shall also ensure that the draft GUID are consistent with ISSAI 100, 300 and 400. - The SAI India sub team would come up with a Draft Outline on the important contents of the GUID, for deliberation amongst Project team members through e-mails, tele-conferences, videoconferences and physical face to face meetings (if deemed required) to finalise the mutually agreed agenda. - The Project Team will function on the principle of continuous internal peer review of its products and mutual consultations. For this purpose, each Project Team member would be assigned responsibility for specific inputs with respect to the Draft Outline. These inputs will form the basis of the preliminary draft of the GUID.

		<ul style="list-style-type: none"> - The SAI India sub Team would deliberate upon the inputs received from amongst the Project Team members, consolidate and draft a preliminary document for discussions. This discussion draft would be deliberated upon by the Project Team through exchange of emails in order to arrive at a mutually agreed draft. Afterwards, using modes of communication mentioned above, the entire Project Team will engage in detailed deliberations and review of the draft. These discussions would aim to flesh out the GUID. - The working group should seek comments from the PAS as part of the quality process. - After finalisation of the draft (Exposure draft), the same would be reviewed by FIPP, before circulation to the larger INTOSAI community for comments and suggestions. This would enable auditors from different national settings to apply the pronouncement in their environment and determine universal applicability of the GUID. - The suggestions will be incorporated in the final output, i.e. the Endorsement Version of GUID, which, after approval by the FIPP, would be hosted on the INTOSAI web site. - The GUID will be put through a language review by an expert before the final adoption by the INCOSAI. - The FIPP Liaison Officer shall be consulted on a regular basis to ensure that the Project is moving on the right track.
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PART D: AUTHORITIES

PERSON	NAME	SURNAME	DATE	SIGNATURE
Project leader	Ms. Prachi	Pandey		
Responsible Goal Chair	Mr. Rajiv	Mehrishi		