

Proposal from FIPP to the PSC Steering Committee and chairs of CBC and KSC resulting from component 3 of the SDP 2020-2022

It is one of the main ambitions of the SDP 2020-2022 to launch the development of professional pronouncements on the relevant competencies of auditors undertaking audits on the basis of the ISSAIs. Component 3 of the SDP therefore aim at clarifying how such pronouncements can best be included in the IFPP. It is the ambition of the SDP that the conclusions of Component 3 are to be finalized for the Governing Board by its meeting in October 2020.

Any conclusions and recommendations relevant for the SDP will need to be considered by the appropriate INTOSAI bodies before they can be presented to the Governing Board for endorsement. These bodies are defined by the due process for the INTOSAI Framework of Professional Pronouncements on the basis of article 4 of the statutes of INTOSAI. The basic roles and responsibilities with regard to updates of the SDP and changes in the IFPP are defined as follows (cf. section 1.1. of the due process for the IFPP):

Decisions on the organisation of the planning process and the content of the SDP shall be taken by the PSC Steering Committee with the consent of the chairs of the CBC and KSC, and shall be based on proposals elaborated by FIPP.

The planning process shall include public consultations to encourage input from all interested parties as a minimum every three years. The PSC and the chairs of the CBC and KSC ascertain that all relevant needs are addressed by the strategic development plan in line with the objectives of goal 1, 2 and 3 of INTOSAI's strategic plan. FIPP takes initiative to propose amendments and updates to the plan as needed. The PSC consults with all affected parties before the plan is finalised and presented to the INTOSAI Governing Board for endorsement.

The term 'classification principles' refers to the principles established in 2007 by the document "the International Standards of Supreme Audit Institutions – INTOSAI's Framework of Professional Standards". The classification principles define the scope of the framework of professional pronouncements and the different categories of pronouncements included therein, whether in the form of ISSAIs, other standards, guidance, principles or other relevant formats. If FIPP identifies a need to amend the classification principles, FIPP shall develop a proposal to this effect for inclusion in the strategic development plan for the framework of pronouncements.

The due process also specify that each of the INTOSAI bodies involved – FIPP as well as the PSC Steering Committee and the chairs of CBC and KSC – must decide on the matter in accordance with their respective terms of references and working procedures.

FIPP has considered Component 3 of SDP 2020-2022 during the 12th meeting in Oslo in December 2019 and the 13th meeting organized through teleconferences in March-April 2020 in light of the COVID-19 pandemic'. FIPP's deliberation has been based on a very well elaborated and extensive material presented by the CBC chair. This has included extensive efforts to build a solid material on competencies, identify the needs of SAIs as well as analyzing the existing pronouncements in the IFPP. The process in FIPP's meetings has involved an exchange of questions and answers as well as direct engagement with the CBC Chair at FIPP's meeting in order to identify and clarify the relevant purpose and classification of INTOSAI's future pronouncements on competencies. During this process the CBC secretariat, the FIPP project liaison and the secretariat of the FIPP chair has worked closely

together to provide technical support to FIPP's work on the matter by making any material requested by FIPP members available and elaborate the relevant draft proposals for decision by FIPP.

The general conclusion based on this work was that it is no longer relevant to maintain a separate category (COMP) reserved for future standards and guidance on competencies. The relevant standards on competencies can be developed to fit the category of ISSAIs 130-199 SAI Organizational Requirements while supporting guidance to these standards can be included in the category of INTOSAI Guidance (GUID). There is no longer any perspective that the COMPs category will be used. Eliminating this empty category will therefore contribute to simplifying the IFPP in a good way.

In order to conclude Component 3, FIPP therefore propose that the PSC Steering Committee (deciding with the consent of the chairs of CBC and KSC) approves that:

The SDP 2020-2022 from 2019 is updated by adding the attached text to the SDP. The attached text is headlined '*Addition to the Strategic Development Plan for the IFPP 2020-2022 in conclusion of Component 3 - Development of a new ISSAI 150 and supporting GUIDs on competencies in public-sector auditing*'. The text will be included in the SDP together with the annexed revised classification principles that defines the IFPP (annex 1 and 2).

The approval is subject to final endorsement by the INTOSAI Governing Board.

Any further decisions by FIPP in the course of the project will be based on this addition to the SDP. The full proposed wording has been decided on by FIPP in accordance with section 5 of FIPP's working procedures (decisions other than approval of pronouncements).

The approval by the PSC Steering Committee (including the chairs of CBC and KSC) of the attached addition to the SDP will enable FIPP to approve of a project proposal that will further detail the scope and objective of the project and the new pronouncements to be developed. This will enable the CBC Chair to assemble the project group that will be responsible for developing the draft pronouncements.

Addition to the Strategic Development Plan for the IFPP 2020-2022 in conclusion of Component 3

Development of a new ISSAI 150 and supporting GUIDs on competencies in public-sector auditing.

A new project is launched to provide pronouncements on the competency requirements for SAI auditors undertaking public-sector auditing engagements as defined by *ISSAI 100 - Fundamental principles of public-sector auditing* and the complementary auditing principles of the ISSAIs. The project aims at developing a new ISSAI 150 and supporting GUIDs, which will establish the core considerations regarding professional qualification and development requirements of audit professionals in an SAI. The resulting ISSAI and GUIDs should support SAIs regardless of how they define and combine their various financial, performance, compliance or other auditing engagements as well as take due consideration to the different national circumstances under which SAIs operate. They will therefore be useful and applicable for SAIs in all INTOSAI regions and take account of the different circumstances, legal frameworks and functions, including those of SAIs with as well as without jurisdictional functions.

The project will leverage on the extensive groundwork already accomplished over the last 6 years in establishing a common reference point for INTOSAI's members in support of competency development. The drafting of the new ISSAI 150 and the supporting GUIDs will therefore draw on the *Competency framework for public sector audit professionals at Supreme Audit Institutions* and the *Professional pathway guide* (endorsed as INTOSAI public goods in 2019) and further material by extracting the most well established and widely recognized insights and presenting them in the format of INTOSAI professional pronouncements.

The INTOSAI-Principles as well as the ISSAIs already provides that auditors need sufficient competencies, but there is currently no authoritative source establishing what this implies for SAIs and auditors undertaking public-sector auditing. The new ISSAI 150 on competencies in public-sector auditing will fulfill this gap in the IFPP. The ISSAI will have a brief format and provide high-level principles that will be generally relevant and applicable for all SAIs. ISSAI 150 will therefore be relevant for SAIs that carry out audits in accordance with the ISSAIs and refer to these as their auditing standards as well as SAIs that have developed or adopted national auditing standards that are based on or consistent with the principles of ISSAI 100, 200, 300 and/or 400. The new ISSAI 150 will provide high-level principles to meet the organizational requirements in relation to auditor's competence laid down in INTOSAI-P and other ISSAIs.

The general principles of the new ISSAI 150, will be underpinned by new non-mandatory guidance in the category of INTOSAI Guidance (GUID). The new GUIDs will support SAIs and public-sector auditors in implementing and using ISSAI 150 in accordance with the individual circumstances of the SAI and the relevant types of audits and engagements. The new GUIDs will elaborate on ISSAI 150 by providing detailed and operational guidance on the competencies relevant for public-sector auditing and the different ways SAI may further competency development and establish the relevant competency requirements to its auditors. These new GUIDs will not only benefit the individual SAIs but also provide INTOSAI with a new and solid foundation for any future efforts of capacity building, collaboration and knowledge sharing in the field of competency development.

The CBC chair will be responsible for the organization and timeline of the development of the draft ISSAI and GUIDs. The CBC Chair will assemble a project group to undertake the drafting work, which will be subject to guidance, directions and approval by FIPP as specified by the due process for development of INTOSAI professional pronouncements (cf. due process for IFPP, section 2.1). The project group will be open to any SAI who wish to contribute in support of the project aims outlined above and in line with the further directions of the project proposal approved by FIPP. The group will be composed with a view to ensure sufficient expertise in all three types of public-sector auditing.

With the launch of this project, it is no longer foreseen that INTOSAI will need a separate category labeled 'COMP' in the IFPP. The IFPP is defined by the ***Classification principles for INTOSAI Professional Pronouncements***. The current classification principles were endorsed by the INTOSAI Governing Board in 2016 on the basis of a proposal elaborated by FIPP and decided on by the PSC Steering Committee with the consent of the chairs of the CBC and KSC (cf. due process of IFPP, section 1.1. basic definitions and general roles and responsibilities). Within the IFPP as established in 2016 the document numbers COMP 700-799 and COMP 7000-7499 were reserved for future development of competency standards while the numbers COMP 7500-7999 were reserved for future development of supplementary competency guidance. In conclusion of component 3 of the SDP 2020-2022 these specific categories of COMPs are abolished as the relevant pronouncements on competencies will instead be included in the more general categories of ISSAIs and GUIDs.

The amended classification principles for INTOSAI's professional pronouncements are annexed and will take effect upon the endorsement by the INTOSAI Governing Board of this addition to the SDP resulting from Component 3.

Annex 1 – The Classification principles for INTOSAI Professional Pronouncements as effective from October 2020 (to be published on www.issai.org)

Annex 2 – A mark-up version showing the amendments made to the 2016-version of the classification principles (for reference in connection with endorsement of this SDP update).