

## Strategic Development Plan (SDP) 2023–2025 Comments by the General Secretariat

We would like to thank you for the opportunity to provide our comments on the draft SDP 2023–2025.

In the following, please find our comments broken down by the categories

1. General comments regarding the standard-setting function of INTOSAI
2. Comments pertaining to the proposed initiatives
3. Comments on the prerequisites for the initiatives

### 1. Standard-setting function of INTOSAI

» On page 1 – paragraph 2, line 2 – the SDP states the following:

*“For INTOSAI – reflecting its status as a professional standard setting organisation – the IFPP makes an important contribution to supporting the effective functioning of SAIs.”*

Comment: INTOSAI, which is an umbrella organization for the external government audit community, has various tasks in addition to standard setting (especially capacity building, knowledge sharing and promoting the standing of SAIs within the accountability ecosystem). INTOSAI is therefore not exclusively “a professional standard setting organisation”. We would therefore suggest to reformulate this sentence into

**“For INTOSAI – an organisation, which has, among others, the task of providing principles, standards and guidance to its members – the IFPP makes an important contribution to supporting the effective functioning of SAIs.”**



» On page 5 – paragraph 7, line 1 – the SDP reads:

*“The ISSAIs are the **authoritative** international standards on public sector auditing”.*

Comment: This statement is incorrect for the following reason: since the IFPP is a principles-based framework, the ISSAIs of the 100-series are not authoritative, but provide SAIs with the opportunity to devise their own standards based on them. **We would therefore ask to delete the attribute “authoritative”.**

» On page 2, the circular chart, together with the sentence placed directly below stating that:

*“The overall ambition for INTOSAI is to encourage even more SAIs to apply the full set of ISSAIs and to do so more consistently”*

raises the following concerns: INTOSAI is a voluntary organization, which aims to support SAIs in carrying out audits in a professional, credible and objective manner. Given the fact, however, that SAIs operate in markedly varying circumstances, INTOSAI recognizes that the capacities of SAIs can differ and that not every SAI is in a position to apply “the full set of ISSAIs” or might not even wish to do so since it has its own standards or needs to comply with national legislature that specifically spells out the provisions for government audit.

In this context, the circular chart can also be misleading because – as pointed out in the “Final Report on the Review and Analysis of the IFPP” – it is not yet clear what we understand by “auditing in accordance with the ISSAIs” (the supposedly final aim of this chart, which should not be a final aim if we yet do not know what this implies exactly).

**We therefore suggest to delete “full set of” (the sentence would then read “to encourage even more SAIs to apply the ISSAIs”) and to reconsider the concrete meaning of the circular chart since, according to our opinion, it is too vague and prone to misinterpretation.**

## 2. The ‘T’ and the ‘P’ Initiatives

» According to the draft SDP, the ‘T’ initiative has the following ambition:

*“to define the terminology that will be used in all future professional pronouncements and in updating the current ones”.*



Comment: Currently, INTOSAI **already has a document** (presented by the then Harmonisation Project to INCOSAI XXI) **that defines the key concepts of public-sector auditing** (see also Attachment 2) and **a document that explains the various ways in which SAIs can make reference to the ISSAIs** (see also Attachment 3).

In the spirit of using INTOSAI's resources as efficiently as possible, the General Secretariat has pointed to the existence of these documents several times to avoid any duplication of efforts, but the document was never reviewed by the IFPP or the PSC to determine whether it is of use, still up-to-date or in need of amendments. We would therefore like to seize this opportunity to once again ask you to review them in order to determine whether they can be of use or serve as a starting point for the 'T' initiative.

» The 'P' initiative is to update "the content and the presentation of the INTOSAI Principles". The paragraphs describing the ambition and expected output for this initiative suggest that the INTOSAI-Ps 1, 10, 12 and 20 will be subject to a revision.

Comment: Taking into account that the INTOSAI-Ps 1 and 10 (Declarations of Lima and Mexico) are widely used by INTOSAI's member SAIs to promote the independence of SAIs and their positioning in the state, and also considering that several UN General Assembly Resolutions acknowledge the Declaration of Lima (also known as the "Magna Charta" of INTOSAI) and the Declaration of Mexico, it would be helpful to first determine whether those two documents, owing to their special status, should remain in the IFPP or not.

If they remain in the framework, an update will be inevitable since all documents within the framework need to undergo regular updates. If, however, INTOSAI decides to take them out of the IFPP, they would gain the status of being historic documents – as Magnae Chartae usually are – which would, at least for the Lima Declaration, be a worthwhile consideration.

In any case, the question of whether the INTOSAI-Ps 1 and 10 should remain in the IFPP or not should be addressed **before any decision is taken** regarding the updating of the content and presentation of the INTOSAI-Ps.



### 3. The prerequisites: professionalised support and evaluations

» As regards the **professionalised support**<sup>\*)</sup> indicated in the draft SDP, the General Secretariat would like to reiterate its comment made in the framework of the SDP Joint Seminar in 2022:

*\*)Note: By a professionalised support system we understand, based on the discussions held to date, the employment of several experts by INTOSAI to support the drafting and revision of standards. This, however, is still not clearly defined. It is, hence, still unclear what is to be understood by “professionalised support”, which the General Secretariat finds problematic.*

Comment: The establishment of a professional support system comes with vast implications for INTOSAI and should not be taken lightly. We understand the problems that come with relying on in-kind contributions in the standard-setting process. This has been discussed over and over again in the past years and the ultimate argument against setting up a team employed by INTOSAI is the question of financing. INTOSAI could afford such an ‘in-house’ team only for a few years. After that, INTOSAI would have to consider additional financing, e.g. via an increase of membership dues or outside funding. The latter, however, would give rise to the highly delicate question as to how INTOSAI, as a professional umbrella organization, can maintain its independence when being financially dependent on others – especially in the light of the importance of independence for the credibility of SAIs and government audit in general.

The establishment of a professional support system also raises the following questions as regards concrete practicalities:

- What would be the composition of such a team?
- How can INTOSAI ensure that such a team is inclusive and represents the interest of the INTOSAI community?
- Who would be responsible for the team members’ recruitment and management?

Another approach to supporting the drafting and revision of pronouncements would be to consider a targeted use of the contributions disbursed to the Goal Committees annually (25% of INTOSAI’s revenue from membership dues pursuant to Chapter III.5 of the Financial Regulations and Rules) to support for example the proofreading of pronouncements by language experts. This might be of help to reduce the burden of quality control by the FIPP.



» The **evaluation** suggested in the draft SDP as a prerequisite for the initiatives raises several questions, which must be addressed before such an evaluation is **presented for decision by the PSC Steering Committee, the PFAC and the Governing Board**:

- Questions:
- What are the concrete expected outcomes of such an evaluation?
  - Who is going to carry out such an evaluation? (*Note: the General Secretariat cautions against an external evaluation due to the intricacies of INTOSAI's structure. Any external evaluator would have to invest considerable amount of time to familiarize themselves with the raison d'être, the structures and the interrelations of INTOSAI's bodies to be able to make a robust analysis of INTOSAI's standard-setting system*).
  - Can we ensure that INTOSAI's character as a voluntary organization respecting the varying circumstances in which SAIs operate is taken into account when such an evaluation is carried out? What would happen if recommendations are issued that press for a more stringent application of the ISSAIs, which would be highly difficult to achieve and not in the interest of INTOSAI as a voluntary organization representing a very diverse community?

In any case, before engaging in such an evaluation (external or internal), **any discrepancies and any lack of clarity in INTOSAI's foundational documents** (in particular the Statutes, Handbooks, the Due Process and the Terms of Reference of INTOSAI's Goal Committees) **must be addressed and removed**.