

Contribution of the Portuguese Court of Auditors – Tribunal de Contas

The Portuguese Court of Auditors acknowledges the work developed in preparing the Draft SDP for the IFPP 2023-2025, and the relevance of these initiatives for the universe of SAIs in accomplishing their mission.

We would also like to thank the opportunity to comment and answer the questions related to the submitted document.

As an overall comment, it's our opinion that the prerequisites mentioned for these initiatives are appropriate and fit for their concrete execution/implementation.

In view of this, the Portuguese Court of Auditors (PCA) does not wish to suggest changes to the content of the above-mentioned document.

Nevertheless, we are glad to submit our answers to your query as follows:

1. Do you believe the initiatives will improve the clarity and understandability of the IFPP?

The initiatives cover relevant areas and are important in optimizing access, content, clarity, understanding, and wide use of the INTOSAI Framework of Professional Pronouncements (IFPP).

Thus, they can positively impact the work carried out by the SAIs and the credibility and outreach of the audits they perform. However, to obtain the desired results, these initiatives must be implemented appropriately, with the engagement and participation of all SAIs.

The most overall important initiatives since the T, P, I, and G initiatives follow on and depend upon the A (accessibility) initiative. **The extent of improving clarity and understandability will depend on what the SDP refers to as "digitize the framework"**. There is a significant gap between what could be a simple "digitization" of the framework (placing it on a web page) and a desirable and effective "digital transformation" of the IFPP framework (e.g., developing a collaborative digital environment that could identify any inconsistencies and shortcomings, while at the same time allowing every SAI to provide suggestions based on their own experiences).

We thereby strongly recommend and support a full and committed "digital transformation" approach to the A initiative and expect it to become what was initially envisaged.

More specifically, regarding certain initiatives, we have the following comments:

Developing a clear and consistent terminology for the IFPP (the 'T' initiative)

This initiative is indeed relevant for the correct implementation of the Principles, Standards, and Guidelines established for carrying out quality, effective and efficient audits, considering the following assumptions:

1. The standardization of the concepts underlying the Principles, Norms, and Guidelines will increase the intelligibility and feasibility, which tend to be universal, as well as raise the quality of the professional practices applied, the objectivity and rigor of the criteria and methods in addition to the accuracy of the results achieved in the audit work.
2. The follow-up process will enhance better management decisions and well-informed political options, contributing to an accrued perception of accountability and transparency by the citizens.

Without prejudice to the preceding, we can foresee a wide range of challenges for this initiative, such as:

1. The very meaning of the underlying concepts, the accurateness that must pre-exist upon their definition, as to eliminate or, at least, minimize discrepancies in their implementation, inconsistencies between different types of audits or in the adoption of combined methodologies or objectives.
2. The conceptual development should obey the systematic insertion and benefits from the improvements that may be introduced in the context of the P, G, and I initiatives, as well as the need to explain the purpose associated with the concept.

Undoubtedly, the overall acceptance of the meaning of the concepts by the INTOSAI community will contribute to reinforcing the acceptance and internal coherence between the instruments, eliminating inconsistencies between different concepts and their respective meanings and common understanding.

In fact, all interested parties should be allowed to benefit from the accuracy, objectivity, and conceptual transparency on which international auditing standards are based upon, thus contributing to eliminating different interpretations and the risk of inconsistent adoption among SAIs.

Updating the content and presentation of the INTOSAI Principles (the 'P' initiative)

This initiative is naturally related to Initiatives I and G; that is, they should run concurrently and be permanently reassessed altogether since professional practices are linked to the Principles, Norms, and Guidelines issued by the INTOSAI.

Bearing in mind that the INTOSAI principles specify the role and functions to which SAIs should adhere, as well as the prerequisites for their proper functioning and professional conduct, we would like to call the attention for the following issues related to the purpose of this initiative:

1. Recognize a common core of Principles applicable to SAIs, regardless of the three types of audits and the different forms they can be combined.
2. Evaluate the coherence of the density between the General Principles of SAIs, the General Principles that the auditor must comply with when preparing and performing an audit, and the principles applicable in the different stages of the audit process concerning the concrete Standards.
3. Eliminate redundancies between guidelines related to the worth of Principles or Standards.

Ensuring clarity of the ISSAIs (the 'I' initiative)

From a medium-term perspective, this Initiative should be reassessed to clarify or incorporate the paradigm shift driven by digital transformation when preparing guidelines, namely on the control environment and the nature of risks (predictive and prescriptive), for dimensions of control in complex systems, often interconnected or with shared source data.

2. Do you believe the suggested initiatives are relevant to help your organization in implementing the IFPP?

The relevance of the defined initiatives is fully demonstrated, considering the adequate response to the new challenges of the public sector audit and the emerging risks SAIs must address, namely in contexts and changes in environments in which audits are carried out, promoting public accountability and citizens trust in the management of limited public resources.

3. Does your SAI have suggestions on how to make the pronouncements available for your auditors so that we support a more active use of the pronouncements in their daily work?

As mentioned before, the approach taken to the "digitalization" of the IFPP (initiative A) will largely determine how auditors use it in their daily work. This approach should consider relevant aspects expected in any digital transformation action. Regarding the purpose of the initiative, the PCA would suggest – among many others that could also be foreseen – the following aspects:

- Broad, open, and effective availability of the IFPP, regardless of form factor (analogue or digital, PC, tablet, smartphone).
- Collaborative-minded approach to seeking clarifications and suggest improvements to the IFPP.
- Machine-accessible, benefiting from an accessible and effective API (machine-oriented interface), allowing interested parties to "piggyback" their local application developments on top of the INTOSAI's central informational node.
- Consider the opportunities to develop alternative interfaces and interaction possibilities, such as (but not limited to) chatbot, question-answer, search, knowledge base, and network/graph for principal concepts.
- Provide, foster, and promote a community environment – possibly underpinned by the "professional support" function referenced in the SDP – that could bring together auditors worldwide and enable sharing and collaborating on real-world applicability issues for the IFPP.
- Investigate and develop a partnership with a technology partner that could provide machine-translation services on top of the IFPP. If an appropriate and human-developed - using domain experts - technical glossary is made available to these machine-translation services, the quality of subsequent translations is already similar (some would argue, above) to that of human translation.

As such, it's probably not necessary to spend an excessive amount of resources and time in trying to provide specific translated versions of the IFPP while this objective could be achieved by employing a translation available through a partner service that could provide machine-translated (at human quality level) documents in almost any language required.

4. Do you have suggestions for new initiatives that you believe are important to support your SAI in implementing the ISSAIs and enhance audit quality?

Currently, the PCA does not envisage any new initiatives to support the implementation process of ISSAIs by the SAI community.

The PCA fully follows and adopts the ISSAIs while developing internal manuals and other guidance instruments to support the audit process. Nonetheless, the development of translation in more languages will undoubtedly facilitate and further improve the implementation of ISSAIs and enhance its positive effects on the quality of SAIs work.

5. Are there new topics/areas that are currently not covered by the IFPP that need to be included in the future?

There are and will always be new areas to be considered, namely, on how to audit emerging technology systems such as intelligent information systems and new methods and technologies that will be introduced/developed and further made available and used by entities and the public in general.

One could highlight as a significant challenge and current topic, the need to align the purpose of "keeping the IFPP up to date" with emerging technologies and methods of interest in performing audits.