

Draft Strategic Development plan

Discussion paper to the PSC Steering Committee

PSC steering committee meeting June 28, 2023

Purpose

At the virtual PSC Steering Committee meeting on 28 June 2023 FIPP will present the draft SDP under development. The purpose of this cover letter is to allow the PSC Steering Committee to:

- 1) **Consider the key questions stated below. These are questions on which FIPP needs the view of the Steering Committee before the draft SDP can be finalized.**
- 2) **Determine whether there are any other amendments to the draft which FIPP needs to carry out before the SDP will be ready for approval by the Steering Committee.**
- 3) **Confirm that all relevant parties have been consulted.**

FIPP kindly ask the Steering Committee to conclude on all three items including the key questions outlined below. Based on the Steering Committee's conclusions, FIPP will finalize the draft and submit its final proposal on the SDP for approval at the Steering Committee meeting in Luxembourg in September 2023.

A. Status of the process of developing the SDP

The PSC Steering committee (PSC SC) approved the process plan for the SDP in June 2022. Since then FIPP with the support of the Goal Chairs and INTOSAI General Secretariat (GS) have developed a draft SDP with five initiatives, based on the *The review and analysis of the IFPP* (Component 1 analysis/report), the IDI Stocktaking report and other input from the INTOSAI Community that we believe should form the priorities for the next period. The full group attended two in-person meetings in order to do so, as well as several web based meetings.

According to the approved process plan the INTOSAI community was given the opportunity to provide its comments to the draft SDP. Through the questions, respondents were asked to give their opinion on the initiatives in the plan as well as to give feedback to other possible initiatives/projects/ideas that were not already covered in the draft SDP. We received comments from 35 different respondents, both individual SAls, INTOSAI regions and different INTOSAI bodies. Overall the feedback from the respondents was positive and supportive to the ambition and possible outcomes of the SDP.

The comments from the INTOSAI community have been analysed and thoroughly discussed at the SDP Joint Seminar in Bahrain 8-10 May. FIPP and representatives from the PSC, KSC, CBC and GS discussed both the comments made directly on the draft SDP and the answers to the questions sent out together with the exposure draft. The comments received were on a number of different levels. Some were directly linked to the text in the SDP draft and have been addressed directly in the draft.

Additional suggestions from the INTOSAI community for initiatives/projects have been discussed in the light of the ambitions and the objectives for the SDP; the suggested *initiatives* are related to the review and monitoring of the result and process of the SDP. The GCC/FIPP suggest feeding these initiatives into a wider discussion of professionalizing the standard setting organization. New

suggested *projects* cover subject matter specific topics and will therefore be a part of the strategic shift included in the 'G' initiative.

The SDP feedback also included other topics that to some extent address questions outside the SDP. This include among other things topics related to the implementation and interpretation of the requirements in the ISSAIs. How these topics will be addressed will be documented by a Cover letter to the SDP plan and distributed to the PSC SC in September 2023 and to the Governing Board in November 2023.

As the INTOSAI Strategic Plan covers the period 2023-2028, the new SDP covers the same timespan. The SDP would potentially be updated in 2025, depending on progress made, developments in the audit profession and user feedback.

In the due process the SDP is described as a 'strategy and work plan'. The draft presented includes the strategy part, part A. In the draft it has until now been planned that this should be supplemented by a more detailed work plan in part B. During the joint seminars FIPP and the goal chairs have also considered such a work plan. In the draft presented at this stage we have however chosen to integrate results of this work into the strategy part rather than as a separate work-plan.

All comments received from the INTOSAI Committee and information on how they were treated in the draft can be found here: [INTOSAI FIPP](https://www.intosai.org/2459-2/) (<https://www.intosai.org/2459-2/>)

The lack of a supporting function that meets the needs identified

Developing new standards and guidelines requires people who can drive projects, research the issues, facilitate deliberation and balancing views, and find solutions. In addition there is a need for a secretarial function responsible for documentation, communication and information. In the draft SDP, professionalized support was highlighted as a prerequisite for the SDP. The updated draft now focuses on resources needed to ensure progress.

In the SDP Joint Seminar in May 2023 the discussion focused on two different needs for support:

- a. The need for support in the individual projects.
- b. The need for more secretarial support to ensure standard setting of high quality.

The conclusions from the discussions were that for a) FIPP could improve the relevant templates to clarify what is expected from the project/working groups. One example is to update the template for project proposals to ensure that the project group understand what is to be expected from them in developing a new pronouncement including the documentation that needs to be developed. The different initiatives and the associated projects will require different kinds of support and qualifications to ensure timely deliveries and progress.

For b) this would be a part of a long-term ambition where INTOSAI works as a professional standard setter and is considered so by both internal as well as external stakeholders. This requires a robust, separate secretariat that is not dependent on the SAI hosting the PSC or FIPP but has a robust set-up with a technical support, continuous digital systems, routines and documentation in place and that is easily and permanently available when the position as Chair of any of the relevant stakeholders is transferred to another SAI.

B. The key questions

Through the discussions at the SDP Joint Seminar in Manama, Bahrain 8-10 May 2023, we identified the following key questions on which FIPP will need the guidance of the PSC Steering Committee before the draft SDP can be finalized:

Question 1: How to clarify the status of INTOSAI-P 1 The Lima Declaration?

The problem:

The INTOSAI-Ps address the role and function and set the principles that form the basis of the legal, institutional and organisational frameworks for SAIs. This is how the INTOSAI supports SAIs, legislators and governments in establishing relations, setting out the values and benefits of SAIs, and demonstrating their contribution to improving the overall system of public accountability.

The review and analysis from the Component 1 report of the INTOSAI-P identified the following:

- outdated language and description of practices in the INTOSAI-1 *The Lima Declaration*
- overlap of principles between the INTOSAI-Ps most notably INTOSAI-P 10 *The Mexico Declaration on SAI Independence*, INTOSAI-P 12 *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens* and INTOSAI-P 20 *Principles of Transparency and Accountability*.
- the structure of INTOSAI-P 10, 12 and 20 are different and our pronouncements should be presented in the same way.

The SAI environments have evolved since these documents were developed. Considering this there might be other relevant specific principles that need to be included in the current INTOSAI-Ps.

Therefore we see a need for a revision of these important documents. The ambition for the 'P' initiative is to achieve a clear set of INTOSAI principles stemming from the current INTOSAI-P documents. This does however raise the question on how to treat the INTOSAI-P 1 *The Lima Declaration* in the 'P' initiative.

Options for decision:

- a) Keeping the INTOSAI –P 1 *The Lima Declaration* in the IFPP but include an additional preamble to describe the historical development and the outdated language
- b) Withdraw the INTOSAI P-1 *The Lima Declaration* from the IFPP and ensure the important message of the document is included in the other INTOSAI Ps.
- c) Include an analysis as step 1 in the initiative relating to how the INTOSAI -P 1 *The Lima Declaration* is used and potentially update the SDP if changes in the content or status of the -P 1 is required.

Recommendation:

Considering the historical importance of INTOSAI-P 1 Lima declaration, our recommendation will be option c).

Question 2: Options when developing new guidance that is not covered by previous SDPs in the categories of subject matter specific GUIDs (5000-series) and other GUIDs (9000-series)

Guidance is under development in a number of working groups. In addition, the feedback from the INTOSAI community to the draft SDP points to a number of additional subject matters where guidance might be relevant.

SAs and auditors have access to guidance and guidelines both inside and outside the IFPP. In order to clarify the kind of guidance that belong inside the IFPP and be more responsive to needs for more guidance, the 'G' initiative includes setting criteria for guidance inside and outside the IFPP. This includes the subject matter specific GUIDs (5000-series) and other GUIDs (9000-series).

The problem:

The INTOSAI community has communicated a need for more guidance. This guidance should be available as soon as possible taking into consideration the topics raised by the INTOSAI community (regarding amongst others guidance on it, big data, AI etc). At the same time criteria for guidance inside the IFPP together with the drafting conventions for GUIDs guide drafters in developing the pronouncements. In order to balance the need for a swift response with clear criteria for guidance within the IFPP we ask the PSC SC to consider the following:

Options for decision:

- a) Pause the development of *new* GUIDs in the two categories (5000-series and 9000-series) until the new criteria for GUIDs in the IFPP is developed and approved by Governing Board.
- b) Continue approving and developing new GUIDs and consider at a later stage if they belong in the IFPP. This will imply that GUID's approved in the next few years may potentially be withdrawn again as a result of the 'G' initiative.
- c) Continue developing guidance on different topics as part of knowledge sharing. When and if the approved criteria is met these could be included in the IFPP at a later stage.

Note that this decision will not concern projects resulting from previous SDP's as these are treated below.

Recommendation:

We recommend option c) to continue develop guidance on different topics as part of knowledge sharing. When and if the approved criteria is met these could be included in the IFPP at a later stage.

We ask for the support and assistance of the Goal Chairs to help convey this to all working groups.

C. Other topics for consideration

The challenge of uncompleted projects resulting from the first SDP approved in 2016

Five projects resulting from the first SDP from 2016 have not yet resulted in an exposure draft. In all cases there is a responsible project group and the project proposal developed by the group has been approved by FIPP. The project groups have generally also carried out substantial work to pursue the defined project aims. However, the projects have, for various reasons, not yet resulted in the foreseen exposure draft. All five projects aim at GUIDs in the 5000-series.

The long timeline of these projects is increasingly becoming a challenge. Sight of the original project purpose tends to be lost when the drafting phase becomes too long and new people join FIPP as well as project groups. This has resulted in adjustments and renewed approvals of some of the original project proposals and FIPP has collaborated with the drafters in various ways to support the efforts. There is however no certainty that it is feasible in all cases to achieve an exposure draft in the foreseeable future. All parties involved – working group members, goal chairs and FIPP – have used resources on these projects and will also be bound to continue to use resources until the projects are completed or otherwise ended.

Due process does not cover the case where FIPP for different reasons are unable to approve a exposure draft even though a project proposal has been developed on the basis of the SDP, referred to FIPP by the responsible goal chair and approved by FIPP.

In the draft SDP we propose that this situation is handled by mandating the responsible goal chair to end any project resulting from the SDP from 2016 if the project has not resulted in an approved exposure draft by 1. January 2025. This will give project groups a full year from the new SDP takes effect to complete their exposure draft and have it approved through FIPP before the goal chair may take a reasoned decision to end the efforts of producing a pronouncement for the IFPP.

You will find the proposed text and list of the five projects in the SDP.

The foreseen evaluation of INTOSAI's standard-setting organization

Standards are a cornerstone for quality. Developing standards should be done in a way that ensures global recognition for the standards and for INTOSAI as a standard-setting organization. Since the first SDP was developed in 2016, fundamental changes have been introduced to this organization. In the same way SAIs need to be regularly evaluated, INTOSAI's standard setting organization should also be the subject of such an evaluation on a recurring basis.

In the draft SDP that was distributed to the INTOSAI community, evaluation was included as part of the prerequisites for the plan. The rationale behind this was that potentially changing the requirements of the IFPP requires trust in the organization that does it. This includes living up to the expectations from INTOSAI as well as users of the framework and other stakeholders that the IFPP has been developed/amended according to principles of legitimacy, transparency and representativity.

As a result of the discussions in the SDP Joint Seminar in May 2023, the text on the evaluation of the standard setting function has been removed from the SDP as a prerequisite. This, however, does not mean that it is irrelevant to evaluate the standard setting function. On the contrary, evaluations are

important to improve our processes and learn from experience as well as to provide stakeholders with an external and independent view of the organization that in this case refers to the standard setting organization of INTOSAI. As such, evaluations are important tools to enhance the recognition of INTOSAI as a professional standard setter as well as providing new suggestions for improvements. In the SDP Joint Seminar in May 2023 there were voices advocating for evaluation both in the near future and after the initiatives in the SDP are finalized. There were also different views on internal versus external reviews.

FIPP recommends that further steps should be taken to carry out an external evaluation.

Monitoring the effects of the SDP

The suggestion brought forward during the call for comments on the draft SDP for monitoring and evaluation of the implementation / use of the outcome of the SDP initiatives is a separate issue and is still relevant for the SDP.

We suggest to include in the SDP that the accessibility, implementation and use of the ISSAIs will be monitored through the INTOSAI Global Survey. Evaluation of the SDP-process and resulting SDP may also be part of the future preparations for developing the next SDP.