

**INTOSAI Working Group on Financial Modernization and Regulatory Reform**  
**Terms of Reference**  
**June 2018**

**Goals:**

In the aftermath of the recent global financial crisis, governments have embarked on many efforts to modernize their financial regulatory systems, including consolidating or creating new regulatory bodies, and to reform their financial regulatory requirements, such as revising capital standards or subjecting products to greater regulation. The three strategic goals for our Working Group are to:

- (1) develop tools and knowledge-sharing opportunities to enhance the capacity of supreme audit institutions (SAIs) to evaluate financial modernization and regulatory reforms on a national level;
- (2) establish mechanisms for sharing information on progress of financial modernization and regulatory reforms between SAIs and international organizations, and
- (3) develop a system to track and synthesize information on the nature, scope, and status of financial modernization and regulatory reforms at the national and international levels and identify gaps and areas where additional study by the Working Group is needed.

These goals will be realized through various knowledge-sharing activities, outreach, and collaboration between and among members (through various communication tools), and will be based on existing and future audit work conducted by member SAIs. Because SAIs vary in terms of their authorities to audit or assess the regulatory reforms in their countries, each will participate in the Working Group to the extent feasible in light of their authorities and available resources.

The topics that the Working Group chooses to pursue will determine the scope of the undertaking.

**Rules:**

- The decisions of the Working Group will be taken collectively based on prior discussion, and, when necessary, will be decided by a simple majority of votes. The Working Group will seek consensus on interim and final products. The working language of the Working Group will be English.

**Work plan:**

- The Working Group will develop a work plan including
  - expected deliverables,
  - tasks to be accomplished, and
  - expected timeframes.
- Specific country staff responsibilities will be determined in discussions with the Working Group and in coordination with subgroup chairs.

- This work plan will be developed triennially (every 3 years) to guide the work to be accomplished each year by the Working Group.

**Meetings:**

- To promote greater engagement and efficient use of member resources, electronic meetings and distribution of materials will be used wherever possible.
- The chair may convene teleconference meetings of the Working Group as needed.
- The Working Group will hold an annual meeting. The host of the Working Group's annual meetings will be determined after consulting with members.

**Use of Subgroups:**

- As needed, the chair of the Working Group will establish and revise subgroup membership in consultation with the members to ensure the efficiency of the group's progress.
- For the 2018-2020 period, the Working Group has three subgroups aligned with the three goals of the Working Group. Each subgroup will have a chair designated by the Working Group chair in consultation with the members.

**Minutes:**

- Secretariat services, including minute taking for meetings, are the responsibility of the chair in coordination with the SAI hosting the meeting. Other Working Group members may volunteer to assume this responsibility with the approval of the chair. Once a meeting is complete the minutes should be forwarded to Working Group members for approval in the working language of the Group within 21 calendar days or as soon as is feasible after the meeting. Similarly, Working Group members should respond with their input to draft minutes within 21 calendar days of receipt of the minutes or by the due date requested by the chair.
- Minutes should include the place, date and time of the meeting, attendees, major issues discussed, actions to be taken, and decisions made. The minutes are recorded in the working language of the Working Group and a copy should be forwarded to the General Secretariat and all goal chairs.

**Website:**

- The Working Group will work with the Knowledge Sharing Committee (KSC) to maintain its website, with specific information on the terms of reference, the work plan, and Working Group products.

**Reporting:***Reports to Governing Board*

- The chair and members of the Working Group may be invited to the annual Governing Board meeting to report on the work of the Working Group.
- Any notable changes to the Working Group terms of reference, changes in membership, etc. will be provided to the Governing Board.

- Any documents presented to the Governing Board as the work of the Working Group will be previously circulated within the Working Group.

#### *Reports to the Congress*

- The Working Group chair will report to the INCOSAI with the results of its activities to date and expected outcomes and products as feasible.

#### **Publication and Distribution of Documents:**

##### *Exposure Drafts and Products*

- Exposure drafts will be sent by post or email to Working Group members (or posted on the Working Group website if one is established) for comments. Working Group members are expected to provide comments to the document originator within 21 calendar days of receiving a draft or by the due date requested by the chair.
- The Working Group may also circulate draft documents to other Working Groups, Regional Working Groups, the KSC Steering Committee, and the Governing Board prior to exposure to the full membership, as appropriate.
- For products delivered at a congressional or board meeting, the Working Group will consult with the host on method of product delivery. The General Secretariat, Governing Board chair, the IJGA, IDI and other appropriate Groups will have access to the Working Group products.

#### **Membership and Organization:**

- Membership will be open to all SAIs. The Working Group was established initially by interested SAIs from the previous Task Force on the Global Financial Crisis, in response to a solicitation from the Comptroller General, USGAO, who is the chair of the Working Group.
- Currently, the membership of the Working Group consists of SAIs in the following countries: Austria, Brazil, Canada, Chile, China, Cyprus, Estonia, European Court of Auditors, Finland, France, Germany, Hungary, Indonesia, Italy, Korea, Mexico, Morocco, Netherlands, Pakistan, Poland, Russia, Saudi Arabia, Spain, Sweden, the United Kingdom, and the United States. Additional outreach will be extended as necessary.
- The Working Group will periodically evaluate its organizational structure as needed to ensure it is serving its members' needs.

#### **Expected Deliverable and Outcomes:**

- Working Group members will decide by consensus on expected deliverables, outcomes, and timeframes.

#### **Liaison with other committees:**

- This Working Group falls under Goal 3 of the KSC.
- The Working Group will coordinate with the INTOSAI Working Group on Public Debt and the Key National Indicators Working Group on intersecting issues.