



INTOSAI

International Organisation of Supreme Audit Institutions

# STRATEGIC DEVELOPMENT PLAN 2020-2022

For the INTOSAI Framework of  
Professional Pronouncements

# (01) Introduction



## INTOSAI's VISION

*Promote good governance by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the value and benefits of their citizens.*



A supreme audit institution (SAI) makes an indispensable contribution to the accountability and transparency of governance and public administration, thereby adding value to citizens and society. Their work benefits from a framework for professional audit practice based on universally accepted standards.

Recognizing this, INTOSAI established standard setting as a key element of its mission and strategic purpose. It was one of the main goals of its very first strategic plan (2005-2010) and – more than a decade later – there is a strong recognition of the need to continue to develop and build on the successes achieved.

Standard setting should be responsive, coherent, consistent, flexible, goal-driven (rather than structure-driven) and agile. Therefore a dedicated Strategic Development Plan (SDP) was established in 2016 and approved by INCOSAI, aiming to make the standard setting process more integrated and strategically focused. It comprised a general strategy, complemented by a work plan for individual activities.

The SDP guides the development of the framework, provides overall coordination of the work and helps plan for the effective use of INTOSAI resources. In doing so, it supports the achievement of the different INTOSAI goals that relate to professional standards, and their use.



INTOSAI's value chain is articulated around a strong interrelation between its main goals (professional standards, capacity building and knowledge sharing) and how they interlink. For example, the development of standards is guided by users' needs, and serve as basis for knowledge sharing and capacity development further along the cycle, as illustrated in the picture:



Also in 2016, INTOSAI adopted a new INTOSAI Framework of Professional Pronouncement (IFPP) covering the standards for public sector auditing. The new structure aimed to further the use and applicability of the ISSAIs as authoritative standards for public sector auditing, and provide guidelines to support SAIs and auditors in the implementation of those standards.

The first SDP, which covered 2017 to 2019, had a clear focus on migrating the existing ISSAI framework to the new IFPP. The migration process, and further observations and consultations carried out in preparation for this second SDP, showed to a large extent the need for improvement (including at a cross-cutting level) in the existing categories of pronouncements, rather than of the need for new documents on top of the existing ones.

As a consequence, this second Strategic Development Plan, which covers the period of 2020 to 2022, focuses on strengthening the holistic approach to how professional standards, capacity development and the sharing of knowledge should interconnect and interact to address the risks and challenges that INTOSAI and individual SAIs faces. Based on the inputs from a wide consultation and a technical review of the current documents, the

### Evolution of INTOSAI's Goals on Professional Standards:

#### 2005 – 2010

Goal 1 - Accountability and Professional Standards  
Promote strong, independent, and multidisciplinary SAIs by (1) encouraging SAIs to lead by example and (2) contributing to the development and adoption of appropriate and effective professional standards.

#### 2011 - 2016

Strategic Goal 1 – Professional Standards  
Promote strong, independent, and multidisciplinary SAIs and encourage good governance, by: 1) providing and maintaining international standards of supreme audit institutions (ISSAI) and; 2) contributing to the development and adoption of appropriate and effective professional standards.

#### 2017-2022

Strategic Goal 1 – Professional Standards  
Promoting strong, independent, and multidisciplinary SAIs, and encouraging good governance, by: 1) advocating for, providing and maintaining the ISSAIs; and 2) contributing to the development and adoption of appropriate and effective professional standards.

present plan proposes a critical analysis of the IFPP in order to better define, scope and plan its future development.

Results of this reflection period will serve as input into the next cycle of INTOSAI strategic planning to be directed by the next Strategic Development Plan, both to take effect in 2023 after adoption by the XXIV INCOSAI in 2022.



### **INTOSAI's vision and motivation for the IFPP**

**The IFPP should inspire and support SAIs in producing high quality audits of relevance to the public and other key stakeholders, which contribute effectively to government accountability and promote transparency in public administration.**

**The IFPP fosters credibility and relevance of public audit, and the strengthening of its output and outcomes, by setting internationally recognized professional principles and standards that promote excellence in the application of methodology, and support the effective functioning of SAIs in the public interest. Ultimately, they strengthen public sector audit and the relevance of SAIs.**

**The following three objectives support the achievement of this strategic vision:**

- 1) ensure that the development of pronouncements derives from an identified need, is evidence based and properly resourced with the right skills and knowledge;**
- 2) ensure that the pronouncements developed will be effective in achieving the objectives set for them and be clearly applicable;**
- 3) balance the varying requirements of the different users and stakeholders, bearing in mind that standards should seek to promote an acceptable minimum level in the practice of all SAIs.**

## (02) Assessment of current situation



In 2016, the adoption of the new INTOSAI Framework of Professional Pronouncements differentiated between three categories of pronouncements and provided for future competency pronouncements. The old ISSAI framework was divided into INTOSAI Principles (INTOSAI-P), INTOSAI Standards (ISSAIs) and Guidance (GUID). The INTOSAI-P are founding and core principles which can be used as a reference when establishing SAI mandates and clarifying the role of SAIs in society. They also provide high-level prerequisites for the professional and credible functioning of SAIs. The ISSAIs are the authoritative international standards on public sector auditing. They represent the minimum level for SAIs to claim adherence to the standards. GUIDS provide guidance to support both SAIs and auditors in supporting the implementation of standards in practice, and addressing specific subject matter. The ISSAI 100 - Fundamental Principles of Public Sector Auditing was established at the centre of the framework, and all other pronouncements are intended to be consistent with it.

Since then, INTOSAI standard setting activities have focused mostly on promoting the effective implementation of the new IFPP by either revising documents or relabelling and renaming them according to the new categories. This process has highlighted a number of challenges in establishing and applying the new framework, which were supported by information obtained from user SAIs, the INTOSAI community and external stakeholders during the consultation exercise.

1. Some documents in the framework are outdated.

Some pronouncements, especially early INTOSAI documents, contain text that has, for most practical purposes, long been surpassed by more recent content elsewhere in the IFPP, as well as developments more generally.

Also, as part of the migration process, a number of pre-existing ISSAIs and INTOSAI GOVs have been relabelled and renumbered into the IFPP as part of the migration process *without* revising and aligning them with the new purpose and format of INTOSAI Guidance.

2. No evidence that pronouncements are fulfilling their intended purpose.

For example, the Global SAI stocktaking report 2017 and stakeholders input show an increased risk of SAI independence being undermined. The IFPP covers SAI independence in many of its pronouncements, but there is no evidence of how SAIs use the documents and implement the requirements in practice, and how far they are effective and meet needs. Evidence could show that the IFPP needs to strengthen its provisions in this respect, and how to do so.

3. Duplication and lack of consistency across the framework as a whole (format, use of terms etc).

There is a significant number of overlaps, duplications (and even conflicting messages) across the framework. For example, current INTOSAI-Ps include outdated terminology and sometimes do not reflect the concepts in the ISSAIs (such as the three types of auditing defined by ISSAI 100). Inconsistencies and duplications were also found across ISSAIs 100–499, which can be considered the heart of the framework and therefore of fundamental importance.

#### 4. Lack of clarity on key concepts

The need for clarification on what ISSAI compliance means in practice, including possible independent assessment of an SAI's audit practice, was identified. In spite of the common basis established by ISSAI 100, there are variations in the way different INTOSAI bodies understand different concepts across the framework.

#### 5. Lack of overall adherence to ISSAI 100

One of the main strategies of the IFPP was to put ISSAI 100 at the centre of the framework. An overall assessment to bring existing documents to conform with ISSAI 100 was not carried out as part of the migration process. Furthermore, there may be scope to improve the clarity of ISSAI 100.

#### 6. The best format/solution to provide guidance for auditing in rapidly changing and emerging issues

During the consultation, SAIs have showed great interest in having additional support to audit areas such as the United Nations' Sustainable Development Goals, and to address challenges like fraud and corruption. The current framework contains a number of subject matter guidance documents supporting audit in areas like information technology and disaster-related aid. But given the long development process to prepare and approve pronouncements that enter the IFPP, and the fast changing nature of many of these issues, there is a challenge to keep those documents relevant, useful and up-to-date.

#### 7. Lack of valid and reliable data on SAIs auditing practices in relation to the ISSAIs

There is a need to gather valid data on the use of pronouncements, either through existing sources or by developing new approaches where needed. Implementation data feeding back into the standard setting process can improve the quality of the IFPP, identify challenges that need to be addressed and the continued usefulness of individual documents, as well as help detect barriers to implementation.

#### 8. Unclear distinction between categories in the IFPP

Some of the on-going projects in the 2017-2019 SDP have shown the need to further clarify and build on the definitions of the three categories of the IFPP.

### **Users' perspectives**

The key to making the framework as relevant as possible is to take further look into the uses, and motivation for those uses, when implementing the standards. This can provide support to defining a strategy to address these issues.

The consultation and previous INTOSAI surveys show that SAIs mainly use INTOSAI standards as a basis for establishing their own standards and as support for developing their methodology. As a dynamic process, this should mean that changes in INTOSAI standards will result

in changes to SAI internal documents. The legitimacy of the standards as internationally recognized (and tested) principles and practices are the most common motivation for applying the standards, according to SAIs. As such, they provide a benchmark for quality control and assurance, and by representing a certain level of harmonisation (and thus consistency) they provide greater legitimacy for users. INTOSAI standards are also the source of guidance for issues not covered sufficiently by internal material.

To best serve SAIs, they need to be up-to-date and establish an appropriate minimum level to be applied by all SAIs. In this sense, they can also be used as tool for advocacy. So, as well as maintaining their aspirational aspect, it is just as important to guarantee their legitimacy as authoritative, representative and comprehensive documents.

Possible issues arising from the implementation of standards were more difficult to identify. The use by SAIs of assessment tools like iCAT and SAI-PMF does not seem to provoke a reflection on the usefulness of the framework, or its gaps and other opportunities for improvement.

Overall, there seems to be little awareness that by implementing the standards, SAIs have an important role to play in the standard setting process through the provision of feedback. One reason might be that most SAIs use INTOSAI standards as basis of their own standards, therefore actual or perceived gaps or any need for adaptation (or calibration) are covered in their national standards. Another possibility is that with very little data on ISSAI implementation in practice, SAI experience is seen as a collection of individual narratives, rather than reflecting overall trends.

## (03) What is to be achieved by 2022

Given the challenges already identified, and the need for further research and reflection in order to move forward and realize INTOSAI's vision for the IFPP, this Strategic Development Plan proposes a comprehensive review of the existing framework in its entirety. During this period, on-going projects (from the previous SDP) will not be interrupted. However, the results of these projects, as well as any newly endorsed pronouncements, may need to be updated to accommodate the outcome of the review (along with the existing documents in the IFPP). Scheduled maintenance dates of existing documents will need to be suspended to await the outcome of the review.

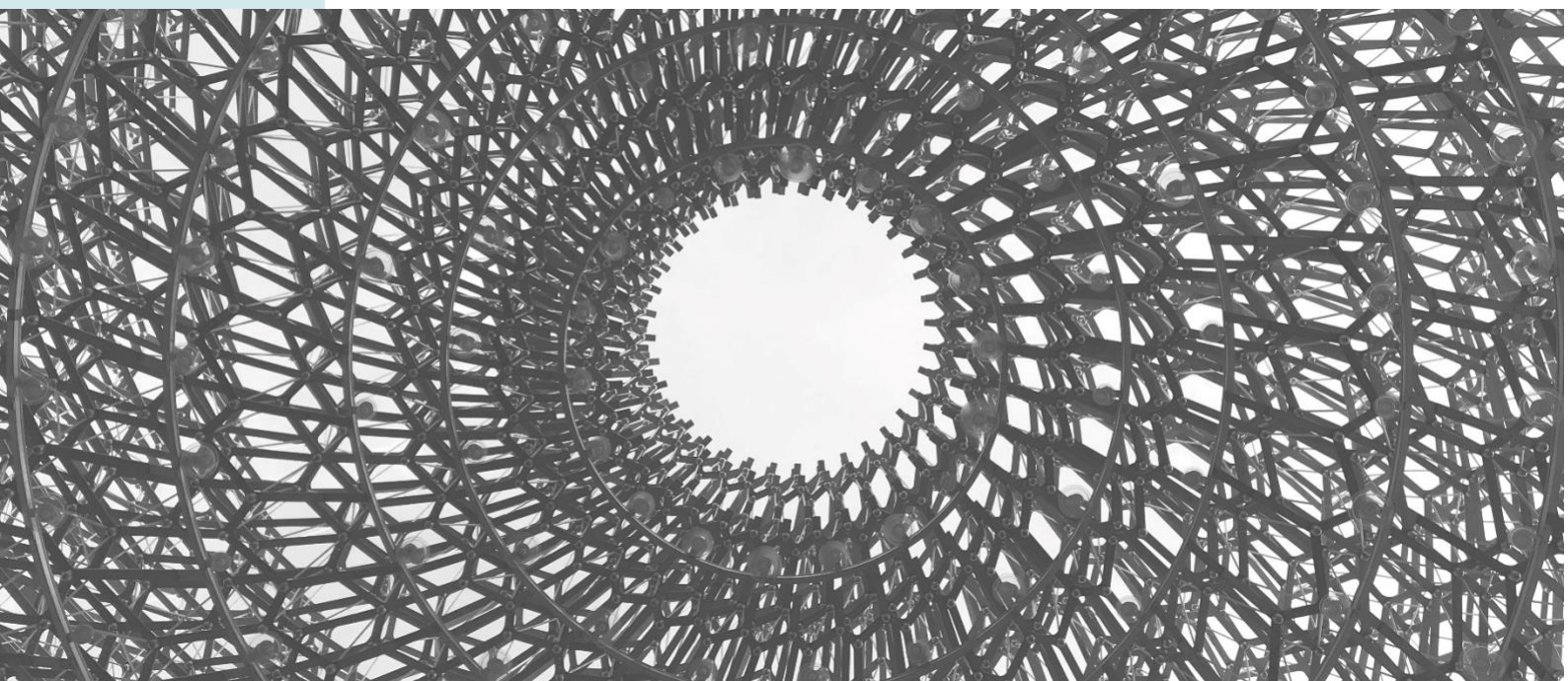
The main output of the 2020-2022 Strategic Development Plan will be a proposal for a revised IFPP, and list of projects, prioritised as necessary, to implement the changes in the coming years.

The proposal will reflect the long-term objectives of the IFPP, and lead to framework that is consistent in its concept, coherent in its structure and clearer in its content. The project list will be the result of a thorough preparation based on sound evidence of existing practices and the challenges SAIs face, so ensuring that each project has a clear scope and objective and addresses relevant needs.

**Initiatives will be carried out in two phases:**

**1<sup>st</sup> phase – refining the conceptual framework: defining and agreeing why we have standards and the material that supports them, and the principles behind the approach, structure and content.**

**2<sup>nd</sup> phase – identifying specific projects and initiatives needed to achieve the conceptual framework, and sequencing and prioritising them.**







### **Competency pronouncements (COMPs)**

In parallel, the development of the Competency pronouncements (COMPs) will be launched, with individual projects following the steps in due process.

These objectives and strategies are closely aligned with the goals and crosscutting priorities of the current INTOSAI strategic plan. This three-year plan also aims at aligning the standard setting planning process with the overall INTOSAI strategic planning, so that results and future needs of standard setting can feed into the latter, and future INTOSAI strategic aims can be reflected in standard setting priorities.

### **Implementing the Plan**

The implementation of this Plan will require the establishment of temporary arrangements drawing on resources across INTOSAI. This will recognise that INTOSAI bodies are the centres of excellence in specific matters, but are also responsible for contributing to crosscutting initiatives in the interest of INTOSAI.

Goal chairs will be responsible for the overall coordination for the implementation of the two phases of this plan, and will count on the close cooperation and support of other INTOSAI working bodies, including the recently established technical support function. FIPP in its important role of quality control will use its expertise to promote clarity and consistency.

# (04) How will we get there?

## Summary of proposed initiatives

The following initiatives will be carried out in order to achieve the specific objectives of the two phases. These initiatives are largely interrelated. Some sequencing may therefore be necessary.

1st Phase: Refining the conceptual framework.

In order to deliver a revised conceptual framework and a proposal for a uniform structure and format for INTOSAI pronouncements, including directions presenting and preparing them, the following initiatives have been identified as needing to be addressed.

### 1.1 Format of the INTOSAI Principles - Improved classification principles and development of drafting conventions

The objective of this initiative is to:

Define a structure and format of the INTOSAI Principles (INTOSAI P), which will enable INTOSAI to convey its key messages on independence, value and benefits, legal framework and functions of a SAI in a clear, consistent and convincing way

The current INTOSAI-P's include terminology that needs updating, concepts that need aligning (for example the three types of auditing defined by ISSAI 100). In addition there are overlaps and redundancies that need to be addressed.

This initiative is aimed at developing a format for INTOSAI Principles that can make them as relevant as possible for INTOSAI members, by providing a more effective international protection for SAIs in a way that clearly complement the ISSAIs. It is the ambition of this initiative to ensure broad engagement and involvement within INTOSAI, in order to define the strongest possible format for the next generation of INTOSAI Ps.

### 1.2 Format of the ISSAIs - Principles, requirements and application material / drafting conventions

The objective of this initiative is:

To define a structure and format of the ISSAIs which will support SAIs in performing high quality audits, as well as providing INTOSAI with a clear and coherent set of standards.

The IFPP (and particularly ISSAI 100 at its centre) provide the key definitions for the purpose and authority of the ISSAIs, the concepts of the three types of public sector auditing and the distinction between ISSAIs providing auditing principles, organizational requirements and auditing standards. There is a need to further develop, and improve consistency and clarity in format and presentation of the full set of ISSAIs. The audit standards need to set sufficient requirements to assure audit quality, but also to provide these requirements in a way that gives flexibility and safeguards the sound professional judgement of individual auditors. The standards need to accommodate different audit tasks under different circumstances. This will involve identifying and assessing a range of solutions, as well as making a comparison with standards from other sources as well as the challenges these other standard-setters face.



### **1.3 Format of the COMPs - Standards and guidance: classification principles and drafting conventions**

The objective of this initiative is:

To develop a format and a set of drafting conventions that will enable INTOSAI to formulate the very first set of standards and guidance on the competencies relevant for public-sector auditing

The purpose of the COMPs will be to describe and define the competencies relevant for public sector auditing. This will include the general and specific competencies, which are relevant for the three general types of auditing defined by ISSAI 100. By defining these competencies as part of the IFPP, INTOSAI will create a much stronger common basis for its future activities of professionalization and competency development.

The first important step will be to define a format for the COMPs in line with the general conventions of the IFPP.

### **1.4 Key concepts - Comparing and refining concepts used across the framework**

The objective of this initiative is:

To develop a list of concise definitions of the concepts laid down by ISSAI 100 and used throughout the framework.

This initiative will include identifying and comparing the different concepts used across the current framework, and elaborate a common understanding of them in order to develop a comprehensive list of definitions.

The ambition will be to provide a list of definitions that are:

- easy to understand and translate;
- fit for the purpose of current and future ISSAIs;
- universally applicable across INTOSAI and its member SAIs; and
- complete in their coverage of public-sector auditing.

### **1.5 Gathering evidence - To ensure that the ISSAIs are complete and universally applicable, and to identify challenges in their implementation and compliance**

The objective of this initiative is:

To gather evidence on the various different engagements undertaken by SAIs throughout the INTOSAI community in order to assess the relevance and suitability of the current framework, identify practical challenges SAIs face in applying it and use the insight to update and refine the basis for the framework.

Among others, it will be relevant to seek evidence on:

- how well the concepts and distinctions made by the ISSAIs cover the range of SAI audit tasks;
- to what extent and how the ISSAIs are currently used by SAIs within their audit processes; and
- whether there are specific challenges in implementing the ISSAIs and achieving compliance with the ISSAIs that need addressing.

## 1.6 Conceptual framework for an improved IFPP

The objective of this initiative is:

To prepare a revised conceptual framework for an improved IFPP that can enable INTOSAI to set clear, relevant and consistent standards.

Once the revised conceptual framework has been agreed, it will be necessary to define the planning of the updates to individual announcements. Dependent on the progress achieved in 2020–2022, this may be within the midterm review of this SDP, or as part of the 2023-2025 SDP.

What will be defined by the conceptual framework?

Dependent on the insights gained in the process the conceptual framework may cover:

- the key concepts used to describe, classify and compare different individual audit engagements;
- the key concepts relevant for defining the audit process, and the considerations, judgements and procedures involved in an audit;
- the key concepts relevant for addressing SAI organizational requirements;
- supplementary terminology covering different attributes and circumstances in relation to these key concepts;
- how the key concepts are interlinked and used, and what function they serve for the auditor in an audit process;
- how the text of the pronouncement convey the conditions under which individual pronouncements, as well as individual principles or requirements, are relevant and applicable to the individual case;
- how the text within the different categories and subcategories of ISSAIs defined by the IFPP are structured into separate pronouncements; and
- how the different elements of the text of the ISSAIs – principles, requirements and application material – are used in the different categories and subcategories of ISSAIs defined by the IFPP.

2<sup>nd</sup> phase - identifying specific projects.

To provide the next planning cycle with a robust set of proposals for initiatives, this second phase will scope and prioritize projects to deliver the improvements identified by the first phase. This is an initial list based on issues identified in the consultation period. These proposals may need to be updated and adjusted based on the outcome of the 1<sup>st</sup> phase.

### 2.1 Status of the Lima Declaration - Consider if the Lima Declaration remains fit for purpose as the basis for key principles in the framework

The objective of this initiative is to:

Assess how INTOSAI-P 1 The Lima Declaration from 1977 continues to be used by SAIs today, and if a revision is necessary to update the content, notably to best support SAIs in advocating for sufficient independence.

The Lima Declaration should be reassessed in light of the developments that have taken place since 1977 in public financial management, the public audit profession, and the content of the IFPP.

The intended outcome of this initiative will be a proposal to INTOSAI on how to treat the Lima Declaration as an historic document, and how an updated iteration of its content should be included in the IFPP

## **2.2 Scoping: organizational requirements - Project including revision of ISSAI 140**

The objective of the initiative is:

To define the scope of a project aimed at providing clear, consistent and adequate standards for the organisation of quality control within SAIs taking into account different organisational models, and ensuring consistent use of terminology. Furthermore, the project should take account of revised ISQC 1 and new ISQC 2, once they are approved.

### **2.3 Scoping GUIDs - completing the migration to IFPP: projects to revise/withdraw Pre-IFPP documents**

The objective of this initiative is to:

To define the scope and planning of a project to complete the consolidation of auditing guidance by revising or withdrawing pre-IFPP documents

A number of pre-existing ISSAIs and INTOSAI GOVs have been relabelled and renumbered into the IFPP without revising and aligning them with the new purpose and format of INTOSAI Guidance. The initiative will aim at assessing how the current documents are used and the future need for guidance.

### **2.4 Key topics**

Several inputs to the new SDP pointed out a need for the IFPP to address fraud, corruption and other irregularities, as well as audits on UN goals. This initiative will seek to:

- Provide an assessment on how the existing ISSAIs and GUIDs are used by SAIs in audits related to the UN Sustainable Development Goals and determine whether there are unaddressed needs for guidance in relation to such global goals defined by UN.
- Provide an assessment on how the IFPP can provide improved support to SAIs to address fraud, corruption and other irregularities in connection with audits carried out in line with the ISSAIs.

## **3. Competency Pronouncements**

The purpose of the COMPs will be to describe and define the competencies relevant for public sector auditing, and further explore dimensions of the professionalisation / capacity development processes that may need to be addressed through professional pronouncements.

This will include the general and specific competencies that are relevant for the three general types of auditing defined by ISSAI 100 as well as the processes required to credibly develop these. By defining these competencies as part of INTOSAI Professional Pronouncements INTOSAI will create a much stronger common basis for its future activities of professionalization and competency development.

The overall aim of this group of initiatives will be to launch of the first projects to develop INTOSAI professional pronouncements on the relevant competencies of auditors undertaking financial, performance and compliance audit work based on the ISSAIs.

The key initiatives to be carried out in the development of the COMPs are:

- Determining the appropriate foundation for competency development in the existing standards
- Converting the competency framework into pronouncements (standards and guidance), using as reference the document “Developing Pathways for the Professional Development of Auditors in a Supreme Audit Institution” produced by the Task Force on Auditor Professionalisation.
- Exploring further requirements, if any for work on the COMPs section.