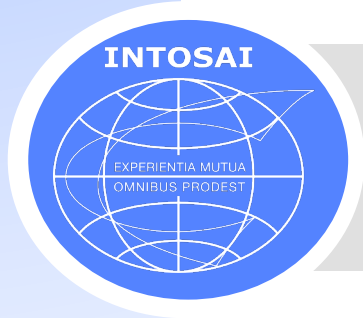




INTERNATIONAL ORGANIZATION OF SUPREME AUDIT INSTITUTIONS
ORGANISATION INTERNATIONALE DES INSTITUTIONS
SUPÉRIEURES DE CONTRÔLE DES FINANCES PUBLIQUES
INTERNATIONALE ORGANISATION DER OBERSTEN RECHNUNGSKONTROLLBEHÖRDEN
ORGANIZACIÓN INTERNACIONAL DE LAS ENTIDADES FISCALIZADORAS SUPERIORES

المنظمة الدولية للأجهزة العليا للرقابة المالية العامة والمحاسبة

71st Meeting of the Governing Board of INTOSAI
71^e Réunion du Comité directeur de l'INTOSAI
71. Tagung des Präsidiums der INTOSAI
71^a Reunión del Comité Directivo de la INTOSAI
الاجتماع 71 للمجلس التنفيذي للإنتوساي



SCEI | Report by the Supervisory Committee on Emerging Issues

ITEM | POINT | TOP | PUNTO | البند

11 ENGLISH

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SCEI Submission to the Governing Board

2018

This is the first emerging issue and related risks assessment undertaken by the Supervisory Committee on Emerging Issues (SCEI). An expert group has considered the responses from various INTOSAI bodies and has formulated the following list. It is requested that Governing Board members consider the issues and in particular debate and consider the proposed responses and suggest improvements and/or approve the proposed course of action.

The SCEI will continue to canvass INTOSAI membership (through the KSC portal) to enhance the listing below and provide feedback on the progress made.

Emerging Issue	Example(s)	Related Risk	Category	Response
Science and technology impacts on the audit process and standards	<ul style="list-style-type: none"> • Block chain technology • Artificial intelligence and machine learning • Data analytics • Cybersecurity • Quantum computing 	<ul style="list-style-type: none"> • Absence of auditor expertise to undertake such audits • Lack of audit standards and methodologies to provide guidance on audit these areas (including translation risks) • Ethical considerations related to technological developments • Impact on the nature and scope of the audit profession 	Global and strategic (the audit practice will also need a regional perspective)	<i>New Working Group focused on this emerging issue. A paper will be submitted for consideration by INTOSAI membership</i>

Emerging Issue	Example(s)	Related Risk	Category	Response
<p>Addressing the elements of sustainable development and maintaining relevance within our practices</p>	<p>General Aspects</p> <ul style="list-style-type: none"> • Auditing non-financial information in a systematic manner • Auditing governance issues <p>Social Aspects</p> <ul style="list-style-type: none"> • Aging populations • Migrant crisis <p>Environmental Aspects</p> <ul style="list-style-type: none"> • Climate change <p>Economic Aspects</p> <ul style="list-style-type: none"> • Increase in global debt <p>Directly addressing the SDGs</p> <ul style="list-style-type: none"> • Auditing non-financial information on a regular and systematic basis 	<ul style="list-style-type: none"> • SAIs' mandates are not always aligned to multi-year events that are linked to policy and strategic government actions. Including assessing medium and long term implications within SAI reports. • Expectations of stakeholders based on ISSAI XII Value and Benefits of changing political and administrative landscapes and higher expectation on SAIs to be relevant and insightful • There is a challenge to promulgate relevant material in all languages and share best practices and audit approaches • To adopt audit approaches to new and complex areas that are not 	<p>Strategic Global and regional</p>	<p><i>Issues to be addressed as part of the Theme on strategic audit within INCOSAI XXIII.</i></p> <p><i>Creating audit support to identify methods for SAIs to audit Development agenda 2030 from risk based methodology. Paper to be considered by the expert group on the Sustainable Development Goals (SDGs)</i></p> <p><i>Utilization of current working groups and committees that are related to the topics e.g. WGEA, Public Debt (WGPD), Key National Indicators (KNI) and the working group on financial modernization and regulatory reform.</i></p> <p><i>In the absence of a clear link</i></p>

Emerging Issue	Example(s)	Related Risk	Category	Response
		<p>entity specific and require evaluation of non-financial information for opinion purposes</p>		<p><i>to an existing working group, identify experts within INTOSAI to prepare concept papers for broader discussion e.g. social issues and SDG auditing of voluntary national reviews</i></p>
<p>International Corruption including illicit financial flows, anti-money laundering etc.</p>	<ul style="list-style-type: none"> • Multi country corruption scandals • International corruption practices and methods 	<ul style="list-style-type: none"> • We are using assurance tools such as compliance audit to undertake non-assurance investigation work. May need to expand the IFPP framework • Consider reputational risk of silence by INTOSAI and SAIs on matters of corruption 	<p>Strategic, global and local</p>	<p><i>Introduce a research project in the cooperation with other relevant INTOSAI bodies (e.g. Working Group on Fraud, Corruption and Anti-Money Laundering) taking into account the assurance nature of the IFPP framework.</i></p>
<p>Audit Independence of SAIs</p>	<p>Elements from the Global stocktaking report (http://www.idi.no/en/all-news/idi-news/item/128-global-sai-stocktaking-report-2017)</p>	<ul style="list-style-type: none"> • SAIs effectiveness to carry out their function • Reputational risk to SAIs 	<p>All levels</p>	<p><i>Follow up on correspondence to UN on SAI independence and GB consider other alternatives.</i></p>

الإمارات العربية المتحدة
UNITED ARAB EMIRATES



دولة الإمارات العربية المتحدة
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SCEI Submission to the Governing Board



SCEI Meetings on WebEx

SCEI First Meeting:

- Session 1: 30th January 2018
- Session 2: 31st January 2018
- Session 3: 1st February 2018

SCEI Expert Group Members First Meeting:

- 10th May 2018

SCEI Expert Group Members Second Meeting :

- 24th July 2018

SCEI



SCEI Group Members

- Brazil
- India
- Norway
- Russia
- USA
- Austria
- Saudi Arabia
- South Africa
- Jamaica (Carosai)
- Tunisia (Arabosai)
- Spain (Eurosi)
- Chile (OLACEF)
- Korea (Asosai)
- New Zealand (Pasai)
- Cameroon (Afroosai)

Expert Group Members

- Austria
- India
- Norway
- USA
- Brazil
- Spain
- Tunisia
- Chile
- South Africa

Content



Emerging Issue	Category	Response
Science and technology impacts on the audit process and standards	Global and strategic (the audit practice will also need a regional perspective)	<p>Coordinate with other relevant INTOSAI bodies to enhance synergies and avoid overlap or duplication of effort</p> <p>New S&T working group</p>
Addressing the elements of sustainable development and maintaining relevance within our practices	Strategic Global and regional	<p>Coordinate with other relevant INTOSAI bodies to enhance synergies and avoid overlap or duplication of effort</p> <p>SDG expert group coordination</p> <p>Theme focus at XXIII</p>



Emerging Issue	Category	Response
International Corruption including illicit financial flows, anti-money laundering etc.	Strategic, global and local	Research project, coordinated with other relevant INTOSAI bodies to enhance synergies and avoid overlap or duplication of effort
Audit Independence of SAIs	All levels	Follow up on UN correspondence regarding SAI independence and consult with GB on options

Motion



- The Chair and Vice Chair of the Supervisory Committee on Emerging Issues - SCEI present a motion to the Governing Board to undertake to establish a new Working Group on the Impact of Science and Technology on Auditing.
- The new Working Group would focus on key developments in science and technology and their impact on the audit process and audit standards. These issues might include emerging technologies and trends such as artificial intelligence, block chain technology, cyber security, data analytics, machine learning, and quantum computing. The Working Group would coordinate closely with existing INTOSAI bodies, including the Supervisor Committee on Emerging Issues, the Working Group on Big Data, and the Working Group on Information Technology Audit, to enhance synergies and avoid duplication or overlap of effort. It will take into account the needs of SAIs with different levels of capacity and development.
- The SCEI Chair and vice Chair will lead an interim task force to present a Terms of Reference and a proposed leadership arrangement ahead of the 2019 Congress.

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THANK YOU