

INTOSAI



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 U.S.A.

(phone: 202-512-4707; fax: 202-512-4021;  
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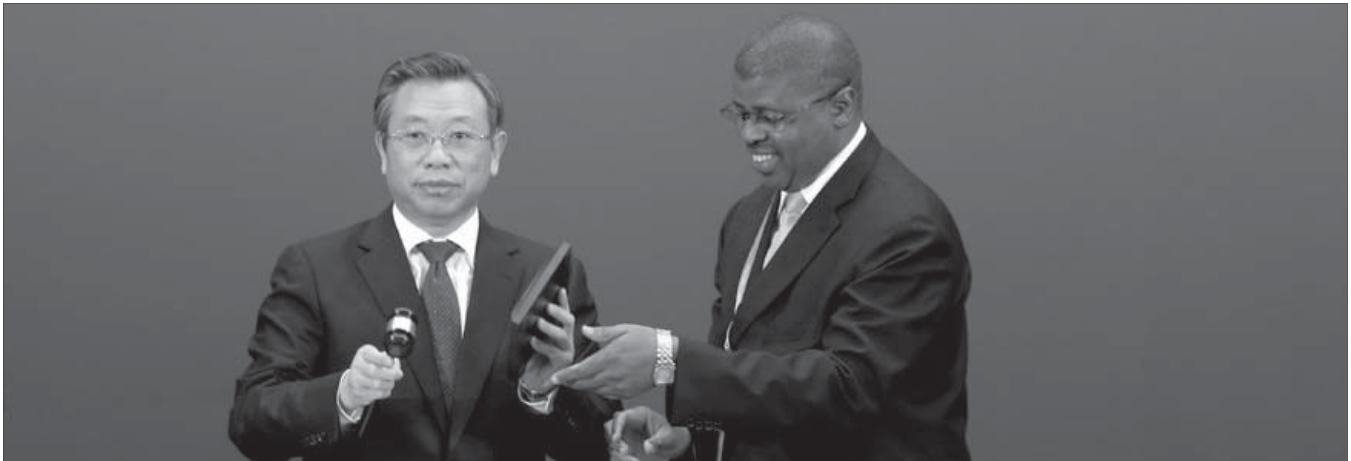
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## Thoughts from the Chairmen of the Board: Four questions for our past and present INTOSAI Governing Board Chairmen

At the XXI INCOSAI in Beijing in October 2013, outgoing chair Terence Nombembe, right, Auditor-General of South Africa, handed the gavel representing the chairmanship of the INTOSAI Governing Board to Liu Jiayi, Auditor General of China.

# Editorial

### What do you believe are the greatest challenges and opportunities confronting SAIs today?

**Liu Jiayi:** Good national governance and security are the common aspirations of people around the world and constitute a shared mission of all SAIs. Today, as economic globalization develops in depth, global issues—climate change, energy and resources security, economic security, environmental security, food security, government honesty and efficiency, and anti-corruption efforts—have become more acute, posing higher requirements for, and new challenges to, SAIs. The greatest challenge of all, I believe, is to promote and serve good national governance.

First, since this new era of development assumes an increasingly important role in national governance, it calls for the continuous deepening of the functions of national audit. As a vital force in maintaining democracy and the rule of law, national audit plays a crucial role in enhancing government efficiency, advancing clean administration, safeguarding national security, and improving people's livelihood. However, audit institutions are presently constrained in their guiding ideas, approaches, and impacts to fully meet the needs of good national governance.



Liu Jiayi, Auditor General of China and current Chairman of the INTOSAI Governing Board.

Second, this new era of transformation cries for expansion of the scope of audit. In the context of a world afflicted by financial crisis, countries are exploring and seeking new ways of development. Changing situations, measures, and demands require SAIs to keep pace with the times. It will become normal for SAIs to constantly embrace new challenges, make changes, and take proactive measures to push forward good national governance.

Third, this new endeavor encourages the development of national audit theories. Research on theories of national audit promoting and serving national governance should be deepened, as there is no ripe experience from which to draw lessons. In practice, theories of audit need to be enriched by exploring its mechanisms, core content, path of realization, and approaches to evaluation.

Opportunities always go hand in hand with challenges. To address the challenges cited above, we need to take innovative approaches in our audit work and create a sound environment for economic development, which would, in turn, offer new opportunities for SAIs to play a more visible role in promoting their national interests. SAIs can help make government accountable for using public resources by disclosing violations and malpractice and promoting accountability and transparency. SAIs can enable regular distribution and utilization of public resources by carrying out audits in related areas. In coping with financial deficits and the public debt crisis, SAIs can, by focusing on the overall or systemic factors that gravely affect policy implementation and long-term financial stability, contribute to the formulation of sound public financial and monetary policies. In dealing with climate change, energy and resources security issues, and environmental crisis, SAIs can provide objective information, disclose existing problems, and provide recommendations for improvement.

The important position and role of national audit in promoting and improving good national governance are best demonstrated in its effective addressing and defusing of various crises. At present and in the future, SAIs should—in line with the concept of "national audit serving national governance"—grasp this primary opportunity, earnestly fulfill their audit responsibilities, and intensify capacity building. This will enable them to play a greater role in promoting the long-term sustainability of financial policies, improving national governance, actively participating in high-level governance globally, and realizing, in particular, the United Nations Millennium Development Goals.



Terrence Nombembe, Auditor-General of South Africa and former Chairman of the INTOSAI Governing Board.

**Terrence Nombembe:** I believe there are many more opportunities than challenges confronting SAIs today. One of the primary opportunities for SAIs is to build on the great strides we have already made in consolidating cooperation within INTOSAI— both among its various structures and among individual SAIs—as well as with our partner organizations and key stakeholders. We need to sustain this momentum by continuing the cooperation among individual SAIs and between INTOSAI regions, utilizing our different strengths and sharing our respective innovations to the benefit of all. While it is incumbent upon the stronger SAIs to do more to support and uplift their more vulnerable counterparts, less privileged SAIs should realize that they, too, can greatly support each other through the exchange of knowledge.

SAIs also have the opportunity to continue to respond to humanity's great need for truth, honesty, and integrity. By increasingly demonstrating our impact as a credible voice of reason, public auditors will enhance transparency and ensure accountability and will help governments improve performance, fight corruption, promote public trust, and protect the interests of the citizens they serve. The ISSAIs provide a world-class set of standards that ensures the credibility of our work. The ISSAIs are complemented by INTOSAI's strategic plan as well as numerous other guidelines that enable SAIs to respond confidently to challenges facing the public sector. As we continue to strive for excellence in every aspect of our work, all SAIs, as part of their professionalization, must take advantage of the opportunity offered by the ISSAI framework and swiftly implement these standards. SAIs should also persist with extensive training to maintain their supremacy in the public sector audit environment. Such training will equip SAI staff with the powers of independent thought and analysis and the ability to forge a route to audit excellence for all INTOSAI regions.

**How can INTOSAI best respond to global changes as an independent voice, and what kind of role do you believe the organization can play?**

**Liu Jiayi:** INTOSAI should face up to the impacts of globalization on SAIs, identify expectations of stakeholders, and assess and address multiple challenges. In representing SAIs in the international arena, INTOSAI should consider providing a unified voice on trans-boundary and international issues, thus putting its role as an important part of the public sector accountability and global governance system into full play.



INTOSAI should do the following:

■ Participate in rule-making of global governance

INTOSAI may deepen its relations in certain forms (such as being a member, conference participant, observer, counselor, or organization acting in concert) with international organizations, forums, think tanks, and foundations (such as the United Nation and its specialized agencies, World Bank, G20, and Organisation for Economic Co-operation and Development, or OECD), and regional organizations (such as the African Union, the Association of Southeast Asian Nations, the Asian Development Bank, and the African Development Bank). This will enable INTOSAI to fully exercise its influence in making international rules; to promote the improvement of international economic rules, including international financial regulatory standards; to promote ISSAIs and further improve the global accounting and auditing standards system in the public sector; and to establish an evaluation system of social progress based on key national indicators.

■ Participate in global governance practices

INTOSAI should encourage SAIs to

- take part in governance practices like evaluating social progress, following regional and global issues, and promoting international socio-economic cooperation;
  - participate in events of multilateral organizations such as the UN and the World Summit on Sustainable Development; and
  - set up a working group on promoting good governance globally that aims to research practical matters for SAIs and related organizations participating in governance globally so that INTOSAI will play a role in strengthening financial discipline, detecting and disclosing economic risks in a timely manner, and combating corruption.
- Provide independent audit services for international and supranational organizations and initiate international coordinated audits in diverse areas. INTOSAI should further study the independent external audits of international organizations (such as regional organizations and similar institutions that accept members' financial contributions). It can take as a point of reference the external audit modes of the UN Board of Auditors and the UN Panel of External Auditors to study the arrangements that allow SAIs to work as the independent external auditors of international organizations; to mobilize international organizations to accept the proposal that heads of INTOSAI member SAIs be appointed as their external auditors, and to recognize ISSAIs as their audit standards.

**Terrence Nombembe:** Establishing the Standing Supervisory Committee on Emerging Issues is a clear indication of INTOSAI's intention to expand its value-adding role to the global stage. It is an acknowledgement of INTOSAI's intention to positively and proactively influence the direction of global trends and to advance to a position where global public sector insights can be shared with public sector stakeholders to enhance transparency, accountability, and good governance.

The efforts of INTOSAI can only succeed, however, if we make an effort to participate in influential global forums and their key discussions. INTOSAI is a highly respected organization, filled with people with highly developed technical skills and wide experience. For INTOSAI to respond to global changes and challenges, its leaders need to be visible on global platforms carefully identified for optimum impact. Although it is important and relatively easy for INTOSAI to be monitoring key global developments, INTOSAI has to be able to impact such development by engaging with forums identified as relevant in directing global trends.

We have the opportunity to consolidate our existing networks, which have historically been proven to be invaluable in directing global trends. In this context I am referring to bodies such as the International Federation of Accountants, Institute of Internal Auditors, United Nations, Organization for Economic Cooperation and Development, and our key donor partners, with whom we have established a high level of credibility and authority on matters of standard setting as well as the implementation of such standards and frameworks.

In keeping with the spirit of the 22nd UN/INTOSAI Symposium, which recognized and elevated the role of SAIs as dependable advisors, INTOSAI can extend this role beyond our SAI-specific territory to forums where those we advise can meet with their global partners to influence world events and trends. These forums would include the G8, G20, and BRICS forums; the World Economic Forum; high-level development forums; and key regional forums.

I am greatly appreciative that INTOSAI has advanced this far by establishing the Standing Supervisory Committee on Emerging Issues. It is important that it has been established at the appropriate level of authority by having it chaired by the President of INTOSAI. I have no doubt that in the next three years Mr. Liu Jiayi and the Supervisory Committee, supported by the regional leadership in INTOSAI, will, by demonstrating mature leadership, tact, and strategic influence, respond to global changes as the independent voice of reason at global levels of governance.

**From your perspective, how far has INTOSAI come in  
(a) promoting the independence of SAIs and  
(b) fostering collaboration with those partners charged with  
governance?**

**Liu Jiayi:** As an umbrella organization for SAIs, as well as the key hub of and major decision-making platform for information exchange, technical cooperation, and training and seminars in the field of national audit worldwide, INTOSAI plays a positive role in both promoting the independence of SAIs and fostering collaboration with those partners charged with the responsibility of good governance.

INTOSAI has taken the following measures to promote the independence of SAIs:

- First, the principles of independence have been clarified by adopting the Declarations of Lima, Mexico, and Beijing and by facilitating the approval of Resolution A/66/209 "Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening SAIs," by the 66th United Nations General Assembly.

- Second, through disseminating the aforementioned documents and the principles of audit independence at various international conferences, forums, and symposiums, INTOSAI has encouraged national legislatures and administrations to ensure the application of the principles of independence, and has laid a solid foundation for improving the standing of SAIs in their respective countries.
- Third, INTOSAI, in accordance with its communication guideline and through its coordination and communication mechanisms, has encouraged and promoted SAIs to expand their interaction and collaboration with partners charged with governance responsibilities while ensuring their independence.

In practice, the following actions have been taken:

- INTOSAI attaches great importance to capacity building of SAIs and has published the International Standards of Supreme Audit Institutions (ISSAI) and INTOSAI Guidance for Good Governance (INTOSAI GOV), which provide SAIs with a collection of internationally accepted standards and guidelines on financial audit, compliance audit, performance audit, fraud audit, environmental audit, IT audit and internal governance, and helps share best audit concepts and good practices to boost audit quality and results.
- INTOSAI values knowledge-sharing activities such as seminars and workshops, and addresses relevant topics through the Standing Supervisory Committee on Emerging Issues. These strategies have enabled SAIs to adapt better to external changes and developments as well as the growing demands of stakeholders, and to collaborate more competently with citizens and legislative and administrative bodies.
- INTOSAI promotes cooperation and knowledge-sharing among its members by making good use of various INTOSAI committees, working groups, subcommittees, and project groups. INTOSAI, jointly with relevant international organizations, takes part in global governance by encouraging cooperation between SAIs and external partners including the UN, World Bank, OECD, Interparliamentary Union (IPU), International Federation of Accountants (IFAC), and Institute of Internal Auditors (IIA). INTOSAI also participates in the International Public Sector Accounting Standards (IPSAS) Governance Review Group, which assesses governance and oversight arrangements for the setting of IPSAS and other pronouncements, by participating in the development of the International Auditing Standards (ISA) by IFAC.

**Terrence Nombembe:** (a) The adoption of UN Resolution A/66/209 was a momentous milestone in the history of INTOSAI and the global public sector. SAI independence enables an SAI to adapt to any situation and to apply this noble and powerful privilege to demonstrate our relevance and our benefit to society. I have, on a number of occasions, stated my belief that SAIs can grow to be the preeminent voice of reason in our respective countries and in the global public sector, provided that we never become complacent about the underlying principles and values of the Lima and the Mexico Declarations. However, much remains to be done to ensure that all SAIs attain full independence.



To this end, INTOSAI—especially its regional structures—will continue to use every platform available to promote the doctrine of independence. I believe, though, that individual SAIs need to do more to support and encourage one another as they strive to successfully complete the journey to full independence.

(b) With regard to fostering collaboration with those partners charged with governance, INTOSAI has, through the adoption of ISSAI 12 in Beijing last fall, recognized the value of ongoing, structured communication and of stakeholder engagement. This ISSAI urges SAIs to build partnerships that will enable those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations, to take appropriate corrective action in order to strengthen service delivery to citizens, and to build public confidence.

SAIs must use their unique privilege of engaging with their country's government leaders to create conditions that consistently produce credible information related to the stewardship of public funds, delivery of services to citizens, and respect for the rule of law in managing state resources.

For SAIs to achieve optimal value from these partnerships, we must have continuous, systematic, and structured processes through which we will build a reputation of responsive institutions, ones that develop professional relationships with relevant legislative oversight committees, executive authorities, and management of audited entities. Audit standards clearly define the conditions and interventions that we should use in order to create a successful relationship with those charged with governance.

This will require persistence, persuasion, and humility on our side as SAIs, but it is a journey that is certainly worthwhile, one that is in our interest and even more so, in the interest of those we ultimately serve—the citizens.

### **The *Beijing Declaration* was a major achievement for INTOSAI. What do you see as the implications of the Declaration for individual SAIs?**

**Liu Jiayi:** As another major document that “summarizes history, meets challenges and builds consensus,” after the Lima and Mexico Declarations, the *Beijing Declaration on Promotion of Good Governance by Supreme Audit Institutions* will, I believe, have a profound and far-reaching influence on ensuring the independence of individual SAIs and the roles played by SAIs in promoting national good governance, safeguarding the long-term sustainability of financial policies, and ensuring good governance globally.

First, the *Beijing Declaration* includes major achievements and experience obtained by INTOSAI since its official establishment 60 years ago and reaffirms the guiding principles embodied in the Lima and Mexico Declarations and UN Resolution A/66/209, particularly the basic rules for national audit and the principle of independence. Standing for all individual SAIs, it calls for the implementation of these principles by each legislature and government body.

Second, the *Beijing Declaration* identifies the promotion of good national governance and global governance as the common goal of all SAIs and develops mandates of SAIs from a future-oriented perspective. In accordance with the *Beijing Declaration*,

SAIs, as an indispensable part of national governance, should propose constructive recommendations to decision-makers in order to uphold democracy and the rule of law, increase the efficiency of government, prevent and combat corruption, ensure national security, promote people's livelihood, strengthen transparency and accountability, and build SAIs into trustworthy, honest, and model organizations of integrity. The *Beijing Declaration* appeals to individual SAIs to shoulder our shared responsibilities, resist common risks, take joint actions, and speak with one voice. By enhancing international cooperation and playing a vital role in finding solutions to the major challenges confronting the world today—such as crises related to the sovereign debt, ecology, global financial security, and anti-corruption— we can encourage individual governments to fulfill their obligations through auditing such areas as tackling climate change, eliminating trade barriers, ensuring financial sustainability and encouraging anti-money laundering efforts. SAIs can also promote accountability, transparency, and better performance in order to ensure a smooth development of the world economy. This goal can be achieved by participating in governance activities such as evaluating social progress, by conducting external audit of international and regional organizations, and by contributing to the fulfillment of tasks defined in the United Nations Millennium Declaration—consulting with multilateral organs such as the UN, World Bank, G20, and OECD, and engaging in continuous improvements of global governance.

Third, faced with the financial and economic crisis plaguing the world at the beginning of the 21st century, the *Beijing Declaration* calls for all SAIs, in light of their national conditions and legal mandates, to carry out independent and strict audit on government accounting statements and public debt to safeguard the long- and mid-term sustainability of financial policies, ensure the public interest, and promote social and economic development. The *Beijing Declaration* also calls for individual SAIs to improve their mandates so as to conduct audits on the sustainability of financial policies.

Finally, the *Beijing Declaration* calls upon member SAIs, in compliance with the strategic plan of INTOSAI, to enhance capacity building and knowledge sharing, to establish and observe the ISSAIs, and, based on the above, to maintain independence and improve performance to build INTOSAI into a model organization. The XXI INTOSAI endorsed the work theme for 2014 as “implementation of the *Beijing Declaration*, especially of the UN General Assembly Resolution A/66/209 Resolution on strengthening the independence of supreme audit institutions and the framework of ISSAIs to ensure sustainable development of public finances.” This has further highlighted the significance of the *Beijing Declaration*.

**Terrence Nombembe:** The *Beijing Declaration* confirms that INTOSAI now fully embraces the principles of the value and benefits of SAIs and sets a tone that inspires all SAIs to remain firmly committed to strengthening the accountability, integrity, and transparency of the governments we audit. The Declaration motivates us to sustain our relevance and responsiveness to citizens and to all oversight bodies that hold our governments to account, while continuing to build and sustain model

organizations that lead by example, so that we can be respected by those placing reliance on our work. It is now up to us as individual SAIs to put measures in place to ensure alignment with the objectives and principles contained in ISSAI 12 and to prepare to be measured in terms of the SAI performance measurement framework being piloted in INTOSAI.

The *Beijing Declaration* also recognizes the important role that SAIs can play in strengthening national governance. Public sector auditing should increase government's efficient, effective, economic, and equitable use of public resources, thereby creating a basis for sustainable development, ensuring a "life of dignity" for citizens, and promoting the improvement of people's livelihood. I would like to challenge SAIs to ensure that they are strategically positioned to fulfill this honorable role with excellence. This should include adopting and implementing the full ISSAI framework, especially the ISSAIs adopted at the XXI INCOSAI; ensuring continued and well-coordinated capacity-building activities in all audit disciplines in the SAI, including making full use of the support available in INTOSAI, its regional secretariats, and individual SAIs; and increasing public sector knowledge-sharing within the SAI, including developing capabilities to respond to fiscal and economic challenges, to ensure the SAI remains relevant.

In conclusion, I wish to remind us all as SAIs that our role is to bring hope to the citizens of the world. I am confident that if we continue in the direction in which we set out 60 years ago—a direction confirmed and refined in Beijing—we as SAIs will indeed bring hope to the citizens of the world.

As INTOSAI, it is our time to shine, and we shall indeed shine.



*editor's note*

This issue is dedicated to the XXI International Congress of Supreme Audit Institutions (INCOSAI), which was hosted by Liu Jiayi and the National Audit Office of the People's Republic of China in Beijing, October 22—26, 2013.

## XXI INCOSAI at a Glance



The XXI International Congress of Supreme Audit Institutions (INCOSAI) officially opened October 22, 2013, in Beijing. Liu Jiayi, Auditor General of China and host of the XXI INCOSAI, welcomed delegates to China.



In honor of the 60th anniversary of INTOSAI, a series of commemorative stamps were announced. From left, Terrence Nombembe, Auditor General of South Africa; Josef Moser, INTOSAI General Secretary; Gene Dodaro, Comptroller General of the United States; and Liu Jiayi, Auditor General of China, present the stamp to the XXI INCOSAI.

## XXI INCOSAI at a Glance

- The XXI INCOSAI attracted more than 546 delegates representing 158 SAIs, 19 delegates representing three INTOSAI associate members, and 33 observers representing 22 organizations.
- In honor of the 60th anniversary of INTOSAI, a special publication, *60 Years INTOSAI – 50 Years General Secretariat: Transparency, Accountability, Good Governance*, and a series of commemorative stamps were announced.
- The approved XXI INCOSAI congress theme reports, which focused on the role of SAIs in promoting good governance, were as follows:
  - Theme 1: National Audit and National Governance
  - Theme 2: The Role of SAIs in Safeguarding Long-term Sustainability of Finance Policies
- In his speech at the inauguration ceremony, moderator and INTOSAI Secretary General Dr. Josef Moser noted the importance of the UN General Assembly's Resolution A/66/209, which promotes the efficiency, effectiveness, and transparency of public administration by strengthening SAIs. This resolution, he said, is important for the future work of INTOSAI and its involvement in the UN post-2015 agenda.
- The *Beijing Declaration*, which calls for the promotion of good governance by SAIs, was adopted.
- INTOSAI full membership grew to 192 with the admission of the SAI of Tajikistan. Its associate membership is now at five after the admission of the West African Economic and Monetary Union SAI.
- This year's Jörg Kandutsch Award for meritorious services in government auditing was presented to Dr. Josef Moser in his capacity as President of the Austrian Court of Audit (ACA) in recognition of the ACA's successful national reform measures and activities with regard to the adoption of the UN General Assembly Resolution A/66/209. In his words of thanks, Josef Moser stated that the award belonged to all members of INTOSAI as well as to the ACA members, whose active support had enabled the ACA to successfully perform its tasks in past years.
- The Elmer B. Staats Award, which is awarded for the best article published in the *International Journal of Government Auditing*—as judged by this *Journal's* Board of Editors—since the last INCOSAI, was presented to Yining Zhou of the School of Commerce and Management, Southern Cross University, Australia, and Gangying Zhou, retired, of Huazhou City Audit Office, Guangdong, China, for their article, "Establishing Judgments about Materiality in Government Audits: Experiences of Chinese Local Government Auditors."

## Great Wall Inspires INCOSAI Logo



The Great Wall extends for more than 8,000 kilometers, winding its way through China with a tenacity that has, for 2,500 years, served as a symbol for safeguarding the security of the country and its people. This role, as a protector against external threats and a consolidator of national well-being, is similar to the function of auditing, and was therefore the inspiration for the XXI INCOSAI logo. The Great Wall reflects a far-sighted vision of the strategic foresight to create a series of fortifications, walls, and earthworks that became linked to create one formidable entity.

As well as building a line of defense, the Great Wall has historically facilitated communication and commerce, creating a pathway among various cultures. The image of the Great Wall in the INCOSAI logo is thus fittingly integrated with the depiction of a globe, evoking an economy and information network that is becoming increasingly globalized. Here, the globe also references the emblem of INTOSAI, and acknowledges the organization's position facilitating cooperation and development among SAIs around the world.

The logo's "lifting and holding" hands beneath the globe represent the cooperation between SAIs and citizens to promote auditing and to address, together, the challenges of a growing worldwide economy.





## XXI INCOSAI at a Glance

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### Actions taken at the XXI INCOSAI

- The election of new representatives for EUROSAI, AFROSAI, and ASOSAI in the INTOSAI Governing Board: the SAIs of Poland and Russia for EUROSAI, the SAIs of Gabon and Egypt for AFROSAI, and the SAIs of Japan and Pakistan for ASOSAI.
- The SAI of the United Arab Emirates joined the circle of Governing Board members as host of the XXII INOCSAI in 2016.
- The SAIs of Norway and the United States of America were re-elected to be responsible for, respectively, the INTOSAI Development Initiative and the *International Journal of Government Auditing*.
- The transfer of the chairmanship of the Goal 2 Capacity Building Committee (CBC) from the SAI of Morocco to the SAI of South Africa.
- The establishment of a CBC vice-chair and approval of the SAI of Sweden as CBC vice-chair.
- The dissolution of Subcommittee 1 of the CBC, "Promote increased capacity building activities among INTOSAI members," and remittance of its tasks to the CBC Steering Committee.
- The creation of a new Working Group on Audit of Extractive Industries chaired by the SAI of Uganda and a new Task Force on Procurement Contract Audit chaired by the SAI of the Russian Federation, both under Goal 3.
- The dissolution of the INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid.
- The transfer of the chairmanship of the INTOSAI Working Group on Environmental Auditing from SAI of Estonia to the SAI of Indonesia.
- The transfer of the chairmanship of the INTOSAI Working Group on Value and Benefits of SAIs, under Goal 3, from the SAI of South Africa to the SAI of Mexico.
- Election of the SAIs of China, Saudi Arabia, the United States of America, Norway, and Ecuador as members, and South Africa and the General Secretariat as ex-Officio members, of the Finance and Administration Committee under Goal 4.



## Highlights of the 64th Governing Board



The 64th Governing Board met October 21, 2013, in Beijing, China. From left to right are Rashad M. Kassim, General Auditing Bureau, Saudi Arabia; Osama Jafar Faquih, President of the General Auditing Bureau, Saudi Arabia; Robert Sattler, Director of Austria Court of Audit, Austria; Josef Moser, INTOSAI General Secretary, Austria; Terrence Nombembe, Auditor General, South Africa; Liu Jiayi, Auditor General, China; Zhou Weipei, Director General of International Department, National Audit Office of the People's Republic of China; Monika Gonzalez-Koss, INTOSAI Director of Strategic Planning, Austria.

The 64th meeting of the INTOSAI Governing Board was held in the China National Convention Center on the eve of XXI INCOSAI.

The Governing Board agreed to the following actions:

1. Creation of the position of a vice chairman of the Standing Supervisory Committee on Emerging Issues, and approval of the SAI of the U.S. to serve in this role.
2. Adoption of the annual reports and the audited financial statements 2010-2012 of the General Secretariat.
3. Adoption of the 2014-2016 INTOSAI budget.
4. Transfer of the chairmanship of the Financial Audit Subcommittee from the SAI of Sweden to the SAI of the United Arab Emirates.
5. Approval of the IDI Strategic Plan 2014-18 and the revised IDI mandate.



## List of ISSAIs, INTOSAI GOVs and Official Documents Endorsed by XXI INCOSAI

ISSAI/ INTOSAI GOV	Title	Elaborated by
ISSAI 12	The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens	WG Value and Benefits of SAIs
ISSAI 100	Fundamental Principles of Public Sector Auditing	Harmonization Project
ISSAI 200	Fundamental Principles of Financial Auditing	Harmonization Project
ISSAI 300	Fundamental Principles of Performance Auditing	Harmonization Project
ISSAI 400	Fundamental Principles of Compliance Auditing	Harmonization Project
ISSAI 5500	Introduction to Guidance for Audit Work on Disaster-related Aid	Working Group on Accountability for and Audit of Disaster-related Aid
ISSAI 5510	Audit of Disaster Preparedness	Working Group on Accountability for and Audit of Disaster-related Aid
ISSAI 5520	Audit of Disaster-related Aid	Working Group on Accountability for and Audit of Disaster-related Aid
ISSAI 5530	Adapting Audit Procedures to Take Account of the Increased Risk of Fraud and Corruption in the Emergency Phase following a Disaster	Working Group on Accountability for and Audit of Disaster-related Aid
ISSAI 5540	Use of Geospatial Information in Auditing Disaster Management and Disaster-related Aid	Working Group on Accountability for and Audit of Disaster-related Aid
INTOSAI GOV 9250	Integrated Financial Accountability Framework (IFAF): guidance on improving information on financial flows of humanitarian aid	Working Group on Accountability for and Audit of Disaster-related Aid

### Official INTOSAI Documents

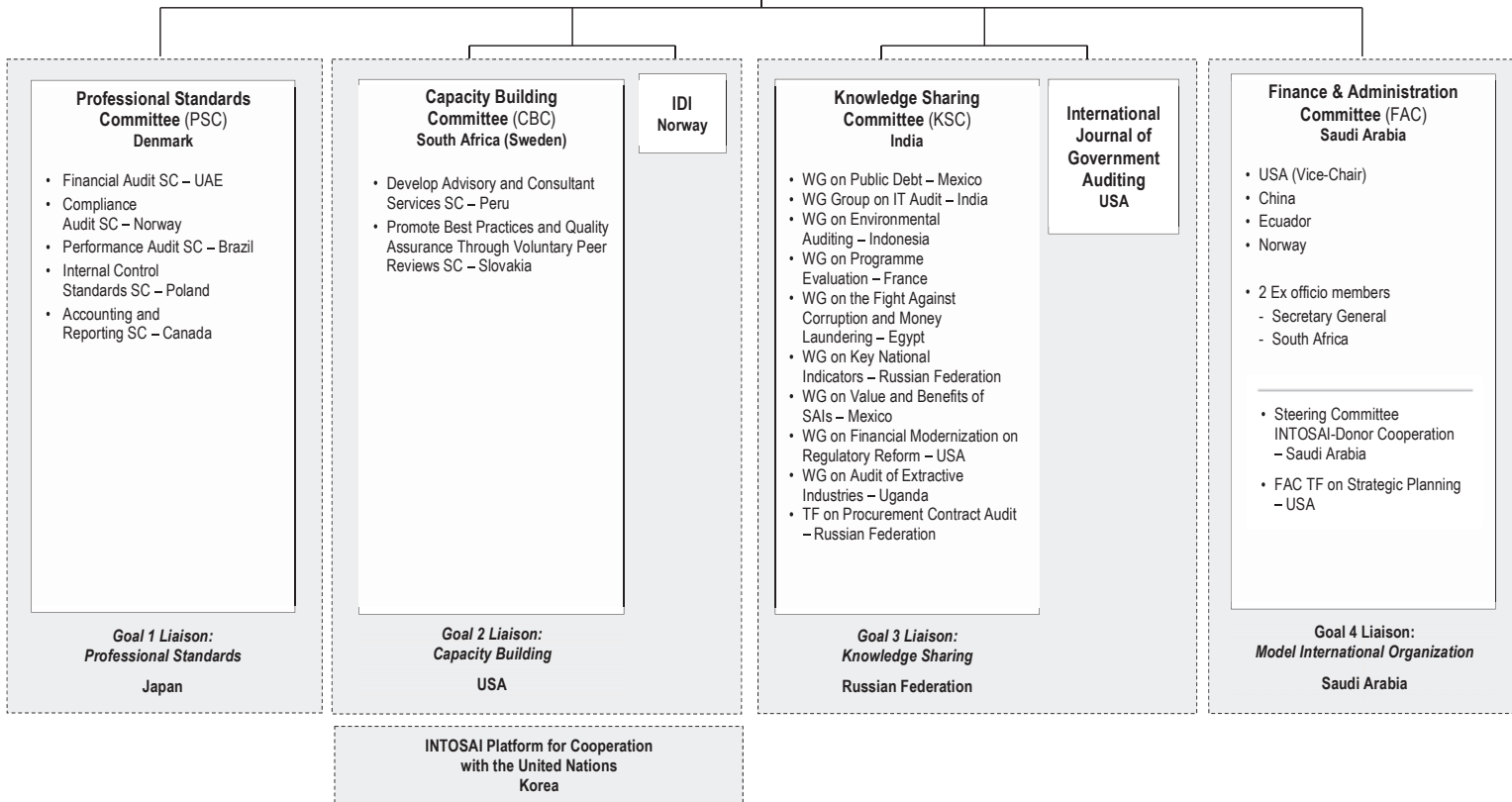
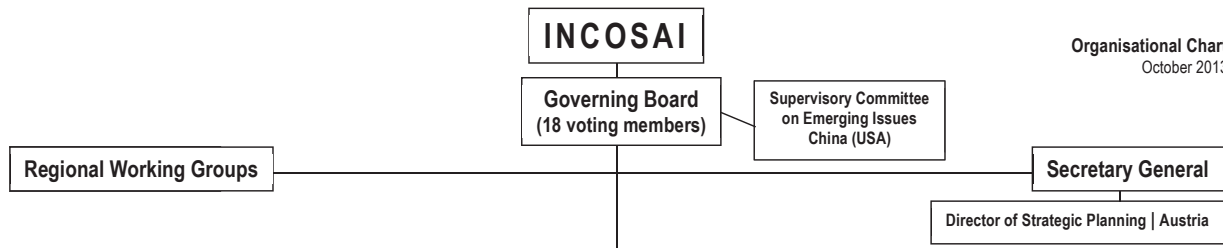
Official Document	Title	Elaborated by
	Communicating and Promoting the Value and Benefits of Supreme Audit Institutions – An INTOSAI Guideline	WG Value and Benefits of SAIs



# INTOSAI Organizational Chart

SC = Subcommittee  
 WG = Working Group  
 TF = Task Force

Organisational Chart  
 October 2013





## INCOSAI in Pictures



The XXI INCOSAI opened October 22, 2013, at The Great Hall of the People, Beijing, China.



## 世界审计组织第二十



Before the festive ceremony on October 23, delegates and observers gathered for the official congress photo at the China National Convention Center in Beijing.





The China National Convention Center served as the main venue for the XXI INCOSAI.

二十一届大会

XXI INCOSAI

中国·北京  
BEIJING · CHINA

2013年10月21日-26日  
21<sup>st</sup> - 26<sup>th</sup> October, 2013





Representatives of INTOSAI and the donor community deliberated during the INTOSAI-Donor Steering Committee meeting held before the congress.



Liu Jiayi, Auditor General of China and host of the XXI INCOSAI, welcomed delegates to a festive ceremony held October 23.



To commemorate the 60th anniversary of INTOSAI, a festive ceremony and cultural night, featuring dancers and musicians, was held during the evening of October 23.

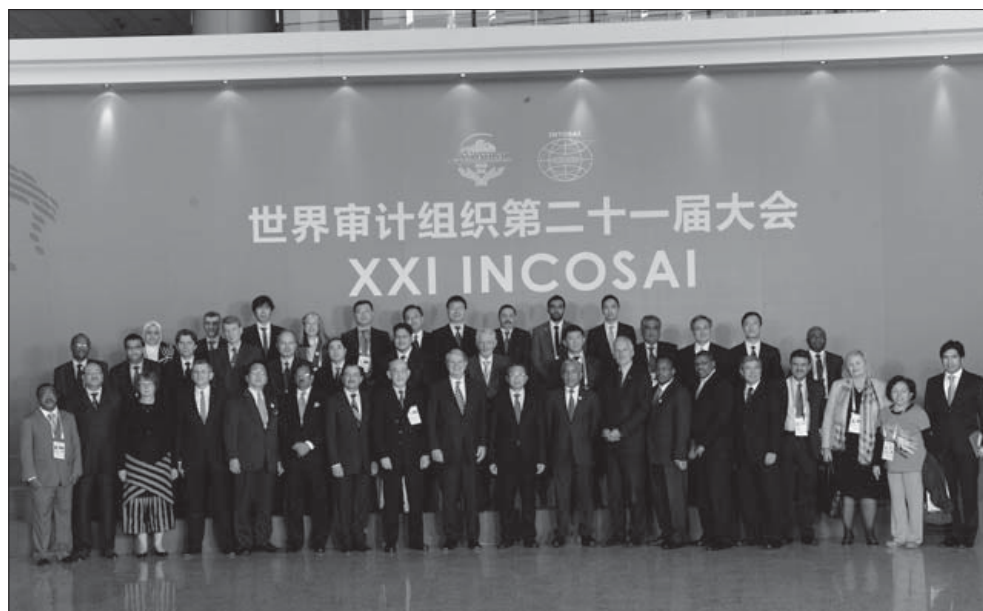


Interactions between delegates from different countries and regions enriched discussion during the congress.





During the congress, Terrence Nombembe (left), Auditor General of South Africa, presented the Jörg Kandutsch Award to Josef Moser, INTOSAI General Secretary and President of the Austrian Court of Audit.



The 65th Governing Board was held after the XXI INCOSAI on October 26. Liu Jiayi, Auditor General of China and the new Chair of INTOSAI's Governing Board, welcomed the new Governing Board, which includes 18 members: Bahamas, China, Ecuador, Egypt, Gabon, General Secretariat of INTOSAI (Austria), Japan, Mexico, New Zealand, Norway, Pakistan, Poland, the Russian Federation, Saudi Arabia, South Africa, Venezuela, the United Arab Emirates, and the United States of America.

## The First General Plenary Session: Focusing on Good Governance



Hosted by Liu Jiayi, Chair of the Congress and Auditor General of China, the first general plenary session elected Mr. Augusto Nardes, President of the Federal Court of Accounts of Brazil, as vice chairman of the Congress.

The first general plenary session of XXI INCOSAI was held on October 22 at the China National Convention Center. This plenary session included a series of reports, such as those of the INTOSAI Secretary General and the Director of Strategic Planning, the Finance and Administration Committee, the Task Force on Strategic Planning, the seven INTOSAI Regional Working Groups, the INTOSAI external auditors, the Capacity Building Committee, and the INTOSAI Development Initiative (IDI).

The session's main decisions were as follows:

- Admittance of the SAI of Tajikistan as a full member and of the West African Economic and Monetary Union SAI as an associate member of INTOSAI.
- Creation of the position of a vice chairman of the Standing Supervisory Committee on Emerging Issues and approval of the SAI of the United States to assume this role.
- Adoption of the annual reports and the audited financial statements 2010–2012 of the General Secretariat.
- Adoption of the INTOSAI budget 2014–2016.



- Communication priority theme for 2014 "Implementation of the *Beijing Declaration*, especially of the UN General Assembly Resolution A/66/209 on strengthening the independence of SAIs and the ISSAI framework in order to secure sustainable development of public finances."
- The presentation of nine proposals by the Finance and Administration Committee:
  - to offer INTOSAI more financial flexibility to maintain its finances and to receive voluntary financial contributions,
  - to clarify the expectations for holding INTOSAI meetings,
  - to review the current membership assessment,
  - to encourage INTOSAI members to give voluntary financial contributions,
  - to notify the General Secretariat of all ongoing external funding,
  - to revisit the associate membership process,
  - to prepare a high level financing plan in conjunction with the new INTOSAI Strategic Plan, and
  - to review the potential for initiating a certification process for auditors.
- Transfer of the chairmanship of the Financial Audit Subcommittee from the SAI of Sweden to the SAI of the United Arab Emirates.
- Transfer of the chairmanship of the Capacity Building Committee (CBC), Goal 2, from the SAI of Morocco to the SAI of South Africa.
- Establishment of the position of a CBC vice chairman and approval of the SAI of Sweden to fill this role.
- Transfer of the chairmanship of the CBC's Subcommittee 3, "Promote best practices and quality assurance through voluntary peer reviews," from the SAI of Germany to the SAI of the Slovak Republic (on occasion of the 63rd Governing Board meeting in 2012).
- Dissolution of the CBC's Subcommittee 1, "Promote increased capacity building activities among INTOSAI members;" remittance of its tasks to the CBC Committee.
- Approval of the IDI Strategic Plan 2014–18 and the revised IDI mandate.

A number of publications, manuals and guides were presented, such as

- an anniversary publication, *60 Years INTOSAI – 50 Years General Secretariat: Transparency, Accountability, Good Governance*,
- a re-edition of the booklet on the Lima and Mexico Declarations, including the unabridged text of UN Resolution A/66/209,
- a compendium on *Innovative Practices of Citizen Engagement for Public Accountability through Supreme Audit Institutions*,

- a collection of relevant literature to strengthen SAI capacity in the fight against corruption, and
- a position paper by the General Secretariat and the United Nations Department of Economic and Social Affairs on the 22nd UN/INTOSAI Symposium.

These publications were distributed among participating delegates and are also available on the INTOSAI website <http://www.intosai.org> under "publications."

The INTOSAI Donor Cooperation reported on the re-launch of the Global Call for Proposals 2013, based on the significant success of the previous call in 2011. There are 25 projects that are being funded or are ongoing, and the SAI Performance Measurement Framework is making significant progress. Also, with the signing of the French Ministry of Foreign Affairs, the number of donors that have signed the memorandum of understanding between INTOSAI and the Donor Community has increased to 21.

IDI gave a brief review of its capacity-building activities, such as the ISSAI Implementation Program (3i) and the 3i Management Program.



## The Second General Plenary Session: XXI INCOSAI Congress Themes



The XXI INCOSAI congress discussed themes that focus on the role of SAIs in promoting good governance.

An entire day of the XXI INCOSAI was dedicated to discussions on the two congress themes:

- Theme I: National Audit and National Governance
- Theme II: The Role of SAIs in Safeguarding Long-Term Sustainability of Finance Policies

The discussions on Theme I highlighted the fact that SAIs need a comprehensive audit mandate in order to fulfill their tasks. In many areas this is not yet the case, which renders UN General Assembly Resolution A/66/209 and its call for the implementation of the principles of independence as stipulated in the Lima and Mexico Declarations vital.

The congress recommended that SAIs assume their audit responsibility and adapt to constantly changing requirements in a complex environment. SAIs should furthermore advocate the strengthening of an audit-friendly legal framework, advance capacity building in audit institutions, and improve national audit practices. They should ultimately enhance the effectiveness of national audits on national governance and communicate the attained results.

In this spirit, INTOSAI should also embrace the improvement of global governance, improve its own governance, and call upon SAIs to assume a more effective role at the national level.

The discussions on Theme II showed that SAIs need to perform audits on public debt and on mid- and long-term budgetary planning to play an effective role in sustainable development. For some SAIs, however, this is not possible due to the lack of a legal framework.

Congress participants deemed it particularly relevant to legally anchor budget rules and make use of fiscal indicators. A solid accounting system, preferably accrual accounting, is of high importance in order to step up the transparency of public finances. Auditing the effective coordination between budgetary and fiscal policies, together with a comprehensive economic risk analysis, is conducive to the effectiveness of audits.

Defining budget rules—with particular regard to structural budgetary balance as well as to the implementation of planning systems, impact-oriented budgeting, performance audits, transparency, and accountability—is particularly relevant in order to safeguard the mid- and long-term sustainability of public finances and debts. Consistent with national legal structures, the mandate of SAIs should also encompass auditing financial regulators, ensuring a timely provision of information to decision-makers and the public on their concrete audit possibilities and on limits with regard to financial sustainability. Performance audits in this area should also be conducted.

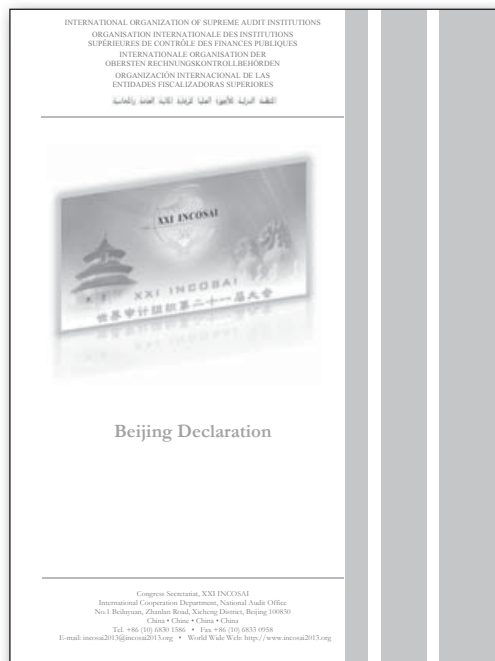
The themes, which were fully discussed and approved, will be consolidated in the form of *Beijing Accords*, as an annex to *Beijing Declaration*.

**Read the XXI INCOSAI Congress  
themes  
(the *Beijing Accords*)  
<http://www.intosai.org>**





## The Third General Plenary Session: Approving the Beijing Declaration



The XXI INCOSAI in Beijing was concluded on October 26, 2013, with the adoption of the *Beijing Declaration*.

At the third general plenary session the *Beijing Declaration* was approved. INTOSAI's new Governing Board also approved the SAI of United Arab Emirates as the host of the XXII INCOSAI in 2016. The United Arab Emirates will accordingly serve as the first vice chairman of INTOSAI's Governing Board. The SAI of Saudi Arabia will continue as the board's second vice chairman and as chair of the Finance and Administration Committee, and the SAIs of Oman and Ghana were elected as the board's external auditors.

The newly elected or renewed members of the Governing Board also include Egypt and Gabon from AFROSAI, Japan and Pakistan from ASOSAI, and Poland and Russian Federation from EUROSAI. The United States and Norway are both renewing their terms as, respectively, chairs of the *International Journal of Government Auditing* and the INTOSAI Development Initiative.

### XXI INCOSAI releases the Beijing Declaration

In the *Beijing Declaration*, congress participants call in particular for the implementation of the UN Resolution A/66/209 on strengthening the independence of SAIs and expressed support for plans to intensify cooperation with the United Nations in the framework of the Post-2015 Development Agenda.

The congress noted the adoption of the UN Resolution “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions” in a highly positive way and called upon members, development organizations and other stakeholders to implement at a national level the principles of the Lima and Mexico Declarations.

With regard to the adoption of new audit standards, the focus was on three areas:

- ISSAI 12 "Value and Benefits of SAIs – Making a difference in the lives of citizens”
- The fundamental auditing principles on financial, performance and compliance auditing revised by the harmonization project (Level 3, four ISSAIs: 100, 200, 300 and 400)
- Auditing Guidelines with regard to audit of disaster-related aid (Level 4, five ISSAIs: 5500, 5510, 5520, 5530 and 5540 and one INTOSAI GOV: 9250)

The congress recommended that SAIs assume their audit responsibility and adapt to constantly changing requirements in a complex environment. SAIs should furthermore advocate the strengthening of an audit-friendly legal framework, advance capacity building in audit institutions, and improve national audit practices. They should ultimately enhance the effectiveness of national audits on national governance and communicate the attained results.

## Winner of the 2013 Elmer B. Staats Award

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***Editor's Note:** At each INTOSAI Congress the Journal presents the Elmer B. Staats Award to the author of the best article published by the International Journal of Government Auditing over the previous three years.*

*The Journal is pleased to announce the winner of this year's competition, an article co-authored by Yining Zhou of the School of Commerce and Management, Southern Cross University, Australia, and Gangying Zhou, retired, of Huazhou City Audit Office, Guangdong, China.*

*The title of their winning article, selected by the Journal's Board of Editors as the best article published in the Journal during 2010 – 2012, is: "Establishing Judgments about Materiality in Government Audits: Experiences of Chinese Local Government Auditors."*

*The judges for this competition are the SAIs who serve as members of the Journal's Board of Editors and as associate editors. Judges considered the following criteria as they scored the articles: contribution to knowledge and originality, evidence of research, imaginative treatment, literary merit, and subject matter.*

*The article appeared in our July 2011 print edition and is also available online at the Journal's website: <http://www.intosaijournal.org>*



Yining Zhou, right, accepts the 2013 Elmer B. Staats Award, presented by U.S. Comptroller General Gene Dodaro, for the *Journal* article Mr. Zhou co-wrote with Gangying Zhou.

## The 11th Elmer Staats Award Acceptance Speech

Delivered at the XXI INCOSAI, October 23, 2013, by Yining Zhou, Southern Cross University Australia, on behalf of the awarded article authors Yining Zhou and Gangying Zhou

*Your Excellencies, Ladies and Gentlemen,*

*Good Evening.*

*As the authors of the article, we express grateful appreciation to the International Organization of Supreme Audit Institutions and the International Journal of Government Auditing for the award presentation. Mr. Elmer Staats is a monument in the history of public sector auditing. Before this moment we have never imagined our humble work would be associated with this great person one day. We feel surprised, humble, and honored. We depict our extensive appreciation to editors, reviewers and editorial assistants of the Journal for their constructive advice and excellent service. We appreciate the substantive support from the Huazhou City Audit Office Guangdong China, and Southern Cross University Australia, as well as the considerable help from the China National Audit Office and local audit offices. We do not view this award as recognition of the slight accomplishment that this study has achieved. Rather, we view this as promotion of the need to synergize government audit practice and theory, and to highlight the value of cooperation and knowledge sharing in the course of this synergy. From this point of view, this award must be shared by all government audit practitioners and researchers.*

*A Chinese saying goes: wisdom comes from practice. From many years of practice, government auditors from different countries have established a rich store of practical experiences. But the mere accumulation of experiences is insufficient to generate a deep form of wisdom. All of us must go beyond the simplified, superficial, and somewhat biased empirical knowledge, to approach to the systematic, in-depth, and comprehensive rational knowledge. By means of rational knowledge, we are able to explore operating regularities, and study the nature of phenomenon emerging from audit practice, in our quest for “wisdom.” The wisdom, in terms of government audit standards and theories, will guide and improve our practice to a new level. To quote the Chinese ancient philosopher Chu-Tzu, “The higher you understand, the better you practice; the better you practice, the far higher you understand.”*

*The “wisdom-practice” view is consistent with Elmer Staats’s suggestion that knowledge development is a means of improving practices to solve complex problems. At the 1982 International Congress of Accountants, Elmer Staats delivered a famous speech identifying that the focus of auditing profession needs to be improving practices, and seeking ways in which it can assist in resolving complex social and economic problems. To address this concern, Elmer Staats called for the whole auditing profession to “develop international accounting and auditing standards, improve accountability by international organizations, and improve training and development opportunities for government auditors.”*

*In the name of the Elmer Staats Award, we use Elmer Staats’s quotes, to speak to the whole community of government auditing. Let all of us work together, as a community, as a team, and as a family, to share our experiences, to share our knowledge, and to share our theoretical and practical achievements. We believe, our collective work from different backgrounds will advance progress of government audit, and eventually contribute to the development of all societies. We believe, our cooperation will lead to the synergy of theory and practice from an international perspective, and eventually realize Elmer Staats’s expectation and aspiration for the government audit profession.*

*This award is dedicated to all practitioners and researchers in government auditing.*

*Thank you very much.*





**Professional Standards Committee (PSC)  
Denmark**

- Financial Audit SC – UAE
- Compliance Audit SC – Norway
- Performance Audit SC – Brazil
- Internal Control Standards SC – Poland
- Accounting and Reporting SC – Canada

**Goal 1 Liaison:  
Professional Standards  
Japan**

## Goal 1 Report: Accountability and Professional Standards

Bettina Jakobsen, Deputy Auditor General of Denmark and Chairman of INTOSAI’s Professional Standards Committee (PSC), acknowledged in her report to the XXI INCOSAI that the main task of the PSC is to develop, maintain, and promote the International Standards of Supreme Audit Institutions (ISSAI). She stated that during the past three years, the 71 members of the PSC have worked to raise awareness of ISSAIs and ensure that they are being used by SAIs around the world.

Ms. Jakobsen reported that the ISSAI Harmonization Project, which strives to harmonize the ISSAI framework, has been a main focus in the mandate period 2011-2013, and focuses on the following issues:

- The revised fundamental auditing principles (level 3 of the ISSAI framework) define the essence of public-sector auditing and create a common platform for all SAIs
- The new ISSAIs 100, 200, 300, and 400 set out the key concepts in public sector auditing and will serve as a common language for the INTOSAI community. The PSC chairman reported that the committee is proud to present these ISSAIs for endorsement by the Congress.
  - ISSAI 100: Fundamental Principles of Public Sector Auditing
  - ISSAI 200: Fundamental Principles of Financial Auditing
  - ISSAI 300: Fundamental Principles of Performance Auditing
  - ISSAI 400: Fundamental Principles of Compliance Auditing

These ISSAIs are available online at <http://www.issai.org/3-fundamental-auditing-principles/>

Achieving the goal of harmonizing the ISSAI framework has only been possible, said Ms. Jakobsen, through a collaborative effort in the PSC. For example, bridging the gaps between traditions, types of auditing, and national differences has been a challenge that needed to be overcome to ensure that the outcome of the project was a set of coherent standards. Ms. Jakobsen said that the participation of experts from the members of the PSC subcommittees has been key to the project’s success.

The PSC chairman also expressed her thanks to the SAI of Sweden, which decided to step down as chair of the Financial Audit Subcommittee after nine years, for its work in developing the financial audit guidelines and its contributions to other PSC projects.

The following sections summarize the PSC’s progress in achieving its strategic goals, the work of the PSC subcommittees, the publications endorsed by the congress, and the PSC’s strategic goals for 2014–2016.

### **The PSC 2011–2013**

The PSC's activities on revising and developing standards are organized in projects carried out by one of the subcommittees or by a cross-cutting project group. The PSC is currently organized into five permanent subcommittees:

- The Financial Audit Subcommittee (FAS)
- The Performance Audit Subcommittee (PAS)
- The Compliance Audit Subcommittee (CAS)
- The Internal Control Standards Subcommittee
- The Accounting and Reporting Subcommittee

Several project groups have also been working on developing various guidance materials in the period 2011–2013. In 2011 the PSC dissolved the project group on transparency and accountability (ISSAI 20), and in 2013 the project group on audit quality control (ISSAI 40) was dissolved. In light of the PSC mandate 2011–2013, the PSC has in the past three years focused its efforts on the Awareness-Raising Project and the ISSAI Harmonization Project (ISSAIs 100, 200, 300, and 400). By the end of 2013 these groups' tasks are also completed and they will be dissolved.

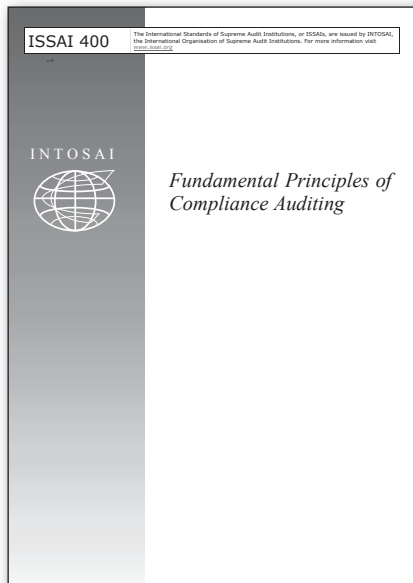
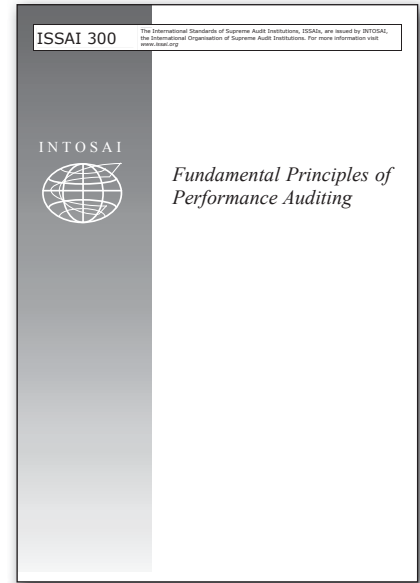
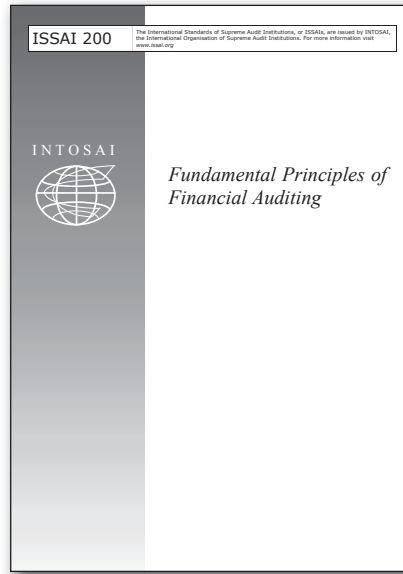
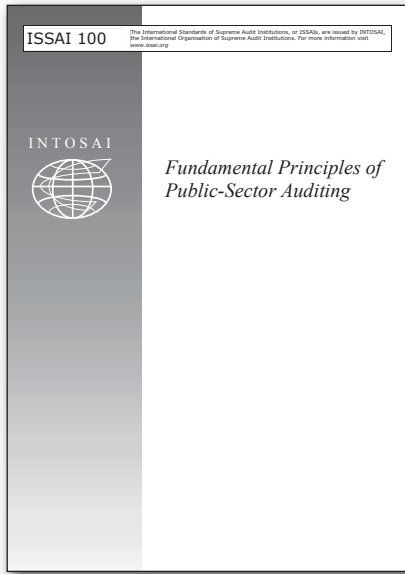
PSC members meet every three years in connection with the INCOSAI. The daily administration of the PSC is assigned to the PSC Steering Committee, whose tasks include the coordination of the work of the subcommittees and projects. The 19-member PSC Steering Committee comprises the SAIs of Bahrain, Brazil, Cameroon, Canada, China, Denmark, France, India, Italy, Libya, Mexico, Morocco, New Zealand, Norway, Poland, South Africa, Sweden, the United States and Zimbabwe. The PSC Steering Committee has met three times since the XX INCOSAI in South Africa: June 2011 in New Zealand, May 2012 in South Africa, and June 2013 in Sweden.

### **The ISSAI Harmonization Project**

The finalization of the ISSAI Harmonization Project marks the end of the third step towards creating a common, credible, and consistent set of standards for public sector auditing.

The first step was taken in 2007 at the INCOSAI in Mexico, when all relevant existing and planned official INTOSAI documents and nine new ISSAIs for financial auditing were gathered into the ISSAI framework.

The second step took place in 2010 at the INCOSAI in South Africa, when the congress approved 37 new ISSAIs and thereby launched the first comprehensive set of ISSAIs. All INTOSAI members were encouraged to use the ISSAIs as a common frame of reference for public sector auditing, to measure their own performance and auditing guidance against the ISSAIs, and to implement the ISSAIs in accordance with their mandate and national legislation.



The third step occurred in 2013 when the XXI INCOSAI in China endorsed the revised fundamental accounting principles in the new ISSAIs 100, 200, 300, and 400. With this endorsement, the Harmonization Project will have achieved its overall purpose to provide a conceptual basis for public sector auditing that ensures consistency in the ISSAI framework and a common language for the INTOSAI community. The new ISSAIs also provide each INTOSAI member with a clearer foundation for its individual decisions on how the ISSAIs can best be implemented and used within the national context. Ensuring that the new ISSAIs are used as a basis for future revisions of the ISSAIs on level 4 will be an ongoing effort for the PSC and the subcommittees.

### The new ISSAI 100 sets out the fundamental principles of public sector auditing

ISSAI 100: *The Fundamental Principles of Public Sector Auditing* is expected to be the new flagship for INTOSAI in promoting public sector auditing and good auditing practice. It covers all types of public sector auditing and provides the essential concepts, elements, and principles that apply to all public sector audits. It can therefore be used by all SAIs, regardless of their tasks and mandate.

ISSAI 100 affirms that public sector auditing contributes to good governance by enhancing accountability and transparency, providing reliable information and creating incentives for change, and encouraging continuous improvement and sustained confidence in the appropriate use of public funds and assets and the performance of public administration. ISSAI 100 distinguishes between financial, performance, and compliance audits, but may also apply to other types of audits.

The new fundamental auditing principles also improve coherence and consistency between the levels in the ISSAI framework. The new ISSAIs make consistent reference to the ISSAIs on levels 1 and 2 so that overlaps between them are avoided.

### The authority of the ISSAIs is defined in ISSAI 100, which also explains how auditors can refer to the ISSAIs

The new fundamental auditing principles provide a common professional base for SAI audits. The section “Purpose and Authority of the ISSAIs” in ISSAI 100 clarifies what it means to comply with the ISSAIs and explains how SAIs can reference them, thus providing a means of indicating implementation; this information has not previously been a part of the ISSAI framework.

ISSAI 100 recognizes that SAIs conduct their audits according to different national, regional, or international auditing standards. Each INTOSAI member is encouraged to define its own auditing standards on the basis of the principles and its mandate. The principles can be used as a basis for developing authoritative standards in three ways:

- to form a basis on which standards are developed by a SAI,
- to form a basis on which consistent national standards are adopted, and
- to form the basis for adoption of the general auditing guidelines (ISSAIs 1000-4999) as standards.

Depending on the SAI’s choice, the ISSAIs can be referred to in two principal ways:

1. Audit reports may state that the audit was conducted in accordance with a national standard based on or consistent with the ISSAI fundamental auditing principles.
2. Audit reports may state that the audit was conducted in accordance with the ISSAIs. In the latter case, the auditing guidelines on level 4 for financial, performance, or compliance auditing are applied as the authoritative standards.

By providing these two options, ISSAI 100 allows a high degree of flexibility whereby each SAI can define its own approach and use the standards relevant within its context and mandate.

### The ISSAIs define the common elements of public sector accounting

ISSAI 100 includes a section entitled “Elements of Public Sector Auditing,” which reflects the notion of the Lima Declaration that audit is inherent in public financial administration, as the management of public funds represents a trust. Auditing therefore involves a relationship between three parties: the auditor, the responsible



party, and the intended users, which may be legislative or oversight bodies to whom the SAI reports.

ISSAI 100 defines how financial, performance, compliance, and other audits can be categorized as either attestation engagements or direct reporting engagements. ISSAI 100 also states that public sector auditing is essential in providing independent and reliable information to legislatures, oversight bodies, those charged with governance, and the public.

The elements described in ISSAI 100 are basic concepts that can be used when writing standards and describing the different types of audit SAIs perform. This common professional language will facilitate more efficient knowledge sharing and cooperation and add further credibility to audit reports of SAIs.

### **The new ISSAIs 200, 300, and 400 define the foundation for financial, performance, and compliance in the public sector**

Whereas ISSAI 100 lays out the basic principles for public sector auditing in general, ISSAIs 200, 300, and 400 have a more targeted scope of application and contain the fundamental principles for financial, performance, and compliance auditing. They also provide the core of the more detailed financial, performance, and compliance auditing guidelines on level 4. Along with ISSAI 100, the key principles described in ISSAIs 200, 300, and 400 provide the basis for any further development of the guidelines on level 4.

- ISSAI 200: *Fundamental Principles of Financial Auditing*
- ISSAI 300: *Fundamental Principles of Performance Auditing*
- ISSAI 400: *Fundamental Principles of Compliance Auditing*

### **The development of general auditing guidelines toward an improved set of auditing standards**

The new ISSAIs 100, 200, 300, and 400 allow SAIs, if they wish to do so, to adopt the general auditing guidelines (ISSAIs 1000–4999) as their auditing standards and refer to the ISSAIs in the audit reports. To some extent this is already an established practice within the INTOSAI community. However, many SAIs will also prefer to adopt or develop other national standards based on the fundamental auditing principles.

The fundamental auditing principles provide an important basis for the development of the ISSAIs on level 4 in much the same way as they provide the basis for the development of auditing standards by individual SAIs. The guidelines on level 4 should therefore support the general requirements defined on level 3 of the framework, and should distinguish between requirements to the audit and any further guidance provided.

The new fundamental auditing principles have an impact on the future revisions of level 4 of the ISSAI framework—both for the general auditing guidelines (1000–4999)

and the guidelines on specific subjects (5000–5999). To ensure that the harmonization continues on level 4 of the framework, the project group has developed a set of drafting conventions that should be applied to the text of all guidelines on level 4. The purpose of the drafting conventions is to ensure uniform use of concepts and writing style throughout levels 3 and 4.

#### **New opportunities for more operational auditing guidelines on level 4 (ISSAIs 1000–4999)**

The new fundamental auditing principles create an opportunity to develop the performance and compliance auditing guidelines toward a series of more focused and operational guidelines. The principles provide a generic description of different activities of the audit process, which can be drawn upon in the future development of guidelines.

#### **The Professional Standards Committee and the Knowledge Sharing Committee should work together toward improving the auditing guidelines**

The responsibility for the ISSAIs on level 4 is currently split between the subcommittees in the PSC (for ISSAIs 1000–4999) and the subcommittees in the Knowledge Sharing Committee (KSC) (for ISSAIs 5000–5999). This split is recognized in INTOSAI's Strategic Plan 2010–2016. The mandate of the project group includes considering the extent to which the specific auditing guidelines (ISSAIs 5000–5999) can be aligned with ISSAIs 100–4999 and the general ISSAI terminology.

#### **The project group's work**

The new ISSAIs were developed by the ISSAI Harmonization Project group from March 2011 to November 2012. The project group focused particularly on ensuring that the new revised ISSAIs reflect the special role and functions of SAIs and that they are useful to all members of INTOSAI.

All costs of the project were covered by the participating SAIs. Based on reactions from project group members, the project chair assessed the amount of resources and work contributed by the project group members as verging on the limit of what can reasonably be expected as an SAI's voluntary contribution.

Thirteen SAIs participated in the project group. In addition to the chair (Denmark), the group included members from FAS (Sweden, the United Kingdom, and the United States), PAS (Brazil, Sweden, and Austria), and CAS (Norway, the European Court of Auditors, and the Slovak Republic) as well as INTOSAI's chair (South Africa), the vice chair (China), and the chairs of the Knowledge Sharing Committee (India) and the Task Force on SAIs' Information Database (Mexico).

The project group held five meetings for all members, and the project and the draft ISSAIs were extensively discussed at two meetings of the PSC Steering Committee (New Zealand 2011 and South Africa 2012).

All four draft ISSAIs were published at <http://www.issai.org> for exposure from November 15, 2012, through February 15, 2013. Following this exposure period, the project group reviewed all comments received, thoroughly considered the relevance of the comments, and revised the ISSAIs accordingly.

The received comments on the four exposure drafts reflected a reassuringly high level of engagement by INTOSAI members with this key stage of the standard-setting due process. The Harmonization Project received 1,216 comments from 47 SAIs or other organizations, which has contributed significantly to the improvement of the drafts. The comments received generally expressed a wide support for the overall ambitions of the project and demonstrated that many SAIs have given thorough consideration to the drafts. The PSC Steering Committee approved the endorsement versions of ISSAIs 100, 200, 300, and 400 during its meeting in Stockholm in June 2013. A full overview of the comments is available at <http://www.issai.org>.

### **ISSAI Awareness Raising**

The ISSAI Awareness-Raising Task Force was established in Copenhagen in June 2010. The purpose of the task force was to develop various materials to create awareness of the ISSAIs and how best to implement them.

The implementation of the ISSAI framework is one of INTOSAI's key priorities in its strategic plan for 2011–2016. How the SAIs choose to implement the ISSAI framework is up to the individual SAI, but the chairs of Goal 1 and Goal 2 and the INTOSAI Development Initiative (IDI) have agreed on the ISSAI roll-out model to maintain the momentum of the current awareness-raising activities. The roll-out model describes the three stages of ISSAI implementation and defines the roles and responsibilities of the PSC, the Capacity Building Committee (CBC), and IDI. The ISSAI roll-out model was presented to, and approved by, the INTOSAI Governing Board in October 2011. The program has been funded by the World Bank with approximately 2.8 million USD.

During 2011 and 2012 the task force launched a number of activities aimed at creating awareness of the ISSAI framework and promoting SAIs' implementation of the ISSAIs, including the development and distribution of folders and PowerPoint presentations, articles published in the *International Journal of Government Auditing*, and a new page on facilitating ISSAI implementation at <http://www.psc-intosai.org>. Google Analytics has shown a trend of increasing traffic to <http://www.issai.org>.

The PSC decided to dissolve the task force in 2012 after acknowledging that the process had moved from the awareness-raising to the implementation phase

### **Project on Quality Control**

The Project on Quality Control was tasked in 2007 with drafting a proposal for new ISSAIs on audit quality control for endorsement by 2010 and ISSAI numbers 40–49 were designated for that purpose. ISSAI 40 is designed to assist SAIs in establishing

and maintaining an appropriate system of quality control that covers all their work, rather than individual engagements.

ISSAI 40 was subsequently endorsed at the XX INCOSAI in South Africa, following normal due process. The project team has since developed the following guidance to complement ISSAI 40:

- a gap analysis tool for SAIs to self-assess their position relative to ISSAI 40
- an explanation of the various columns in the gap analysis tool
- an example using the gap analysis tool based on a hypothetical SAI

This implementation guidance is available at <http://www.issai.org/implementation-guidance/>

Since the project group's task was completed with INCOSAI's endorsement of ISSAI 40 and the development of supporting guidance materials, the PSC Steering Committee decided to dissolve the group based on the project group's recommendation.

## Subcommittee Accomplishments

### Financial Audit Subcommittee (ISSAIs 1000-2999)

The Financial Audit Subcommittee (FAS) has two strategic objectives: (1) to maintain and develop further high-quality, globally accepted guidelines for the audit of financial statements in the public sector, and (2) to make those guidelines known to, accepted by, and available to the INTOSAI community.

FAS focused on a work plan for 2011–2013 that built on the main tasks identified by the PSC Steering Committee during 2010:

- Maintain and continue to develop the ISSAIs on financial audit.
- Create awareness for the standards and guidelines and contribute its expert knowledge on the guidelines to implementation efforts.
- Contribute to consistency in the ISSAI framework.
- Explore the advantages and possibilities of including other standards issued by the International Auditing and Assurance Standards Board (IAASB) as part of the INTOSAI financial audit guidelines.
- Summarize lessons learned throughout the process, with the hope that the conclusions will contribute to further improvements of FAS work and be a valuable resource to other INTOSAI bodies.
- Monitor implementation of the guidelines among INTOSAI members.

FAS held annual in-person subcommittee meetings in 2011, 2012, and 2013. Current FAS members include Cameroon, Canada, China, the European Court of Auditors, France, India, Kuwait, Mexico, Namibia, New Zealand, Norway, the Republic of

Korea, the Russian Federation, South Africa, Sweden, the United Arab Emirates (chair), the United Kingdom, and the United States. The IAASB is an observer member.

FAS will, with the assistance of INTOSAI experts, continue to contribute to the development of the International Standards of Audit (ISA) and to draft corresponding Practice Notes to ensure that INTOSAI members will continue to have access to up-to-date financial audit guidelines. FAS will also continue to consider the need for and relevance of nominating INTOSAI experts for new revision or development initiatives within the IAASB.

During 2012 the FAS secretariat undertook a survey to determine INTOSAI members' needs to include other IAASB standards related to financial audit into the ISSAI structure. The survey was addressed to 75 SAIs. FAS has decided that it is still too early to identify any need for additional standards.

FAS has participated in PSC awareness-raising activities and taken initiatives such as the establishment of a panel of key people in the INTOSAI community with a particular interest in the financial audit guidelines.

FAS participated in a number of events and seminars to present the guidelines in 2011 and 2012; the need for awareness-raising activities has not been at the same level during 2013, which reflects the fact that IDI's work in implementation has started. During 2013 FAS has supported IDI in its development work through voluntary efforts from both FAS members and appointed representatives from the FAS expert panel.

The FAS secretariat also actively participated in the PSC Harmonization Project during 2011–2013.

#### **Performance Audit Subcommittee (ISSAIs 3000-3999)**

The purpose of the Performance Audit Subcommittee (PAS) is to (1) promote implementation guidelines for performance audit, and (2) develop and disseminate other guidance that the INTOSAI community may need to finalize the development of INTOSAI performance audit guidelines (ISSAIs 3000–3999).

PAS welcomed three new members in 2013: the SAIs of Hungary, Iran, and the United States. The subcommittee is currently made up of Australia, Austria, Brazil (chair), Canada, Denmark, France, Guyana, Hungary, India, Iran, Kiribati, Mexico, the Netherlands, Norway, Saudi Arabia, Slovenia, South Africa, Sweden, Tunisia, the United Kingdom, the United States, and the European Court of Auditors. The Institute of Internal Auditors serves as an observer member.

PAS representatives from the SAI of Austria and Brazil continued working in the Harmonization Project until the final meeting in April 2013 in India. ISSAI 300: *Fundamental Principles of Performance Audit* received 265 comments during the exposure period of ISSAIs 100–400. Once the exposure period ended in February



2013, the PAS team in the project worked on the suggested amendments to ISSAI 300 in order to prepare the endorsement version that was submitted to the PSC for approval.

PAS has also participated in the 3-i Program and has created a community of practice.

The PAS 2014–2016 Work Plan presents the following actions:

- Review ISSAI level 4 by producing a set of requirements aligned with level 3 that can be used by SAIs as their authoritative standards.
- Develop existing material into guidance on performance auditing that can support the new ISSAIs 300 and 3000.
- Collaborate with the KSC, CBC, and the Working Group on Program Evaluation, including collaborating with the 3i community portal by engaging experts to participate in the community activities and to assist the development of 3i products.
- Test and evaluate the e-community for PAS members.

The sixth PAS meeting was held in May 2013 in Ottawa, Canada. The agenda included an assessment of the 2011–2013 Work Plan, programs in development, and discussions of five performance audit guides published by PAS in 2012.

#### Compliance Audit Subcommittee (ISSAIs 4000-4999)

At the October 2004 Auditing Standards Committee meeting in Budapest, Hungary, the Working Group on Compliance Audit was established to develop INTOSAI guidelines for compliance audit. It was renamed the Subcommittee on Compliance Audit (CAS) after the PSC was formed.

CAS has the following members: Brazil, China, Denmark, the European Court of Auditors, Georgia, India, Lithuania, Mexico, Namibia, Norway (chair), Portugal, Romania, Saudi Arabia, the Slovak Republic, South Africa, and Tunisia.

Since the last PSC Steering Committee meeting in May 2012, CAS has had one meeting in Vilnius, Lithuania, in September 2012.

CAS members have participated in the Harmonization Project, working to finalize the new ISSAI level 3 for endorsement by the XXI INCOSAI. The CAS harmonization team has participated in the development of ISSAI, in working out solutions as responses to comments made in INTOSAI exposure to the draft level 3, and has finalized ISSAI 400: Principles of Compliance Audit.

Since the endorsement of the ISSAI 4000 series, CAS has participated in a number of awareness-raising activities related to the ISSAIs. A CAS subgroup has been working on expanding court of accounts issues into an ISSAI format, and at the CAS meeting in 2012 a draft ISSAI 4300 on courts of accounts was discussed by the committee and considered apt for further consideration by the PSC.

In the strategic period of 2012–2016, CAS is responsible for the following:

- Implementation: establishing a network of regional compliance experts following up the implementation of the ISSAI 4000 series in SAIs
- Harmonization: participating in the harmonization project of the PSC and producing ISSAI 400: *Fundamental Principles of Compliance Auditing*
- Maintenance: maintain and update ISSAIs 4000, 4100, and 4200

#### Internal Control Standards Subcommittee (INTOSAI GOVs 9100–9199)

The Internal Control Standards Subcommittee works closely with the Institute of Internal Auditors (IIA) and focuses on the relationship between the SAIs and internal auditors, and the latter's independence in the public sector.

The subcommittee, which met in Poland in 2011 and 2012, comprises the following SAIs: Austria, the Bahamas, Bangladesh, Belgium, Bolivia, Brazil, Chile, the Cook Islands, Costa Rica, Cuba, Egypt, El Salvador, France, Georgia, Hungary, Jamaica, Libya, Lithuania, The Netherlands, Oman, Poland (chair), Romania, the Russian Federation, South Africa, Spain, Tanzania, the Ukraine, and the United States. The IIA serves as an observer.

In 2012, the subcommittee conducted two surveys regarding the public sector, one on entity risk management and one on guidance for reporting on internal controls. On the basis of the survey results, the subcommittee research papers indicating a need for a revision of the guidelines on risk management (GOV 9130) and on reporting on internal control (GOV 9110) were developed.

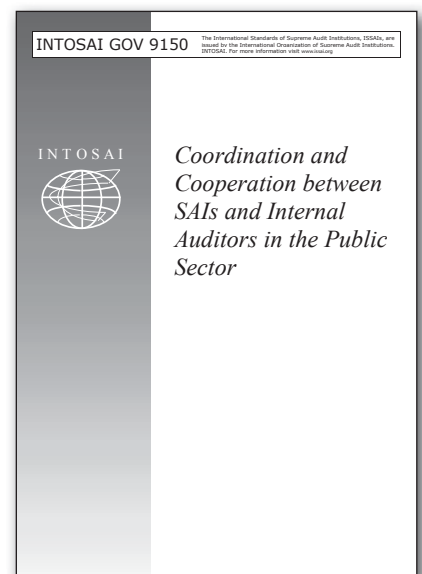
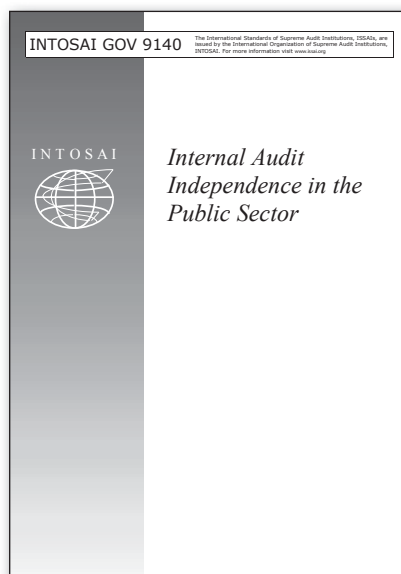
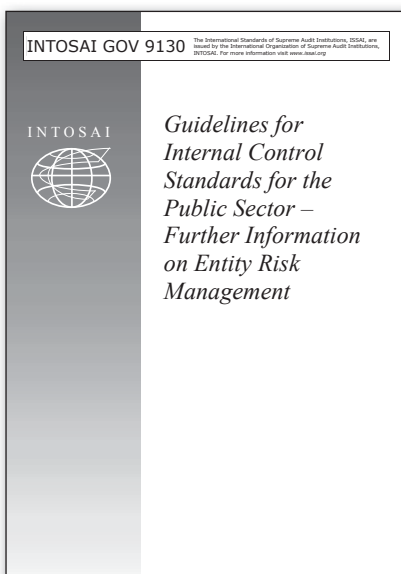
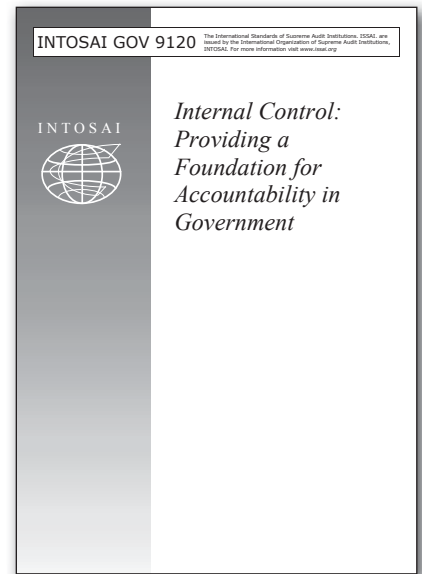
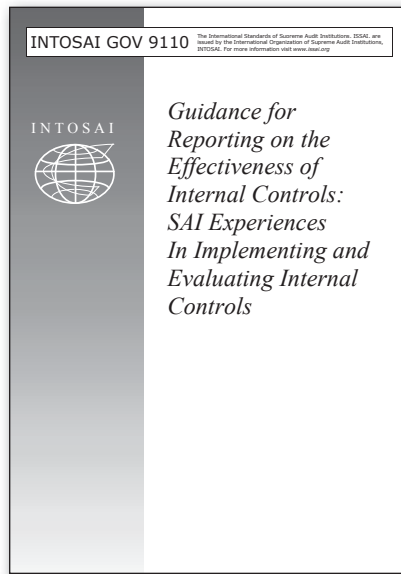
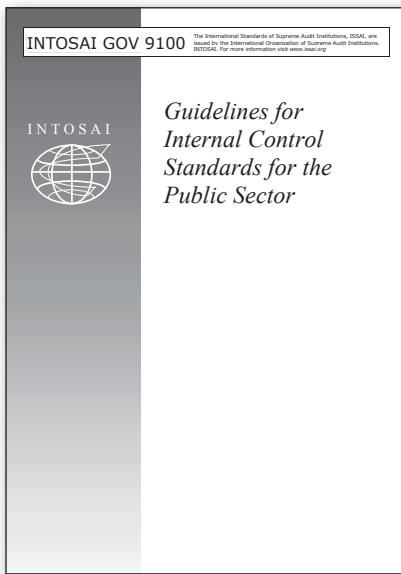
The subcommittee's work plan for 2014–2016 will focus on the review of the INTOSAI GOVs on internal control:

- Draft revised guidelines on internal control reporting (INTOSAI GOV 9110), on the basis of the results of the survey conducted in 2012.
- Draft revised guidelines on risk management (INTOSAI GOV 9130), on the basis of the results of the survey conducted in 2012.
- Examine INTOSAI GOVs 9100, 9120, 9140, and 9150, and present a proposal on their revision.
- Actively promote the INTOSAI GOVs on internal control (9100-9150).
- Develop the subcommittee e-platform.

#### Accounting and Reporting Subcommittee

The Subcommittee on Accounting and Reporting is charged with observing and participating in the accounting standard-setting meetings of the International Federations of Accounts' (IFAC) International Public Sector Accounting Standards Board (IPSASB).

The subcommittee has the following members: Canada (chair), Cuba, France, Ghana, Italy, Kenya, Libya, Lithuania, Malaysia, Malta, Morocco, New Zealand, Peru, Sweden, Trinidad and Tobago, Ukraine, the United Arab Emirates, and the United States.



At the request of the INTOSAI General Secretariat, the subcommittee issued a request for expressions of interest to its members to join the INTOSAI IPSASB Governance Review Group, whose task would be to assess the current governance and oversight arrangements for the setting of IPSAS and other pronouncements, and to make relevant recommendations. The SAI of France has been named as the oversight representative for INTOSAI.

The XX INCOSAI endorsed the subcommittee's paper, *The Importance of an Independent Standard-Setting Process*; the document has subsequently been issued as GOV 9200 and can be viewed at [http://www.issai.org/intosai-guidance-for-good-governance-\(intosai-gov\)/](http://www.issai.org/intosai-guidance-for-good-governance-(intosai-gov)/)

### **PSC Goals for 2014–2016**

The PSC's key task for the next three years is to safeguard the results achieved by the members of the PSC and its subcommittees, project, working groups and task forces in respect to the ISSAI framework. INTOSAI and the PSC will continue to cooperate with other standard-setters, and will develop standards that meet the needs of the INTOSAI community.

PSC's mandate for the next three years reflects an ongoing commitment to keep the ISSAI framework updated and at pace with developments within public sector auditing. The PSC and its five subcommittees will focus on four areas during 2014-2016:

1. Evaluate and improve the standard-setting processes in close cooperation with the INTOSAI Task Force on Strategic Planning in order to ensure and develop INTOSAI's standards for public-sector auditing.
2. Carry out maintenance reviews of all general auditing guidelines on level 4 of the ISSAI framework to identify the need for revisions to ensure consistency with the new fundamental auditing principles on level 3 and develop them toward a clearer set of auditing standards.
3. Revise and develop ISSAIs and INTOSAI GOVs in accordance with the INTOSAI due process.
4. Support implementation of the ISSAIs.

#### **Improve PSC's standard-setting process**

Ensuring the transparency, credibility, and professionalism of INTOSAI's standard-setting activities in the future is a pressing concern. Determining the scope and nature of activities that could further support INTOSAI's role as a standard-setter will, in addition to the five PSC subcommittees, require close collaboration with the representatives of the Capacity Building Committee, the Knowledge Sharing Committee, the INTOSAI Development Initiative, the Finance and Administration Committee Task Force on Strategic Planning, and other standard-setters.

Initial focus will be on evaluating and identifying the strengths and weaknesses, and costs and benefits, of possible improvements of INTOSAI's current standard-setting setup. The result of the activities pursued in this respect, as well as proposals for new structures, will be presented to the INTOSAI Governing Board in 2014, and will guide the PSC's activities in 2015 and 2016.

#### **Maintenance reviews**

The Harmonization Project highlighted the need to ensure consistency between the new fundamental auditing principles and the general auditing principles. In accordance with the agreed maintenance frequencies for the ISSAIs, the PSC will review the general auditing principles to identify the need for revisions. The Internal Control Standards Committee and the Subcommittee on Accounting and Reporting will handle maintenance of the INTOSAI GOVs.

### **Revise and develop relevant ISSAIs in accordance with INTOSAI due process**

Depending on the outcome of the maintenance reviews, the PSC will launch projects to revise and develop ISSAIs to ensure the requirements of auditing are clarified and the guidelines are based on the new fundamental auditing principles (ISSAIs 100–400).

### **Support implementation of the ISSAIs**

The implementation of the ISSAIs gained momentum when the INTOSAI's Development Initiative (IDI) launched the ISSAI Implementation Initiative (3i) in 2012. The PSC has previously had its focus on raising awareness on the ISSAIs, but with the establishment of 3i emphasis has shifted to contributing to the implementation of the ISSAIs. The members of the PSC are well positioned to contribute to this work and, together with relevant parties in INTOSAI, will continue to do so throughout the next mandate period.

The next PSC Steering Committee Meeting will be held in Bahrain May 20 – 22, 2014.





## Goal 2 Report: Institutional Capacity Building

In his report to the congress, Capacity Building Committee (CBC) chairman Driss Jettou, First President of the Court of Accounts of Morocco, emphasized the central role capacity building plays in INTOSAI's strategic plan to strengthen SAIs around the world.

The CBC, aided by the involvement of its 42 members, has worked to achieve the following goals:

- Strengthen the capacity of SAIs
- Introduce professional qualifications for staff audits
- Help SAIs to effectively manage their human resources
- Increase the use and impact of audit reports
- Implement ISSAIs
- Plan for continuity in disaster
- Develop and implement cooperative audits
- Encourage and publicize internship programs
- Create and disseminate practical guides and information regarding peer reviews
- Create and maintain a capacity-building database
- Develop a database of public finance experts

Mr. Jettou acknowledged that capacity building is a challenge for SAIs, and a mission requiring commitment, vision, and both financial and human resources. INTOSAI members have made progress in this area by sharing knowledge and experience, he noted, and by mobilizing financial resources in the donor community.

These efforts, said Jettou, must be continuously maintained, strengthened, and adapted in order to achieve lasting effects.

The CBC chair concluded his report by announcing that after nine years as the head of the CBC, and consistent with INTOSAI recommended practices, Morocco felt it was time to pass the baton of leadership to another SAI. South Africa will be assuming the CBC chair, and Sweden will become the vice chair.

The next CBC Steering Committee Meeting will be held in Lima, Peru, September 8 - 10, 2014

### Subcommittee 1: Promote Increased Capacity Building Activities among INTOSAI Members

Subcommittee 1 was designed to identify and deliver, through guides and other information resources, best capacity-building practices across the INTOSAI community. The committee has met three times since the XX

#### Capacity Building Committee (CBC) South Africa (Sweden)

- Develop Advisory and Consultant Services SC – Peru
- Promote Best Practices and Quality Assurance Through Voluntary Peer Reviews SC – Slovakia

IDI  
Norway

Goal 2 Liaison:  
Capacity Building

USA

INTOSAI Platform for Cooperation  
with the United Nations  
Korea

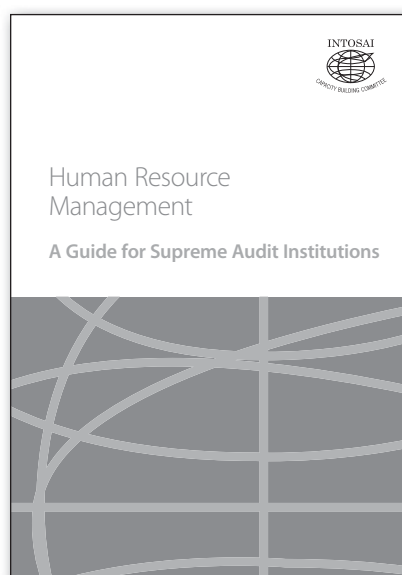
INCOSAI, and has been working to ensure that its annual meeting involves all key elements of the INTOSAI capacity-building community, including regional delegates.

Subcommittee 1 has the following members: Austria, Azerbaijan, Bangladesh, Bhutan, Canada, Croatia, Denmark, Estonia, the European Court of Auditors, Fiji, France, Germany, Hungary, Iran, Iraq, Italy, Japan, Jordan, Kazakhstan, the Republic of Korea, Kuwait, Kyrgyzstan, Libya, Morocco, Norway, Oman, Pakistan, Peru, Poland, Saudi Arabia, Slovenia, South Africa (chair), Spain, Sri Lanka, Sweden, Thailand, Tunisia, Ukraine, the United Kingdom, the United States, and Yemen.

Some key capacity-building themes emerging from the INTOSAI regions are as follows:

- The continued growth and development of the regional capacity building committees
- The continued lack of strong leadership and resources in some regions
- The scope for the better use of information technology, to reduce costs while managing and delivering training events
- The scope for further pooling of the development costs of training courses and materials
- The importance of local ownership for adapting and contextualizing frameworks, guides, and manuals at the level of individual SAIs
- A need to encourage some SAI leaderships to view cooperation as mutually beneficial
- The scope to develop a model audit file for the auditing of small entities
- The dedication of increased agenda space to the exchange of information among regions

The INTOSAI Development Initiative (IDI) has assumed responsibility for managing the INTOSAI Capacity Building database, which can be viewed at <http://www.saidevelopment.org/default.aspx>



The list of guides subcommittee 1 has produced, and the number of those that have been translated into key INTOSAI languages, continues to grow. Since XX INCOSAI, two new guides have been produced and disseminated:

1. *Human Resource Management A Guide for Supreme Audit Institutions* (SAI of the Netherlands)
2. *Implementing the International Standards for Supreme Audit Institutions (ISSAIs): Strategic Considerations* (SAI of Sweden)

These guides are available on the CBC website: <http://cbc.courdescomptes.ma>

Subcommittee 1 has offered to dissolve itself in order to avoid duplication of costs and resources with the CBC Steering Committee and to free up financial resources that will enable a wider number of beneficiary countries to participate in CBC activities. The 64th Governing Board voted to approve this dissolution.

### Subcommittee 2: Develop Advisory and Consultant Services

Subcommittee 2, comprises the following members: Fiji, Kazakhstan, Morocco, Pakistan, Peru (chair) and Slovenia. The subcommittee aims to develop advisory and consultancy services.

Its activities support the following goals:

- **Develop a database of public finance experts and investigators**

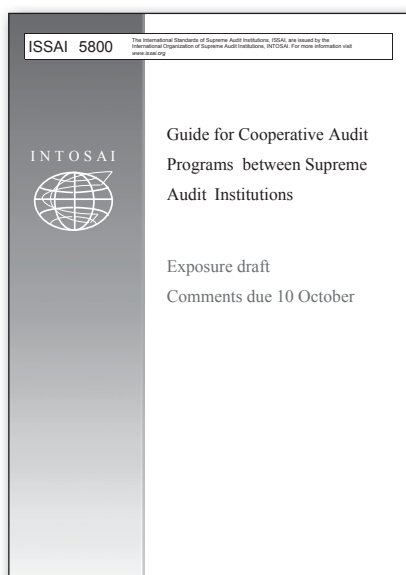
To further this mission, the SAI of Peru developed a virtual platform for the Database of Experts and Specialists, which was launched in 2010. The number of registrars for this database has grown from 27 to 114. Subcommittee 2 has invited INTOSAI members to register experts in the database, and the number of experts has increased from 41 to 75. Subcommittee 2 plans to coordinate the integration of the Database of Experts with the SAIs Information Database.

- **Encourage joint and coordinated or parallel auditing programs**

The subcommittee approved a proposal to turn its *Guide for Cooperative Audits* into an ISSAI, and the resulting Exposure Draft ISSAI 5800 received comments from 25 SAIs. The final draft of ISSAI 5800 will be submitted for final endorsement at INCOSAI 2016.

- **Encourage internship and visitor programs**

The SAI of Pakistan developed a preliminary version of an internship guide. Subcommittee 2 plans to coordinate approval and online publication of this guide, and to identify and disseminate internship offers available within regional organizations.



### Subcommittee 3: Promote Best Practices and Quality Assurance through Voluntary Peer Reviews

Subcommittee 3 has the following members: Austria, Bangladesh, Croatia, Estonia, the European Court of Auditors, Germany, Hungary, Morocco, Poland, the Slovak Republic (chair) and the United States. The subcommittee strives to achieve the following aims:

- Assess and document existing peer review arrangements in the INTOSAI community
- Foster an environment where such voluntary reviews are seen as mutually beneficial
- Update CBC guidelines and best practices on peer reviews
- Disseminate the results of these reviews

In 2012 the INTOSAI Governing Board approved the transition of the subcommittee 3 chairmanship from the SAI of Germany to the SAI of the Slovak Republic.

Subcommittee 3 documentation currently comprises papers on 29 peer review exercises and is available online at <http://cbc.courdescomptes.ma/>

In early 2014 subcommittee 3 will be distributing a survey of all INTOSAI members, asking them to provide information that can be used to document peer review projects. The results of this survey will be assessed by March 2014.

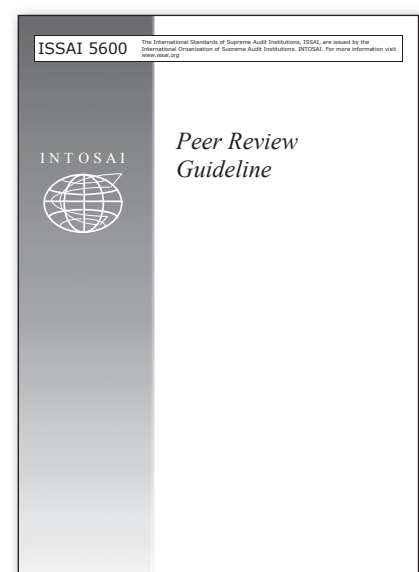
To promote and publicize voluntary peer reviews among INTOSAI members and the wider public, subcommittee 3 took the following actions:

- Submitted an article published in the April 2013 issue of *INTOSAI's International Journal of Government Auditing*
- Prepared an article for the German Society of International Cooperation's collection, *Supreme Audit Institutions- Accountability for Development*
- Gave a presentation at the fifth annual meeting of OECD Parliamentary Budget Officials and Independent Fiscal Institutions, held in February 2013
- Gave a presentation at the fourth EUROSAT-ARABOSAI Conference held in April 2013
- Participated in a seminar organized by the SAI of Indonesia in April 2013

The XX INCOSAI endorsed the Peer Review Guide and Checklist developed by subcommittee 3 as ISSAI 5600 in 2010. This document has since been translated into all INTOSAI official languages. Other translations—such as Bengali, Hungarian, Portuguese, and Slovak—are currently in progress. The ISSAI 5600 Revision Task Team sought feedback in 2012; in 2013, it considered a proposal to restructure ISSAI 5600. Subcommittee 3 will present a revised ISSAI 5600 to the XXII INCOSAI in 2016.

Subcommittee 3 wishes to recruit additional members, especially representatives of AFROSAI and OLACEFS, in order to reach a broader representation of INTOSAI regions.

The next meeting of subcommittee 3 is planned for September 2014.



### **INTOSAI Development Initiative**

The INTOSAI Development Initiative (IDI) supports the enhancement of audit capacities of INTOSAI members through activities such as long-term regional training programs, regional satellite and partnership programs, and training seminars and workshops in key areas of government auditing.

The chairman of the Norwegian Board of Auditors General acts as chairman of the board of IDI.

### **INCOSAI The endorses the IDI's revised mandate and strategic plan 2014-2018**

The XXI INCOSAI endorsed the IDI's strategic plan 2014-2018 and its revised mandate. The revised mandate reflects the expanded role of the IDI in working across all INTOSAI goals, and supersedes the mandate given to the IDI by XII INCOSAI in 1986.

In addition to supporting organizational and professional staff capacity development, in this strategic plan period the IDI will also support institutional capacity development of SAIs. The IDI has described its service delivery model and the SAI capacity development model in this strategic plan document. The service delivery model describes the IDI partnership approach, its approaches to capacity development, resourcing, and funding, and its core principles. The SAI capacity development model explains the IDI's understanding of the aspects and framework for SAI capacity development. The objectives and outcomes of the INTOSAI–Donor Secretariat hosted by the IDI since 2010 have also been integrated in the common results framework defined for the IDI. The Strategic Plan is available at <http://www.idi.no>

### **IDI Advisory Committee Meets in Beijing**

The 2013 IDI Advisory Committee meeting took place in Beijing on October 19, 2013, on the eve of the XXI INCOSAI. The IDI Advisory Committee is comprised of members representing INTOSAI's regional groups and SAIs which have contributed substantially to IDI programs and activities, SAIs of donor countries to the IDI, SAIs that are members of the IDI Board, and the SAI responsible for the *International Journal of Government Auditing*. The IDI's donors were also invited. The IDI's activities during the outgoing Strategic Plan 2007-2013 were discussed. Other discussions included the features of the new Strategic Plan 2013-2018, external evaluation of the IDI, and funding of the IDI.

### **INTOSAI-Donor Steering Committee Meets in Beijing**

The sixth meeting of the INTOSAI-Donor Steering Committee (SC) took place in Beijing on October 18 and 19, 2013. The meeting was attended by 76 INTOSAI and Donor representatives. The 2013 Global Call for Proposals was launched at the meeting and the SC recommended the establishment of a working group on audit of extractive industries. The 2013 INTOSAI-Donor Cooperation Work Plan was endorsed. SAI performance measurement framework and training for donors involved with SAIs were two of the other issues discussed.



### **IDI-CBC- INTOSAI Donor Cooperation Booth at INCOSAI**

As at the previous INCOSAI, the IDI and INTOSAI Capacity Building Committee set up a joint booth October 21-26, 2013, at XXI INCOSAI. Important literature pertaining to capacity development of SAIs, such as details of the IDI’s and CBC’s products and CDs containing resource materials, was distributed at the booth. Expert talks and meet-the-expert sessions were organized in different languages on a variety of topics: ISSAIs, Global Call for Proposals, SAI Performance Measurement Framework, Cooperative Audits, and Citizen Engagement.



Delegates gather at one of the of the ‘Meet the Expert’ sessions held at the joint IDI-CBC-INTOSAI-Donor Cooperation booth at XXI INCOSAI.

### **INTOSAI Platform for Cooperation with the UN**

The INTOSAI Platform for Cooperation with the United Nations (UN), as established during the XIX INCOSAI in Mexico, is chaired by the SAI of the Republic of Korea. Its purpose is to coordinate the work between INTOSAI and the UN in fields of common interest.

The platform has carried out its first joint project with the UN Department of Economic and Social Affairs (UNDESA) under the theme, “SAI’s Roles in the Fight against Corruption.” The project consists of two stages: (1) to jointly publish a collection of important literature on anti-corruption, and (2) to hold an expert seminar jointly hosted by the Platform and the UNDESA.

The first stage, the joint publication, has been completed, and is titled *A UN-INTOSAI Joint Project: Collection of Important Literature on Strengthening Capacities of Supreme*

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**A UN-INTOSAI Joint Project:**

**Collection of Important Literature on  
Strengthening Capacities of  
Supreme Audit Institutions  
on the Fight against Corruption**



October 2013

*Audit Institutions on the Fight Against Corruption.* This collection was published in both a book and CD format.

The book contains four sections:

- The concept of corruption and guidelines to protect public institutions against external and internal corruption threats
- Forensic auditing to deal with fraud, corruption and money laundering
- Advisory audits and the provision of management advice to promote transparency and accountability
- Citizens' engagement in auditing for detecting and deterring corruption

The publication is available online at <http://www.intosai.org/documents/intosai/general/publications-stand-xxi-incosai.html>

The joint expert seminar is expected to be held in Seoul, possibly in 2015.

## Goal 3 Report: Knowledge Sharing

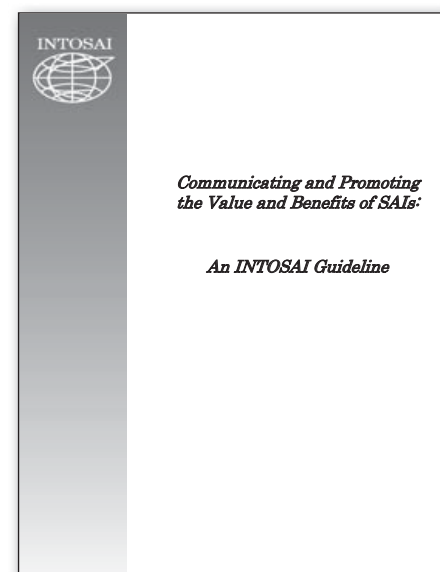
Shashi Kant Sharma, Comptroller and Auditor General of India and Chair of the Knowledge Sharing Committee (KSC), presented his report to the Governing Board and the XXI INCOSAI. The purpose of goal 3 is to encourage SAI cooperation, collaboration, and continuous improvement through knowledge sharing. This includes providing benchmarks, conducting best practice studies, and performing research on issues of mutual interest and concern.

To accomplish this purpose, since the XX INCOSAI the committee has undertaken the following actions:

- Developed the following documents, which were approved by the XXI INCOSAI:
  - Several ISSAIs (listed below in the reports of the individual working groups and task forces)
  - Communicating and Promoting the Value and Benefits of Supreme Audit Institutions—An INTOSAI Guideline
  - IT Audit Handbook
  - Guidelines on key performance indicators methodology for auditing IT programs
- Recommended that the Working Group on the Audit of Disaster-Related Aid be dissolved and that the work of the Task Force on SAIs' Information Database be merged into the Working Group on the Value and Benefits of SAIs under the chairmanship of the SAI of Mexico. (Both actions were approved.)
- Proposed the formation of a new Task Force on Procurement Contract Audit and a new Working Group on Audit of Extractive Industries. The Governing Board approved the establishment of these two new groups.
- Prepared its work plan for 2014–2016 in line with the INTOSAI Strategic Plan (2011–2016). The plan focuses on a review and evaluation of the scope of working groups and task forces and lists future KSC activities under four major areas:
  - establishing new and maintaining existing working groups
  - facilitating best practice studies consistent with diversity and sovereignty considerations
  - encouraging effective INTOSAI communication
  - promoting partnerships with academic institutions, research institutions, and professional associations consistent with INTOSAI's independence requirements.



<b>Knowledge Sharing Committee (KSC) India</b> <ul style="list-style-type: none"> <li>• WG on Public Debt – Mexico</li> <li>• WG Group on IT Audit – India</li> <li>• WG on Environmental Auditing – Indonesia</li> <li>• WG on Programme Evaluation – France</li> <li>• WG on the Fight Against Corruption and Money Laundering – Egypt</li> <li>• WG on Key National Indicators – Russian Federation</li> <li>• WG on Value and Benefits of SAIs – Mexico</li> <li>• WG on Financial Modernization on Regulatory Reform – USA</li> <li>• WG on Audit of Extractive Industries – Uganda</li> <li>• TF on Procurement Contract Audit – Russian Federation</li> </ul>	<b>International Journal of Government Auditing USA</b>
<b>Goal 3 Liaison: Knowledge Sharing Russian Federation</b>	



Mr. Sharma reported that the aim of the KSC website (<http://www.intosaiksc.org>) is to function as a central knowledge repository to help auditors leverage the expertise of people across INTOSAI. He encouraged the INTOSAI community to make full use of the website.

In addition to Mr. Sharma's report, the individual KSC working groups and task forces reported on their goals and achievements. The following sections summarize their activities and accomplishments.



Goal 3 Committee members met in Beijing October 20, 2013.

### **Working Group on Public Debt**

Juan Manuel Portal, Auditor General of Mexico is chair of the Working Group on Public Debt (WGPD). The WGPD focuses on providing INTOSAI with knowledge, through the preparation and publication of guidelines and other materials, to encourage the proper reporting and sound management of public debt.

The group comprises the following members: Argentina, Austria, Brazil, Bulgaria, Chile, China, Egypt, Fiji, Finland, Gabon, India, Indonesia, Jordan, the Republic of Korea, Lithuania, Mexico (chair), Moldova, Portugal, Romania, the Russian Federation, Sweden, Ukraine, the United States, and Zambia.

Mr. Portal reported on the activities of the working group since the last INCOSAI, highlighting the WGPD's cooperation with other INTOSAI bodies. The INTOSAI Development Initiative (IDI) work on public debt, in particular the Transregional Capacity Building Program for Audit of Public Debt Management, has strengthened SAI institutional capacities and contributed to the promotion of sound public debt management and audit. This past year, the WGPD approved a proposal suggested by IDI

to jointly explore the feasibility of developing a capacity-building program focused on the audit of legal frameworks for public borrowing.

Another cooperative effort was the April 2012 joint meeting in Washington, D.C., with the former Task Force on the Global Financial Crisis. That meeting promoted cooperation and analysis related to public debt issues. With a shared mission to promote measures to either prevent future financial crises or mitigate their impact, particularly in developing countries, it was agreed that the WGPD would consolidate itself as a forum for sharing lessons learned and best practices for government auditing related to public debt.

Mr. Portal also reported on the progress of two WGPD projects. The first, led by the SAI of Brazil, evaluates information systems related to public debt management. The second, led by the SAI of Mexico, deals with the issue of debt management offices. Members of the WGPD have commented on both documents, which have been approved by the chair of the Goal 3 Steering Committee. The investigation conducted by the SAI of Brazil has been classified as ISSAI 5450 and has been exposed for comment. It will be presented for final approval at the XXII INCOSAI.

In addition, the SAI of Canada led an investigation on the impact of government support during financial crises on public debt and potential roles for SAIs. This document was submitted to the former Task Force on Global Financial Crisis as the WGPD's contribution to its work. It analyzed long-term financial sustainability in connection with government regulation tasks.

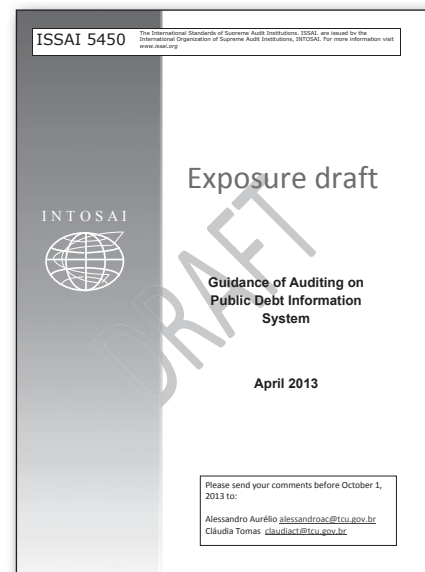
The SAIs of Ukraine and the United States studied contingent debt and the impact of financial crisis on public debt, respectively. Both analyses were completed this past year and are available as a reference for future WGPD research. The study of the SAI of the Ukraine has contributed to the design of a proposal to implement an initiative on coordinated parallel audits of public debt management information systems and parallel audits on public debt.

### Working Group on Information Technology Audit

The mission of the Working Group on Information Technology Audit (WGITA) is to support SAIs in developing knowledge and skills in the use and audit of information technology (IT).

The WGITA has the following members: Antigua and Barbuda, Australia, Bangladesh, Barbados, Bhutan, Brazil, Brunei Darussalam, Cambodia, China, Colombia, Costa Rica, Cuba, Ecuador, France, India (chair), Indonesia, Iran, Iraq, Israel, Jamaica, Japan, Kiribati, Kuwait, Lithuania, Malaysia, Norway, Oman, Pakistan, Peru, Poland, Qatar, the Republic of Korea, the Russian Federation, the Slovak Republic, Slovenia, South Africa, Switzerland, the United Kingdom, the United States, and Zimbabwe.

Since the XX INCOSAI the WGITA has held three meetings and its seventh performance auditing seminar. At these events discussions focused on the SAI's role in





promoting policy for IT improvement and strengthening value for money in policy, and on SAI and government oversight promotion of IT.

The WGITA's activities can be grouped into three main categories: information interchange, knowledge and skill development, and development and transfer of knowledge.

**Information Interchange:** The main platforms for information interchange are the WGITA's journal, *intoIT*; its website (<http://www.intosaiitaudit.org>); and its triennial performance auditing seminars. The National Audit Department of Malaysia hosts the website and publishes the *intoIT* journal.

**Knowledge and Skill Development:** The WGITA is cooperating with IDI and AFROSAI-E to strengthen the IT auditing capacity of SAIs in that region. The output of this cooperation is a program on IT audit that covers both technical and auditing areas and focuses on the SAI staff engaged in carrying out such audits.

**Development and Transfer of Knowledge:** The WGITA successfully completed the following five research projects related to its work plan for 2011–2013:

- Key performance indicators methodology for auditing IT programs
- IT audit planning and detailed audit procedures to review IT controls
- Optimizing IT value in government organizations
- Green IT
- Cloud Computing and Virtualization

WGITA and IDI prepared comprehensive IT audit guidance in the form of the *IT Audit Handbook*, which was presented for approval to the XXI INCOSAI.

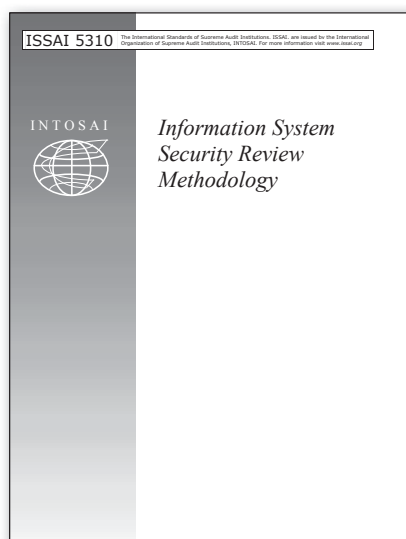
Based on an IT survey and discussions at the 22nd meeting of the WGITA in Vilnius, Lithuania, in April 2013, the following five projects were identified for the work plan for 2014–2016:

- IT governance
- Data mining as a tool in fraud investigation
- Development of standards for state information systems and project audit
- Development of a data interface standard for accounting software
- Development of ISSAI 5300: Guidelines on IT Audits and updating of ISSAI 5310: Information System Security Review Methodology

The above projects are to be completed by the XXII INTOSAI in 2016.

### Working Group on Environmental Auditing

The SAI of Indonesia succeeded the SAI of Estonia as chair of the Working Group on Environmental Auditing (WGEA), the largest of the INTOSAI working groups, during the XXI INCOSAI. This group is committed to using the power of public sector

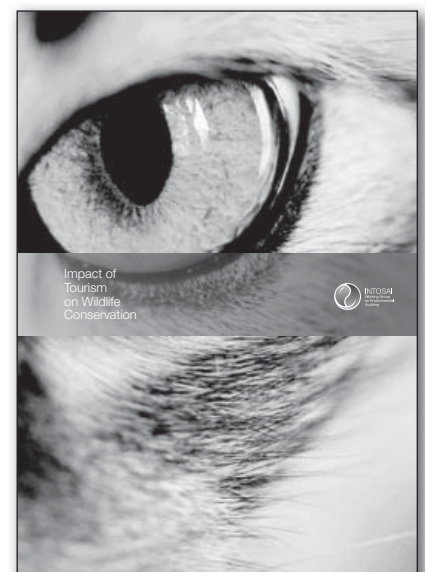


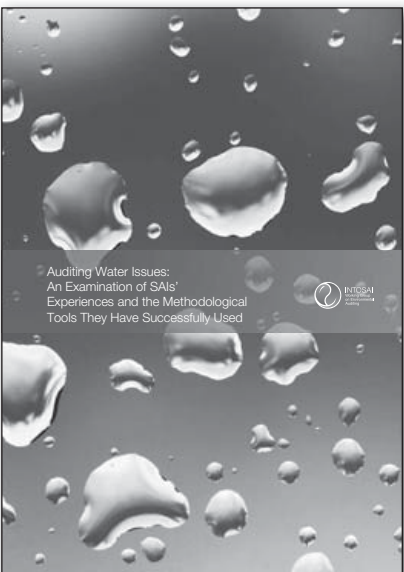
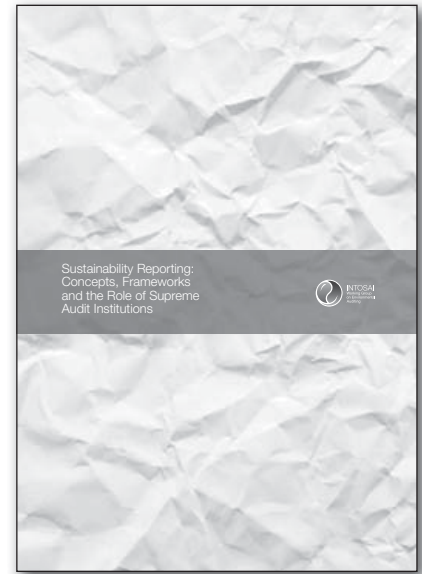
audit to leave a positive legacy for future generations, by improving the quality of the environment, the management of natural resources, and the health and prosperity of people around the world.

The WGEA comprises the following members: Algeria, Argentina, Armenia, Australia, Azerbaijan, Bangladesh, Bhutan, Brazil, Bulgaria, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Cyprus, Czech Republic, Egypt, El Salvador, Estonia, Ethiopia, the European Court of Auditors, Fiji, Finland, Georgia, Greece, Guyana, Iceland, India, Indonesia (chair), Iran, Jordan, Kazakhstan, Kenya, Kuwait, Latvia, Lesotho, Libya, Lithuania, Malta, Mexico, Mongolia, Morocco, Netherlands, New Zealand, Norway, Oman, Pakistan, Paraguay, Peru, Philippines, Poland, Qatar, the Republic of Korea, Romania, the Russian Federation, Samoa, Saudi Arabia, the Slovak Republic, Slovenia, South Africa, Sri Lanka, Tanzania, Thailand, the former Yugoslav Republic of Macedonia, Tonga, Turkey, Turks and Caicos Islands, Uganda, Ukraine, the United Kingdom, the United States, Zambia, and Zimbabwe.

During the past three years, the WGEA developed and approved the following research papers and guidance materials:

- *Land Use and Land Management Practices in Environmental Perspective* (Morocco)
- *Environmental Data: Resources and Options for Supreme Audit Institutions* (Canada and United States)
- *Sustainability Reporting—Concepts, Frameworks and the Role of Supreme Audit Institutions* (Finland)
- *Environmental Issues Associated with Infrastructure Development* (United Kingdom)
- *Impact of Tourism on Wildlife Conservation* (Lesotho)
- *Auditing Water Issues: An Examination of SAI's Experiences and the Methodological Tools They Have Successfully Used* (update of 2004 document)
- *Addressing Fraud and Corruption Issues when Auditing Environmental and Natural Resource Management: Guidance for Supreme Audit Institutions* (Norway)





These publications are available online at <http://www.environmental-auditing.org/Home/WGEAPublications/StudiesGuidelines/tabid/128/>

In addition, three new training modules on climate change, forestry, and mining were developed based on existing WGEA guidance materials. The Secretariat also promoted the climate change e-learning tool (SAI of Norway) accessible through the WGEA's website (<http://www.environmental-auditing.org>). The WGEA Secretariat and the SAI of the United States continued to collaborate on the publication of the WGEA newsletter, *Greenlines*.

The Secretariat organized two annual collections of worldwide environmental audits in 2011 and 2012 to update the global audit database located on the WGEA's website. Approximately 450 audits were added to the database.

WGEA encouraged regions to design and carry out regional cooperative audits in each INTOSAI region. Regional coordinators and member SAIs identified and pursued topics of common interest, selected the audit coordinator, and defined the precise scope and form of cooperation in five regions.

The SAI of India has offered to partner with the WGEA chair in establishing a global training facility for environmental auditors. The two SAIs have collaborated with a project subteam in preparing the first WGEA training course, held November–December 2013 in Jaipur at the SAI of India's iCED center.

Since the last INCOSAI the WGEA has cooperated with international organizations and other INTOSAI bodies. It contributed to and participated in the UN Conference on Sustainable Development (Rio+20) as well as the UN Environmental Program's (UNEP) World Congress on Justice, Governance and Law for Environmental Sustainability.

UNEP has also proposed signing a memorandum of understanding with WGEA to further solidify cooperation in the field of environmental governance, with particular emphasis on multilateral environmental agreements.

The IDI-WGEA Transregional Capacity Building Program on Cooperative Performance Audit of Environmental Issues in Forestry was completed. Fifteen SAIs from AFROSAI, ASOSAI, and CAROSAI participated, each completing a forestry audit on one of six target topics.

The WGEA carried out its seventh survey on environmental auditing organized by the Secretariat. The responses from 118 SAIs were analyzed and used in preparing the WGEA's 2014–2016 work plan. The plan proposed the following goals:

- Update existing and develop new guidance materials available to SAIs and conduct research studies on emerging topics in environmental auditing
- Facilitate concurrent, joint, and coordinated audits
- Enhance information dissemination, exchange, and training
- Increase cooperation between the WGEA, international organizations and other INTOSAI bodies

### **Working Group on Program Evaluation**

The Working Group on Program Evaluation helps SAIs that practice or wish to practice evaluation by providing guidelines, methodological tools, and practical recommendations to implement this specific approach, which differs from other forms of control and audit.

The group has members: Belgium, Chile, Costa Rica, El Salvador, Finland, France (chair), Gabon, Georgia, the Republic of Korea, Germany, Kenya, Libya, Lithuania, Mexico, Morocco, Pakistan, Papua New Guinea, Philippines, Poland, Switzerland, and the United States.

In 2012, the working group surveyed SAIs on their best practices and evaluation methodologies. The results were shared with the KSC. Also in 2012, the working group decided to focus its work on refining evaluation concepts, identifying instructive examples for SAIs, and preparing a detailed methodology guide offering a broad range of resources and recommendations for carrying out evaluations.

In 2013, the Performance Audit Subcommittee (PAS) accepted the proposal to coordinate the work of the Working Group on Program Evaluation with its own work on the levels 300 and 3000 ISSAIs for performance audit. The SAI of Brazil, chair of the PAS, attended the working group's June 2013 meeting at which the links between professional standards for performance audit and the planned evaluation methodology guide were discussed. Participants concluded that the distinction between an evaluation and a performance audit is not easy to determine, as both approaches seek to measure performance—it depends to a great extent on the practices of each SAI. Consequently, there is still a need to develop and distribute the proposed guide. At that meeting, the working group also amended and validated the preparatory working document for the guide distributed in April 2013.



## Working Group on the Fight against Corruption and Money Laundering

The Working Group on the Fight against Corruption and Money Laundering (WGFACML) promotes cooperation between SAIs and other international organizations to combat money laundering and corruption. The group also aims to identify and share policies and strategies for combating money laundering within competencies and authorities of SAIs, and to design and promote policies, strategies, and actions within the international anti-money laundering legal framework of each SAI.

The WGFACML comprises the following members: Austria, Chile, China, Colombia, Czech Republic, Ecuador, Egypt (chair), Fiji, Germany, Indonesia, Iran, Iraq, Malaysia, Mexico, Namibia, Papua New Guinea, Peru, Poland, the Russian Federation, Trinidad and Tobago, the United Arab Emirates, the United Kingdom, the United States, and Yemen.

The first objective in the group's 2011-2013 work plan was to develop guidelines that support its efforts to detect and fight corruption and money laundering. Three subgroups were established to carry out this task, and they produced the following:

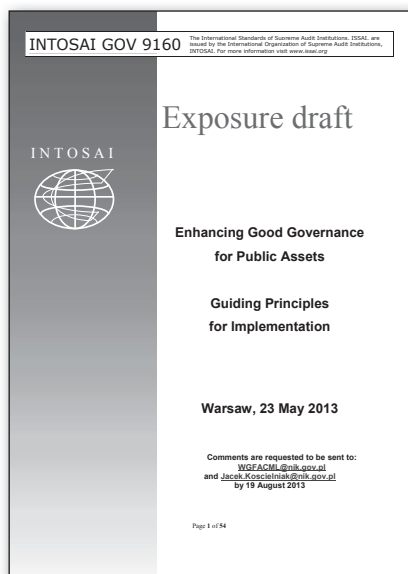
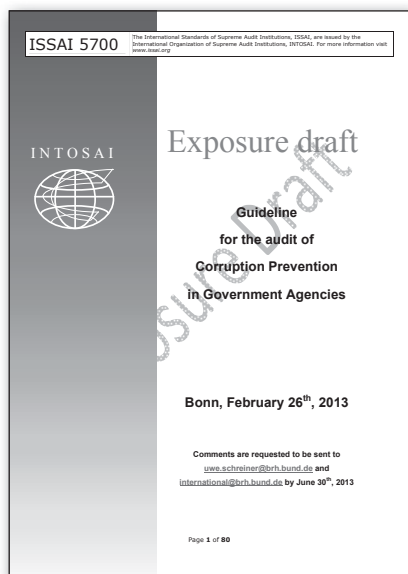
- INTOSAI GOV 9160: Enhancing Good Governance for Public Assets. This has been approved by the KSC, Professional Standards Committee, and WGFACML and exposed for comment.
- ISSAI 5700: The Audit of Corruption Prevention in Government Agencies. This has been approved by the KSC, Professional Standards Committee, and WGFACML and exposed for comment.
- *Challenges That Face SAIs on Fighting Corruption and Money Laundering*. This guideline has been drafted and was submitted to the WGFACML meeting in June 2013.

A draft exposure of INTOSAI GOV 9160 is available at [http://www.issai.org/intosai-guidance-for-good-governance-\(intosai-gov\)/](http://www.issai.org/intosai-guidance-for-good-governance-(intosai-gov)/), and an exposure draft of ISSAI 5700 is available at [http://www.issai.org/media/13320/issai\\_5700\\_exposure\\_draft.pdf](http://www.issai.org/media/13320/issai_5700_exposure_draft.pdf)

The second objective was to develop, design, and provide training programs and workshops on fighting corruption and money laundering. The WGFACML identified key international partners (the World Bank Financial Market Integrity Group and the Egmont Group) with whom it could collaborate, and developed communication channels to them. It collaborated with IDI, which agreed to initiate training programs after the adoption of the guidelines.

The third objective was to collaborate with the Working Group on Environmental Auditing (WGEA) to develop a guideline on issues of corruption and fraud in the field of environmental auditing. The two working groups participated in each other's meetings, and a document on this topic was prepared and published on the WGEA website.

The fourth objective was to develop an SAI database that compiles case studies and SAI experiences in fighting corruption and money laundering. The WGFACML has proposed that it collaborate with the Task Force on SAIs Databases on this effort to avoid overlap and duplication.





The WGFACML's work plan for 2014–2016 incorporates new themes and ongoing goals from the 2011–2013 work plan. It contains four goals:

- Cooperate with SAIs in finalizing and developing guidelines that support their efforts in detecting and fighting against corruption and money laundering
- Promote capacity building for SAIs professionals in fighting corruption and money laundering
- Conduct cooperative audits of corruption and money laundering
- Share best practices and experiences of SAIs in fighting corruption and money laundering

The WGFACML is also collaborating with the INTOSAI Platform for Cooperation with the United Nations to prepare a document on strengthening capacities of SAIs to counter corruption and safeguard financing for sustainable development.

Materials on anti-money-laundering audit practices can be found at the WGFACML's website at <http://www.wgfacml.cao.gov.eg/>

### **Working Group on Accountability for and Audit of Disaster-Related Aid**

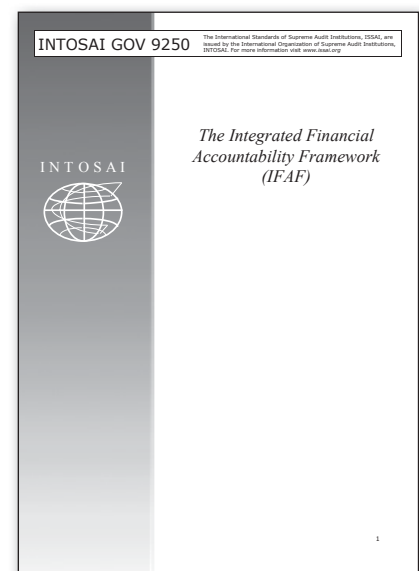
Gijs de Vries, Chairman of the Working Group on Accountability for and Audit of Disaster-Related Aid (WGAADA) and Member of the European Court of Auditors, presented the final report of the WGAADA, which has completed its work and is consequently being dissolved.

After its establishment in 2005 in the wake of the 2004 tsunami in Asia, the WGAADA was given its mandate to (1) strive for enhanced accountability for and transparency of disaster-related aid, in close cooperation with relevant stakeholders, by addressing the issue of the lack of a single information structure, and (2) develop guidelines and best practices for SAIs auditing disaster-related aid. Its mandate was expanded in 2010 to address audits of all humanitarian aid.

The WGAADA worked closely with key stakeholders and standard-setting bodies to carry out its mandate. It presented the following items to the INCOSAI:

- Five new 5500 series ISSAIs on auditing disaster-related aid, including examples of good practice provided by SAIs that were WGAADA members or participated in coordinated audits, surveys, or widespread consultation on auditing disaster-related aid
- INTOSAI GOV 9250, which presents the Integrated Financial Accountability Framework (IFAF) for reporting and making publically available transparent, audited financial information on humanitarian aid

With the dissolution of the WGAADA, information on its work will be posted on the website of the Knowledge Sharing Committee by clicking on the link “Disbanded Working Groups/Task Forces” on the homepage. Further, for successful implementation of INTOSAI GOV 9250, the SAI of India will provide a forum to enable IFAF table producers and users to exchange experiences.



### Working Group on Key National Indicators

The Working Group on Key National Indicators (KNI) comprises the following members: Austria, Bulgaria, China, Denmark, Finland, Hungary, Israel, Italy, Kazakhstan, Latvia, Lithuania, Mexico, New Zealand, Pakistan, Poland, the Russian Federation (chair), the Slovak Republic, Switzerland, Ukraine, and the United States.

The group has prepared its basic methodological product, a white paper on KNIs that provides guidelines for SAIs on using KNIs during strategic audits and when comparing national, sectoral, and regional programs of social and economic development. The working group is consulting with the Professional Standards Committee on the possible transformation of the white paper into an ISSAI.

The working group also completed several subprojects from 2011 to 2013. These were (1) an analysis of opportunities to use KNIs for international comparisons in the context of sustainable development and preparation of appropriate recommendations (coordinated by the SAI of Hungary) and (2) the SAI's role in developing and using key indicators for research and development evaluation (coordinated by the SAI of Finland). The discussion papers prepared for these subprojects are to be presented for approval at the next working group meeting in February 2014 and will be incorporated into the white paper on KNIs as annexes. A document on principles for the development and use of KNIs is also to be presented at the next working group meeting.

During the past three years, the working group Secretariat has increased its collaborative efforts with the Statistical Department of the Organisation for Economic Co-operation and Development (OECD). It has been studying the possibilities of applying OECD's proposed "Better Life Index" to public audit. By using this composite index, priority areas for development can be identified, public opinion on the importance of various spheres of life in society can be taken into consideration, and the influence of findings on the overall well-being of a specific country can be monitored.

The working group Secretariat is also studying the possibility of practical interaction with the International Institute for Applied Systems Analysis (IIASA), particularly regarding the problem of developing efficient methods for analyzing global imbalances.

Significant work has been completed in development of the knowledge base on KNIs. Several new information packages, including the World Bank's Global Economic Prospects forecast data and data from the World Economic Forum's *Global Competitiveness Report*, were added.

The working group has prepared and approved its work plans for 2013–2016. It has identified the following priorities:

- Conduct a pilot audit using sustainable development key indicators when assessing the strategies of national (regional) development
- Collect, systematize, and analyze the KNIs of the countries whose SAIs form the working group's expert group

- Develop approaches and methods of holding trainings for SAIs' employees on using KNIs in control activities
- Continue to carry out the expert group subproject on KNIs of the SAIs of Commonwealth of Independent States countries
- Continue to develop cooperation with international organizations
- Support the functioning and further development of the knowledge base on KNIs
- Develop information technologies necessary to select and assess socio-economic development KNIs

All information on working group activity (including documents, decisions, subproject results, plans, and reports) is available on its website at <http://www.ach.gov.ru/en/intosaikni/>.

### Working Group on the Value and Benefits of SAIs

The Working Group on the Value and Benefits of SAIs (WGVBS) comprises the following members: Austria, Bahrain, Cambodia, Cameroon, Canada, China, France, Germany, Jamaica, Mexico (chair), Namibia, Peru, the Russian Federation, South Africa, Sweden, the United Kingdom, and the United States.

Terence Nombembe, Auditor-General of South Africa and former chair of the WGVBS, reported on progress made since the XX INCOSAI. At that time, the working group was given the mandate to develop the following projects:

- ISSAI 12, The Value and Benefits of Supreme Audit Institutions, for final endorsement by XXI INCOSAI
- A single, global performance measurement framework for SAIs
- A guideline for communicating and promoting the value and benefits of SAIs and interacting with citizens
- A guideline on effective practices of cooperation between SAIs, the legislature, the judiciary, and the executive

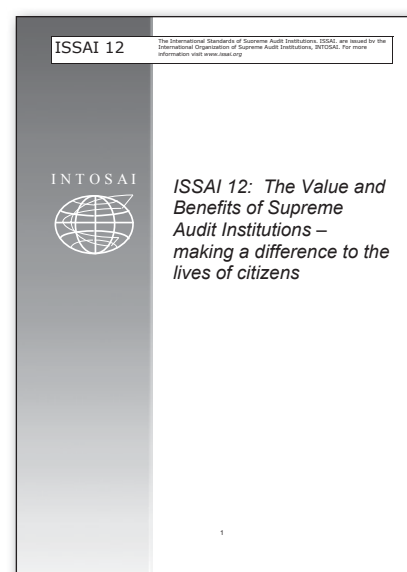
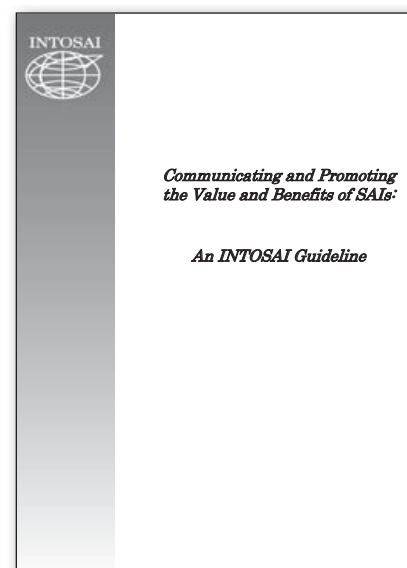
In carrying out this mandate, the WGVBS developed and presented the following two documents for approval at the XXI INCOSAI:

- ISSAI 12: The Value and Benefits of Supreme Audit Institutions—Making a Difference to the Lives of Citizens
- *Communicating and Promoting the Value and Benefits of SAIs—An INTOSAI Guideline*

Both documents were endorsed by the XXI INCOSAI and are available online at <http://www.intosai-wgvbs.org/Admin/Docdeveloped.aspx>

The WGVBS is still developing the two remaining core deliverables, which will be finalized for adoption at the XXII INCOSAI in 2016:

- SAI Performance Measurement Framework (PMF)



- Guideline on effective practices of cooperation between SAIs, the legislature, the judiciary, and the executive

In view of the close relationship between the Task Force on SAIs' Information Database and the WGVBS, it was proposed that the two groups merge their activities and become one working group under the chairmanship of the SAI of Mexico. Information on the work of the WGVBS is available on its website (<http://www.intosai-wgvbs.org>).

### **Working Group on Financial Modernization and Regulatory Reform**

In 2012, the Governing Board established this working group to transform the Task Force on the Global Financial Crisis (established in the fall of 2008 to examine issues related to the global financial crisis) into a permanent group. In approving the transformation, the Governing Board recognized that the INTOSAI community must continue to build its expertise and capabilities to meet the challenges associated with overseeing the current and future global financial system.

The group comprises the following members: Austria, Brazil, Canada, Chile, China, Cyprus, Estonia, the European Court of Auditors, Finland, France, Hungary, Indonesia, Italy, Japan, Mexico, Morocco, the Netherlands, Poland, the Republic of Korea, the Russian Federation, Saudi Arabia, Spain, Sweden, the United Kingdom, the United States (chair), and Venezuela.

The working group aims to assist SAIs in addressing these challenges by (1) developing tools and knowledge-sharing opportunities for evaluating national reforms, (2) establishing mechanisms for sharing information on the progress of reforms between INTOSAI and international organizations, and (3) systematically tracking information about reforms at national and international levels.

Since its formation, the working group has developed and adopted terms of reference, organized its members into subgroups, and begun formulating and carrying out audit tasks. Subgroup 1 (audit tools) is collecting and summarizing information on SAIs' authorities and capabilities to conduct financial regulatory audits, identifying other relevant guidance and tools for conducting such audits, and providing technical assistance to SAIs, as needed, on an informal basis.

Subgroup 2 (networking) is identifying the relevant international organizations involved in financial modernization and reform efforts, compiling a list of potential points of contact at each organization, and reaching out to such contacts to discuss potential mechanisms for sharing information. One of this subgroup's aims is to develop relationships with relevant international organizations to periodically collect information on what is known about emerging risks around the globe.

Subgroup 3 (reform efforts) is identifying and collecting information on the nature, scope, and implementation status of financial modernization and regulatory reforms undertaken at the national and international levels, and is synthesizing the information to identify potential gaps that may warrant additional regulatory attention.

In the coming year, the working group will keep INTOSAI members informed about its progress and focus on continuing to implement the work plans developed for the three objectives.

### **Task Force on SAIs' Information Database**

The Task Force on SAIs' Information Database was created at the XX INCOSAI to systematically gather and store useful information about SAIs in a secure and centralized database, make this information available to INTOSAI members, and keep it updated for future use. Juan M. Portal, Auditor General of Mexico and chair of the task force, reported on the task force's activities and accomplishments as it completed its three-year mandate. The Working Group on the Value and Benefits of SAIs will follow up on the activities related to the electronic tool the task force developed.

The task force developed a comprehensive survey, to be completed by the INTOSAI community, to populate the database. It is available in four of INTOSAI's official languages: English, French, German, and Spanish. All the information gathered from INTOSAI members will be made available to the general public, except for the section on SAI capacities, knowledge, and information exchange, which will be accessible only to INTOSAI members in view of its sensitive nature (exchange of information, in-kind assistance, knowledge services, and capacity-building activities among INTOSAI members).

The task force has completed the first development phase of the project. It designed a user-friendly electronic tool for users to easily handle the database, with the following features:

- An interface available in INTOSAI's five working languages
- Public access with the exception of the module related to SAI capacities
- Knowledge and information exchange, which will be accessible only to the INTOSAI community
- Password-controlled access to populate the database
- Unlimited access for users to complete the survey as they obtain the required information
- A design similar to the INTOSAI website to facilitate its use
- A progress bar and a color-based code to clearly identify incomplete modules and questions
- Automatic safeguarding of the information entered by the users
- A preview of the questionnaire responses to give users the opportunity to validate the information provided

Mr. Portal reported that the task force had given the INTOSAI community access to the database electronic tool in the second half of September 2013 to enable SAIs to respond to the survey within 60 days. He also stated that the task force was testing the tool's basic functionalities to prevent any operating and technical issue before the beginning of



the second development phase, which will include statistics-related functionalities and additional elements to guarantee its dynamic and user-friendly functioning.

SAIs are encouraged to access the database and respond to the survey at <http://www.intosai-database.org.mx/>

### *International Journal of Government Auditing*

Gene Dodaro, Comptroller General of the United States and publisher of the *International Journal of Government Auditing*, presented the *Journal's* annual report. He noted that the *Journal* remains in a sound financial position: It has received another clean audit opinion from its external auditors and continues to maintain adequate financial reserves. *Journal* management is committed to both reviewing a range of *Journal* operational and financial issues and ensuring that its activities are consistent with INTOSAI's current strategic plan.

He emphasized the *Journal's* sincere appreciation for the indispensable role of in-kind contributions made by the SAIs of Austria, Canada, Tunisia, and Venezuela in coordinating the translation of the *Journal*. Their donations of staff time, translation assistance, and administrative support enable the *Journal* to be published in each of INTOSAI's five official languages.

He also recognized the wide support by member SAIs who generously submit articles, news items, editorials, and other features for publication in print and on the web. These submissions allow the *Journal* to serve as INTOSAI's principal forum for sharing information and resources among member SAIs, demonstrating INTOSAI's motto that "Mutual Experience Benefits All."

Mr. Dodaro stated that GAO is committed to continuing its support of the *Journal*. Its in-kind contributions are continually assessed, and he expects staff commitments to the *Journal* to remain unchanged.

In those areas where the *Journal* may face increasing costs, *Journal* management believes it can institute a number of cost-saving strategies to offset expenses. For example, the *Journal's* board recently decided to end print subscriptions for non-SAI subscribers; those readers now are offered the option of subscribing electronically to the *Journal*. However, the *Journal* will continue to provide print subscriptions for SAIs. To better serve subscribers, the *Journal* will be surveying its members to ascertain their current needs.

Mr. Dodaro stated that the *Journal* welcomes suggestions from the INTOSAI community on issues such as achieving greater cost savings or improving the *Journal's* usefulness to member institutions. For its part, the *Journal* will maintain its level of budgetary oversight and diligence to ensure that it can continue to operate effectively and efficiently.

## Goal 4 Report: Finance and Administration Committee

Osama Faquih, Chairman of the INTOSAI Finance and Administration Committee (FAC), reported on the committee's efforts since the XX INCOSAI in South Africa. As specified in the INTOSAI Strategic Plan, the committee's mandate is to help the chairman of the board and the board itself to "organize and govern INTOSAI in ways that promote economical, efficient, and effective working practices, timely decision-making, and effective governance practices, while maintaining due regard for the regional autonomy, balance and the different models and approaches of member SAIs."

Mr. Faquih, who was elected to another three-year term as FAC chair at this congress, noted that the committee had actively pursued its mandate through meetings held in Washington, D.C. in July 2011 and May 2013, in London in October 2012, and most recently in Beijing just prior to the XXI INCOSAI. In addition, the committee used technology tools between meetings to share information and exchange views, to finalize documents, and to formulate recommendations to the Governing Board.

Since the XX INCOSAI, the committee's work has primarily focused on the mandates of its Task Force on Financial Foresight established in Washington in July 2011, which is led by the SAI of Norway, and the Donor Cooperation, which is led on the INTOSAI side by the SAI of Saudi Arabia. In addition, the committee established a new task force in 2012 to develop the 2017–2022 INTOSAI Strategic Plan, which is led by the SAI of the United States.

As a result of the work on the Task Force on Financial Foresight, the committee has also undertaken a more vigorous approach to reviewing and overseeing INTOSAI financial and budgetary issues, offering nine resolutions to the Governing Board on ways to ensure the continued financial security of INTOSAI. The Task Force on Financial Foresight has completed its work and made its final report to the XXI INCOSAI, and has been dissolved. Major results of the committee's work are outlined below.

### Task Force on Financial Foresight

The purpose of the task force was to analyze and present proposals regarding INTOSAI's financial issues, improvements in strategic planning, and mechanisms for dealing with emerging issues.

### Financial Issues

Based on a survey of INTOSAI principals and an analysis of current practices and INTOSAI documents, the task force developed findings and options concerning INTOSAI financial issues. Nine options were identified and, after endorsement by the FAC, were presented to the Governing Board, requesting



#### Finance & Administration Committee (FAC) Saudi Arabia

- USA (Vice-Chair)
- China
- Ecuador
- Norway
  
- 2 Ex officio members
  - Secretary General
  - South Africa
  
- Steering Committee
  - INTOSAI-Donor Cooperation
  - Saudi Arabia
- FAC TF on Strategic Planning
  - USA

**Goal 4 Liaison:**  
**Model International Organization**  
**Saudi Arabia**

that the General Secretariat be authorized to develop new rules where necessary and to endorse the options in principle as appropriate. The Governing Board approved and endorsed all nine resolutions, which are as follows:

1. Take the necessary steps to permit external funding to be used for specific projects and not require that such funding be applied according to the fixed percentage distribution of membership fees currently required by INTOSAI Financial Rules.
2. Given that in-kind contributions are the main source of INTOSAI resources, encourage members to make more voluntary in-kind contributions to INTOSAI activities. Also, encourage members to provide additional financial contributions that would not have to be applied according to the fixed percentage distribution of membership fees currently required by INTOSAI Financial Rules.
3. Clarify the expectations for hosting meetings. Make it easier (e.g., no social events required) for more SAIs to participate in and be willing to host INTOSAI events.
4. Review the current membership assessment structure and advise the Governing Board regarding the results of this review.
5. Encourage SAIs to give voluntarily above their currently assessed contribution levels until a revised structure is devised.
6. Remind member SAIs of the existing rule, established in the *INTOSAI Handbook for Committees*, requiring them to notify the General Secretariat of external funding received and encourage SAIs to honor this rule. This will ensure that INTOSAI has a complete picture of all external funding.
7. Revisit the associate membership process to see if more eligible organizations and institutions can be encouraged to apply for associate membership. (Outreach to eligible organizations and institutions could be a part of the external scanning process for the next Strategic Plan.)
8. Prepare a high-level financing plan, in conjunction with the new Strategic Plan, to illustrate the funding modalities required to meet the plan's objectives and priorities.
9. Review the possibility of initiating a certification process for auditors.

For resolutions 1 and 2, the required change to INTOSAI Financial Rules was submitted for the Governing Board's consideration and was approved; similarly, a change in language to the *INTOSAI Committee Handbook* concerning resolution 3 was approved by the Governing Board.

The Governing Board also endorsed all nine resolutions and the report of the FAC.

### Strategic Planning

As a result of the task force's work, the INTOSAI Governing Board established a Task Force on Strategic Planning at its 63rd meeting in Chengdu, China, in October 2012.

The Financial Futures Task Force asked the Strategic Planning Task Force to address the following considerations in its work:

- Review the March 2012 document *INTOSAI Strategic Planning Process: Overview, Guiding Principles and Milestones* prepared by the Financial Futures Task Force, and refer to the INTOSAI Development Initiative (IDI) *Strategic Planning Handbook*.
- Solicit input from all regional working groups, committees, task forces, and external stakeholders at the outset of the planning process.
- Systematically solicit input from important external stakeholders, such as the United Nations, the Organisation for Economic Co-operation and Development, INTOSAI-Donor Cooperation partners, and others.
- Align plan priorities and goals with the necessary resources and activities and prepare a midterm review for the XXIII INCOSAI.
- Clearly define responsibilities for the plan and process.
- Develop a performance measurement framework with clear indicators to measure and guide INTOSAI performance against the plan.
- Provide ample time for all interested parties to comment on and express proposals for the plan.

### Financial Futures

The 63rd Governing Board endorsed the report of the Task Force on Financial Foresight, *INTOSAI Response Mechanism for Emerging Issues*, in 2012. The report developed a framework so that INTOSAI could effectively respond to significant emerging issues that affect the work and/or reputation of INTOSAI and its members. The mechanism includes ways to identify, analyze, and respond to emerging issues.

### Donor Cooperation

Donor Cooperation has evolved significantly since the XX INCOSAI. Since 15 donors and INTOSAI signed a memorandum of understanding in October 2009, the number of donor signatories has increased to 21. The guiding principles of the cooperation are based on sustainable capacity development and aid effectiveness—in particular, the development of country-led strategic plans, donors respecting SAI country leadership, and improved coordination. The steering committee of the Donor Cooperation is supported by a secretariat hosted within INTOSAI Development Initiative (IDI).

Significant progress to date includes the following:

- Following the 2010 SAI stocktaking, eight INTOSAI regional and global priority projects were identified for support. All projects are either completed or in their final stages. These include strategic planning programs for CREFIAF, CAROSAI, and SAIs in CREFIAF; the AFROSAI-E management development program for SAIs; and global programs for ISSAI implementation and roll out of the Capacity

### Memorandum of Understanding (MoU) between INTOSAI and the Donor Community

In October 2009 INTOSAI and several donors signed a milestone MoU to augment and strengthen support to the SAI Community.

The MoU now has 21 donor signatories:

1. African Development Bank
2. Asian Development Bank
3. Australian Agency for International Development
4. Austrian Development Agency
5. Belgian Ministry of Foreign Affairs
6. Canada
7. European Commission
8. French Ministry of Foreign Affairs
9. GAVI Alliance
10. Global Fund to Fight AIDS, Tuberculosis and Malaria
11. Inter-American Development Bank
12. International Monetary Fund
13. Ireland
14. Islamic Development Bank
15. Netherlands Ministry of Foreign Affairs
16. Norwegian Agency for Development Cooperation
17. Switzerland
18. Sweden
19. United Kingdom
20. United States of America
21. World Bank

Building Committee (CBC) guides. In 2011, a Global Call for Proposals for SAI Capacity Development projects in need of additional financing was launched. By June 2012, 55 proposals had been received, donors had expressed interest in supporting 44 of them, and 18 of the proposals were in progress or had funding approved. Another 23 proposals are the subject of ongoing discussion and interest. These projects have included capacity-building projects for individual SAIs, implementation of an audit management tool for an individual SAI, and a number of regional proposals.

- A second Global Call for Proposals was issued in October 2013. This will be a two-stage process. It will start with an applicant-developed concept outline and notional budget, and if donor interest is present, the second stage of further developing a comprehensive proposal will be implemented.
- In January 2012, an SAI Capacity Development Database was launched. The tool builds on the former INTOSAI CBC Directory and extends the scope of the original directory to include donor, other service provider, and peer-to-peer support. The database now contains 283 ongoing, planned, and proposed projects. The SAIs of Sweden, the United Kingdom, and Mexico provide guidance and oversight.
- In 2011, efforts to develop a Global SAI Performance Measurement Framework (SAI PMF) were initiated. Under the auspices of the INTOSAI Working Group on the Value and Benefits of SAIs, considerable progress on the framework has been made. It is supported by INTOSAI and donor members and interested stakeholders from the INTOSAI, donor, and civil society communities. The SAI PMF will be subject to extensive consultation and piloting through 2015 and will be submitted for approval to the 2016 INCOSAI.
- In October 2012, a three-year INTOSAI-Donor Cooperation Program Document (2013–2015) detailed themes, activities, and milestones for the program and can be viewed at <http://www.idi.no/artikkel.aspx?MIId=129&AIId=857>
- Other initiatives of the Donor Cooperation include
  - mapping of SAI involvement in extractive industries,
  - development of a training course for donor staff on working with SAIs,
  - development of an SAI supply side community of practice,
  - launch of a 2013 IDI Global Survey, which will measure the progress in SAI capacity development support by updating key data of the 2010 stocktaking, and
  - issuance of the quarterly INTOSAI-Donor Cooperation Newsletter.



The next Donor Steering Committee Meeting will be held in Paris September 16-17, 2014.

### **Task Force on Strategic Planning**

Established in Chengdu, China, in 2012 at the 63rd Governing Board meeting, this task force is being led by the SAI of the United States. The membership includes the Chair of the INTOSAI Governing Board, all FAC members, the Secretary General, the four goal chairs, the INTOSAI Development Initiative (IDI), the INTOSAI Journal, the Director of Strategic Planning, the SAI of the United Arab Emirates, and the secretaries general of the seven regional working groups. In addition, chairs of the regional working groups are invited to participate at their discretion, and the SAI United Arab Emirates, as upcoming chair of INTOSAI during the plan session, has also been invited.

Unlike the 2011–2016 strategic plan, the 2017–2022 plan will reflect a complete review of INTOSAI's goals, needs, resources, and aspirations. As referenced above, guidance for the development of the next plan is rooted in the work of the Task Force on Financial Foresight, and its findings are documented in its report, *Considerations for the Next INTOSAI Strategic Plan*.

The task force plans an open process that fully considers all points of view and will consult with individual member SAIs and all components of INTOSAI to develop the plan; it will also include an extensive internal and external scanning process. Two in-person meetings of the task force have been planned in conjunction with the 2014 INTOSAI Governing Board meeting and the 2015 UN/INTOSAI Symposium. A teleconference is also planned for February 12, 2014. To better support monitoring of strategic plan implementation, the planning process will consider the feasibility of establishing specific performance measures and formal procedures to continuously monitor performance.

*editor's note*

The full text of the Beijing Declaration (including Annexes I–IV) is available on the Journal website, <http://www.intosaijournal.org>.

INTERNATIONAL ORGANIZATION OF SUPREME AUDIT INSTITUTIONS  
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OBERSTEN RECHNUNGSKONTROLLBEHÖRDEN  
ORGANIZACIÓN INTERNACIONAL DE LAS  
ENTIDADES FISCALIZADORAS SUPERIORES  
المنظمة الدولية للأجهزة العليا للرقابة المالية العامة والمحاسبة



## Beijing Declaration

Congress Secretariat, XXI INCOSAI  
International Cooperation Department, National Audit Office  
No.1 Beiluyuan, Zhanlan Road, Xicheng District, Beijing 100830  
China • Chine • China • China  
Tel. +86 (10) 6830 1586 • Fax +86 (10) 6833 0958  
E-mail: [incosai2013@incosai2013.org](mailto:incosai2013@incosai2013.org) • World Wide Web: <http://www.incosai2013.org>

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BEIJING DECLARATION  
ON  
PROMOTION OF GOOD GOVERNANCE  
BY  
SUPREME AUDIT INSTITUTIONS

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PREAMBLE

1. Since 1953 the International Organization of Supreme Audit Institutions (INTOSAI) has worked with increasing vitality and innovation in accordance with its motto of “Mutual Experience Benefits All” by extensively disseminating the ideas and standards of national audit through the exchange of ideas and cooperation in the international audit community. In 2013 INTOSAI is proudly celebrating its 60<sup>th</sup> anniversary.
2. INTOSAI, as an autonomous, independent, professional, and non-political organization, has provided mutual support, fostered the exchange of ideas, knowledge, and experiences, acted as a recognized voice of Supreme Audit Institutions (SAIs) within the international community and promoted continuous improvement among its member SAIs.
3. INTOSAI has promoted good governance by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and protect the interests of their citizens.
4. INTOSAI is – with its Committees, Working Groups, Task Forces and Regional Working Groups – the worldwide forum for international exchange of knowledge in the field of public sector auditing, the setter of Auditing Standards in the public sector and the international voice of external government auditing.
5. INTOSAI’s achievements in knowledge sharing, standards setting and the raising of status of public sector auditing are well-known. INTOSAI elaborated and implemented its first Strategic Plan which was adopted in 2004 in Budapest and was updated in 2010. Under the guidance of the Strategic Plan, INTOSAI adopted the International Standards of Supreme Audit Institutions (ISSAI) framework and has been successful in capacity building projects and result-oriented exchange of knowledge in diverse audit fields throughout the world. It also has a long standing agenda to be itself a model of good organizational governance.
6. In 2011, the General Assembly of the United Nations recognized the work of INTOSAI and its members in Resolution A/66/209 titled “Promoting the Efficiency, Accountability, Effectiveness and Transparency of Public Administration by Strengthening Supreme Audit Institutions”. In this Resolution the United Nations General Assembly

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- took note with appreciation of the work of INTOSAI in promoting greater efficiency, accountability, effectiveness, transparency and efficient and effective receipt and use of public resources for the benefit of the citizens;
  - took note with appreciation of the Declarations of Lima and Mexico and encouraged Members States to apply, in a manner consistent with their national structures, the principles set out in those declarations and encouraged Member States and relevant United Nation’s institutions to continue and intensify their cooperation with INTOSAI in order to promote good governance by ensuring efficiency, accountability, effectiveness and transparency through strengthened SAIs.
7. INTOSAI held its XXI Congress (INCOSAI) in Beijing in 2013, recalling the development of INTOSAI over the last six decades and summarizing the practical experience of its member SAIs, unanimously declared that:

- In the 21<sup>st</sup> century society, information and globalization has become a surging tide, with SAIs facing new challenges to improve national governance and with INTOSAI facing new opportunities to tackle global issues.
- SAIs agree that effective national governance is fundamental for maintaining stable economic development and social progress, and improving the lives of citizens, and are willing to contribute to the fulfillment of the responsibilities set out in the United Nations Millennium Declaration, which states that:

*“We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want. We resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty. Success in meeting these objectives depends, inter alia, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems”.*

- SAIs can help by enhancing transparency, ensuring accountability, promoting performance, and fighting against corruption and thus improve national good governance and increase fairness.



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- The long-term sustainability of financial policies is an undeniable prerequisite for national good governance. SAIs, through independent professional auditing, can help decision-makers to safeguard the long-term sustainability of and adherence to the financial policies by enhancing transparency, reporting on the performance of public finance and highlighting systemic risks.
  - In a world of intense globalization, no country can successfully improve its own national governance without understanding how it might be affected by external factors. While promoting good governance at home, SAIs must remain dedicated to improving governance globally through international and regional cooperation. In meeting the global challenges, SAIs will continue to build their strength to undertake common responsibilities, manage common risks, take common action and deliver a recognized and respected voice under the auspices of INTOSAI and its Regional Working Groups.
  - As an organization with broad representation, a strong independent position and high professional standards, INTOSAI will continue to cooperate with its Regional Working Groups and the individual SAIs to establish the use of ISSAIs consistent with their national legal frameworks for the purpose of promoting good governance while remaining independent and enhancing performance.
8. Against this background the Congress discussed two issues of global importance under the following theme headings:
- Theme I: National Audit and National Governance
  - Theme II: The Role of SAIs in Safeguarding Long-Term Sustainability of Finance Policies

The outcome of the Congress discussion on these themes is contained in the Beijing Accords at Annex I.

9. In addition, the Congress reviewed progress against the INTOSAI Strategic Plan 2011-2016.

## CHAPTER I

## ACHIEVEMENTS AND EXPERIENCES OF INTOSAI

10. From the foundation of INTOSAI in 1953 to the XXI Congress in China in 2013, INTOSAI has experienced many and varied positive developments and made substantial progress and changes. In the spirit of INTOSAI's motto "Mutual Experience Benefits All", its work is based on the indispensable voluntary commitment and contribution of each and every member SAI. This globally connected, structured and goal-oriented, effective modern international organization has expanded from an initial 34 members to today's 192 full members and 5 associated members.
11. INTOSAI's seven Regional Working Groups – AFROSAI, ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEFS and PASAI – subscribe to the mission of INTOSAI and at the same time take account of regional differences and heterogeneous needs.
12. As the executing bodies of INTOSAI's professional work, its Committees, Working Groups and Task Forces have touched on a great variety of strategic themes and subjects.
13. The outstanding milestones and achievements of INTOSAI include the 1977 Lima Declaration which established the founding principles of independent, efficient and effective public sector auditing, the elaboration of INTOSAI's first Strategic Plan (2005-2010) which established the Organization's overarching strategic goals as standard setting, capacity building, knowledge sharing and developing as a model international organization, the Mexico Declaration on SAIs Independence of 2007, and developing a framework of ISSAIs which will benefit and enhance public sector auditing worldwide.
14. The recognition by the United Nations General Assembly Resolution A/66/209 in 2011 is a logical result of the hard and successful work of INTOSAI during recent years. It puts INTOSAI – including its standard setting work and public sector auditing – at the focus of international community concerns. Public sector auditing institutions, with the character of being independent, have been recognized as an essential part of good governance. SAIs now have an effective tool at hand to require that national governments recognize and give legislative and executive effect to the basic principles of SAI independence from. Concrete successes have already been recorded by SAIs from all INTOSAI regions.

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15. The cooperation of INTOSAI with external partners such as the United Nations and international organizations such as World Bank, OECD, IPU, IFAC or IIA has increased its reputation, global visibility and recognition as a high-level professional organization. Since the 1970s 22 joint UN/INTOSAI Symposia and Seminars have been organized disseminating knowledge and training materials on a series of high interest topics concerning public sector auditing.
16. Capacity building has been and remains one of the main areas of INTOSAI interest. This field includes the development of new structures for acquiring knowledge and professional training and institutional development for SAIs. Currently there are many capacity building and knowledge sharing activities active in INTOSAI for the purpose of enhancing the capabilities and performance of SAIs.
17. INTOSAI has signed a Memorandum of Understanding (MoU) with 21 donors and has conducted a series of cooperation activities with the donor community, through which the stated common goals in the MoU are achieved, the successful implementation of INTOSAI's Framework of Professional Standards (consisting of the International Standards of SAIs (ISSAIs) and INTOSAI Guidance for Good Governance (INTOSAI GOVs)) is ensured, and the knowledge of the importance of SAIs and INTOSAI in the global development community is increased.
18. In the last 60 years, INTOSAI has successfully taken up the challenges facing public sector auditing and, with the support and active collaboration of all of its members, will maintain its foresight and relevance through its future oriented and outward looking vision and mission.
19. In 2013, INTOSAI also celebrates 50 years of the General Secretariat, headquartered in Vienna since 1963 in the Austrian Court of Audit. The General Secretariat is of vital importance to the organization, acting as a driver for innovation and an information hub and a contact point for INTOSAI members throughout the world and for other globally active partners.
20. In celebration of these important milestones, the Organization has published a book "60 Years INTOSAI – 50 Years General Secretariat. Transparency, Accountability, Good Governance".

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21. On the basis of a comprehensive understanding of emerging issues and continuous changes and development in today's society, INTOSAI will do its utmost to continue to promote good governance and sustainable development of human society.

## CHAPTER II

### PROMOTION OF GOOD NATIONAL GOVERNANCE BY SAIs

22. From the very beginning the central aim of INTOSAI was to promote good governance. SAIs can only perform this task well, if they are independent from the agencies they audit and are protected against any form of outside influence. INTOSAI also recognized that it is crucial that the audit methods of SAIs are based on current scientific and technical knowledge and that their auditors have the necessary professional qualification and moral integrity.
23. Therefore in 1977 INTOSAI adopted the Lima Declaration and with the Mexico Declaration in 2007 determined the 8 principles of independence of external government auditing in methodological and professional terms.
24. The governments and citizens of all countries call for the promotion and improvement of national governance so as to enable the sustainable development of society, economies and the environment. As an indispensable part of national governance, national audit performs its functions in accordance with law and regulations and provides, in an objective manner, audit supervision, verification, evaluation and recommendations that national decision-makers use to make policy and program decisions. SAIs should strive to stand as champions of trust, honesty and integrity in public life. In doing so, SAIs will continue to contribute to efforts to:
- Safeguard democracy and the rule of law by promoting honest and clean government and administration, maintaining legal order, disclosing illegality, curbing the abuse of power through the supervision of public power. In some cases SAIs are also advisors, playing a constructive role by suggesting improvements to legal systems. SAIs help to build communication and trust between the public sector and citizens, by promoting open government and thereby enable citizens to actively participate in the public decision making process.
  - Increase governmental efficiency by supervising and evaluating government activities and disclosing shortcomings in national governance and control. SAIs

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provide independent and objective insight and guidance to support beneficial change in government and public entities, and encourage governments to strengthen control. SAIs also promote rational utilization of public resources, good practice and the creation of performance-focused government.

- Play an important role in fighting corruption and preventing fraud at both the national and international levels. SAIs' audit-based knowledge and experience not only boosts accountability but can also provide valuable advice for future anti-corruption initiatives, including the United Nation's Post-2015 Development Agenda.
- Safeguard national interests, by using their independent position, unique foresight and professional capacity to provide timely, objective and reliable information to reveal risks to national economic and social operation, and national interests.
- Promote the improvement of people's livelihoods by helping to ensure that public funds and projects relating to people's livelihood are under strict supervision and achieve the desired impact which improves the livelihoods and equal opportunities of all citizens including vulnerable groups.
- Increase transparency and accountability, by auditing and publishing audit results that help to hold the public sector to account, and encourage governments and public organizations to fulfill their responsibilities for using and safeguarding public resources. SAIs provide society and citizens with verified information about how responsibilities have been fulfilled by government organizations and officials, and by doing so help promote transparent government.

### CHAPTER III

#### SAFEGUARDING LONG-TERM SUSTAINABILITY OF FINANCE POLICIES

25. Broadly stated, sustainable public finances are about meeting current and future obligations without passing on excessive debt to future generations.
26. The sustainability of public finances has been on the INTOSAI agenda for many years now. In 1991 the INTOSAI Public Debt Committee started its work and was reorganized in 2007 into a Working Group. In 2008, as its immediate reaction to the financial crisis,



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INTOSAI established the Task Force Global Financial Crisis, which was reorganized in 2012 into the Working Group on Financial Modernization and Regulatory Reform.

27. Much has been done in the past. A series of International Standards of Supreme Audit Institutions on public debt has been published (ISSAIs 5410 to 5450). Nevertheless, the financial, economic and budget crisis poses for SAIs special challenges which, in the public interest, could be addressed by SAIs as part of their audit function.
28. Lessons derived from the global financial and economic crisis of the early 21<sup>st</sup> century, have underlined the strategic importance of governments maintaining sound public finances in order to create conditions for economic growth, employment and social well-being. Through independent and robust audits which encourage transparency about the use of public financial resources and sound approaches to fiscal management, SAIs contribute to attaining fiscal soundness, medium and long-term sustainability of financial policies, safeguarding public interest and enhancing national governance in each country. Recognizing the mandate of each individual INTOSAI member to determine its own approach consistent with its national legislation, aspects to consider when addressing the issues of financial stability may include:
- Strengthening government financial statement audits, with the aim to establish and improve institutional financial framework and financial reporting standards, so as to present fairly the financial performance and position of government.
  - Improving public finances performance audits, in order to encourage medium and long-term fiscal sustainability associated with good governance.
  - Reinforcing public debt audits, considering direct commitments as well as other liabilities and financial contingencies, with the objective to identify issues and risks in the management and expected developments of sovereign debt and financial deficits.
  - Building the ability to audit the stage of planning public finances, with the aim of prompting Executive and Legislative branches assessing medium and long-term prospective scenarios or projections associated to expected developments of economic cycles, debt servicing, public programs and other commitments such as social security, pensions, education and health care, as well as contingencies like natural disasters, climate change and financial shocks.

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- Assessing government’s planning assumptions related to economy, public finances and public debt, thus identifying potential risks and providing constructive recommendations.
  - Enhancing the audit of compliance with fiscal rules, financial regulation and accepted standards of oversight, as well as adherence to the whole government budgetary process. The objective is to ensure accountability throughout the phases of planning, execution, performance evaluation and outcomes achieved. Moreover, effective internal controls are to be improved with a risk management system.
  - Fostering the evaluation of public financial policies. SAIs will continue to conduct audits over the soundness, effectiveness and sustainability of financial policies in order to promote economic development and social welfare in the context of each country.
29. The underpinning importance of the Lima and Mexico Declarations, and the United Nations General Assembly Resolution in strengthening the independence of SAIs was recognized as was the proven value of SAI’s support for each other internationally through INTOSAI and its Regional Working Groups. It was also acknowledged that when audits in relation to the sustainability of finance policies are to be conducted by SAIs their mandate may need to be enhanced.

## CHAPTER IV

### ACHIEVING GOOD GOVERNANCE GLOBALLY – A COMMON GOAL

30. Through its sustained, proactive effort INTOSAI has developed successfully into an autonomous, independent, professional, and non-political organization recognized as the voice of SAIs within the international community and promoting continuous improvement among diverse member SAIs.
31. INTOSAI’s international reputation is founded on a range of major milestones and achievements including most recently:
- Recognition of the importance of SAIs by the United Nations;
  - Establishment of a comprehensive framework of professional standards based on due process;

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- Building a highly productive relationship with international donors to promote capacity building in member SAIs;
  - Constructing a highly effective global network for sharing knowledge and good practice;
  - Furthering cooperation with international and supranational organizations;
  - Continually improving its governance arrangements towards model international organization status.
32. INTOSAI has also recognized that in a world where challenges are increasingly global in their extent and impact there is a need for the international SAI community to join together in developing collective responses to achieve better outcomes for all. INTOSAI's history and strong foundations in international collaboration between SAIs mean that it is ideally positioned to play a key role in developing and delivering solutions to current significant challenges and thematic issues such as national debt crisis, ecological crisis, worldwide financial security and anti-corruption agendas.
33. INTOSAI and SAIs have a proven capacity and duty to drive forward good governance nationally and globally in accordance with their respective mandates and legislative frameworks. The Congress encourages SAIs to:
- **Accept common responsibilities:** SAIs' audit work on their governments' international commitments, such as responding to climate change, reviewing trade barriers, maintaining financial stability, and by fighting corruption and money laundering, can serve to encourage full compliance with those obligations. INTOSAI also enables SAIs to extensively participate in international cooperation and play roles in such international affairs as implementing financial disciplines, detecting economic risks, fighting corruption and maintaining the stability of the world economy.
  - **Manage common risks:** SAIs have a continuing role to play in promoting risk identification and timely disclosure of major risks. INTOSAI will continue to focus its attention to research on major issues of global and regional phenomena and provide SAIs with effective guidance and reference for response.

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- **Take common action:** SAIs are encouraged to continue to conduct joint audit and parallel audit in order to address the common challenges and issues such as climate change, regional pollution and financial crisis. SAIs are encouraged to participate in such governance activities as evaluating social progress, involvement in the external audit of international and regional organizations, drive performance audit to be conducted in international and regional organizations to improve accountability, transparency and performance. INTOSAI will continue to work with other international organizations and sovereign countries to strengthen cooperation in international audit and identify best solutions for regional and global issues.
- **Speak with a common voice:** SAIs and INTOSAI will continue to adapt to the change of our times and positively adopt effective measures to collaborate and cooperate with multilateral organizations like the United Nations, the World Bank, the OECD and the G20, to attend multilateral activities, to enhance international auditing and accounting standards for public sectors, to establish national key indicators for the evaluation of social progress, to participate in the continuous improvement of governance globally, and to deliver an independent and unanimous voice on international and regional thematic issues in the international community.

## CHAPTER V

### CONGRESS CONCLUSIONS

34. The Congress discussed many issues but agreed that a guiding principle for INTOSAI's philosophy was that it should be future orientated and outward looking. The Organization has the opportunity to contribute to global and regional agendas based on its expertise and experience in good governance and public sector auditing.
35. The Congress noted with appreciation the excellent work carried out by all of its Committees, Working Groups and Task Forces. It expressed its profound thanks to those Chairs whose tasks were completed or whose remits have ended and welcomed with appreciation those who were taking up new responsibilities.
36. The end of 2013 marks the half way point of the second INTOSAI Strategic Plan covering the period 2011-2016. In the deliberations during the XXI INCOSAI the INTOSAI members expressed their satisfaction with the organization's progress to date against the plan. In addition, the members reached the following specific conclusions and agreements:

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### **Professional Standards**

- Welcomes the enhancement of the ISSAIs framework by the revision of the fundamental auditing principles and other standards (Annex II), and the greater focus on the needs of auditors and users which these achievements represent;
- Approves the revised mandate of the Committee and its determination to find sustainable solutions that will provide sufficient guarantees that the Framework and Due Process of INTOSAI's Professional Standards are maintained and developed for the future.

### **Capacity Building**

- Applauds the Organization's greatly improved capability to support SAIs in building their capacity in particular the progress made by the Regional Secretariats and the INTOSAI Donor Cooperation;
- Appreciates the IDI's continued contribution to INTOSAI in supporting its member SAIs in their efforts to enhance their own performance, independence and professionalism; and
- Endorses IDI's strategic plan 2014-2018 and its revised mandate reflecting its expanded role, working across all INTOSAI goals.

### **Knowledge Sharing**

- Commends the work highlighting the value and benefits of SAI: making a difference to the lives of citizens (Annex III) and the creation of guidance for SAIs engaging in work on accountability for and audit of disaster related aid (Annex II);
- Encourages SAIs to develop capabilities to respond to the challenges posed by the fiscal and economic challenges current in many parts of the world, for example by enhancing or expanding their audit of supervisory and regulatory mechanisms; and
- Encourages members to apply vigorously the INTOSAI communications strategy and guidelines, and actively use the tools designed and developed for this purpose.



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**INTOSAI – A Model Organization**

- Welcomes the plans for developing INTOSAI’s Strategic Plan for the period 2017-2022 and for addressing the Organization’s future resourcing needs;
- Notes the establishment of a supervisory committee on emerging issues (Annex IV).

**Other Issues**

- Agreed that INTOSAI should take a role in the United Nation’s Post-2015 Development Agenda.

37. Further, the Congress called upon the Organization’s members to:

- Prioritize the adoption and implementation of the ISSAI framework as encouraged in the United Nations Resolution, and request donors and other development partners to give it the same status;
- Respond positively to the Second Global Call for proposals issued by the INTOSAI Donor Cooperation;
- Actively promote the value and benefits of SAIs;
- Seize the opportunity to contribute fully to defining the Organization’s future; and
- Consider contributing further to the resources available to the Organization.

38. At the conclusion of its XXI INCOSAI the Organization and its members reaffirm an unwavering ambition to make INTOSAI a model organization, delivering quality programmes that are underpinned by the highest professional standards and by humanitarian ideals.

## Congress Concludes with Appreciation to China and Anticipation of the United Arab Emirates

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As the XXI INCOSAI came to a close on October 26, 2013, delegates unanimously expressed their gratitude and appreciation to Mr. Liu Jiayi and the staff of the Chinese National Audit Office, who worked tirelessly to ensure a successful congress. The planning and management of every aspect of the congress was excellent—as was the warm and gracious hospitality offered from the moment delegates arrived in Beijing—and contributed significantly to making the congress a milestone event in INCOSAI's history.

## Invitation to XXII INCOSAI

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Dr. Harib Al Amimi, President of the State Audit Institution of the United Arab Emirates, looks forward to welcoming INTOSAI members to the XXII INCOSAI in 2016.

With honor and pride, the State Audit Institution of the United Arab Emirates (UAE) looks forward to hosting, INTOSAI's next triennial congress in 2016.

His Excellency Dr. Harib Al Amimi, president of the State Audit Institution and first vice chairman of INTOSAI, extended the formal invitation in his speech to the XXI INCOSAI. The invitation was accepted unanimously by the XXI INCOSAI at its closing plenary session.

In his speech to the congress, Dr. Al Amimi noted that the UAE government attaches great importance to the XXII INCOSAI and will vigorously support the event in terms of funding, human resources, venues, and security. He added that the UAE will strive to make the event as successful, memorable, and fruitful as possible.

More detailed plans for the 2016 congress, such as the selection of themes and theme officers, will be decided at the November 2014 Governing Board meeting. In 2015, the State Audit Institution will host the annual board meeting.



## Highlights of the 65th Governing Board

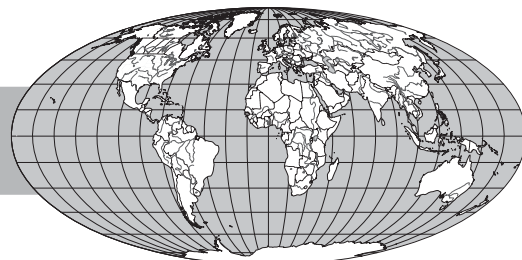


The 65th Governing Board met October 26, 2013, in Beijing, China. From left to right, Josef Moser, INTOSAI General Secretary, Austria; Liu Jiayi, Auditor General, China; Zhou Weipei, Director General of International Department, National Audit Office of the People's Republic of China; Harib Al Amimi, President of State Audit Institution, United Arab Emirates; Salem Alfalasi, Assistant Auditor, United Arab Emirates.

Held after the XXI INCOSAI concluded in Beijing, the 65th Governing Board agreed to the following actions:

1. Approved a new governing board that includes 18 members, namely, Austria, Bahamas, China, Ecuador, Egypt, Gabon, Japan, Mexico, New Zealand, Norway, Pakistan, Poland, the Russian Federation, Saudi Arabia, South Africa, Venezuela, the United Arab Emirates and the United States.
2. Elected Osama Jafar Faquih, President of the General Auditing Bureau of Saudi Arabia, as the second vice chairman of the Governing Board and therefore the Chairman of the Finance and Administration Committee—this committee will, for the next three years, be comprised of China, Ecuador, Norway, Saudi Arabia, and the United States. Austria and South Africa will serve as ex-Officio members.
3. Elected the SAIs of Japan, the United States, and the Russian Federation as Goal Liaisons for Goals 1, 2, and 3 respectively; Monika Gonzalez-Koss, from the SAI of Austria, has been reappointed as the Director of Strategic Planning.

# INTOSAI 2014 Events



<p><b>January</b></p>	<p><b>February</b></p> <p>11–12 10th PASAI Governing Board Meeting, Auckland, New Zealand</p> <p>19–20 46th Governing Board Meeting of ASOSAI, Manila, Philippines</p> <p>25–26 7th Meeting of the INTOSAI Working Group on Key National Indicators, Kuta, Bali, Indonesia</p>	<p><b>March</b></p> <p>4–5 IDI Board Meeting, Oslo, Norway</p> <p>24–27 22nd Conference of Commonwealth Auditors-General, Malta</p>
<p><b>April</b></p> <p>7–9 7th Performance Audit Subcommittee Meeting, Amsterdam, Netherlands</p>	<p><b>May</b></p> <p>6–7 1st meeting of the INTOSAI Working Group on Financial Modernization and Regulatory Reform, Washington D.C., United States</p> <p>19–22 11th PSC Steering Committee Meeting, Bahrain</p> <p>27–28 Subcommittee on Internal Control Standards Meeting, Vilnius, Lithuania</p>	<p><b>June</b></p> <p>15–19 XXXXI EUROSAI Governing Board Meeting, IX EUROSAI Congress, XXXXII EUROSAI Governing Board Meeting, The Hague, Netherlands</p>
<p><b>July</b></p>	<p><b>August</b></p> <p>19–22 17th PASAI Cogress, Apia, Samoa</p>	<p><b>September</b></p> <p>8–10 Capacity Building Committee Meeting, Lima, Peru</p> <p>16–17 7th INTOSAI-Donor Cooperation Steering Committee Meeting, Paris, France</p> <p>17–18 Compliance Audit Subcommittee, Annual Committee Meeting, Oslo, Norway</p> <p>25–27 II ASOSAI-EUROSAI Joint Conference, Moscow, Russian Federation</p>

*Editor's Note:* This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions will be included according to space available. For additional information, contact the Secretary General of each regional working group. For contact information visit <http://www.intosai.org/regional-working-groups.html>

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