INTOSAI FRAMEWORK OF PROFESSIONAL PRONOUNCEMENT (IFPP)

FREQUENTLY ASKED QUESTIONS

Note: Readers may note that this is a living document, which will be updated at periodic intervals through addition of new questions as and when they arise, and through amendment , if required, of information already provided.

1. What is the IFPP and what is its authority?

IFPP is the INTOSAI Framework of Professional Pronouncement. INTOSAI Professional Pronouncements are the formal and authoritative announcements or declarations of the INTOSAI Community. They rest upon the common professional expertise of INTOSAI`s members and provide INTOSAI`s official statements on audit-related matters. All professional pronouncements are developed and approved through a due process before they are presented to INCOSAI for endorsement. The purpose of IFPP is to improve the credibility of INTOSAI's professional pronouncements, assist in making them an authoritative framework for public sector auditing and enhance their technical quality. The INTOSAI Professional Pronouncements consist of INTOSAI Principles (INTOSAI-P), International Standards of Supreme Audit Institutions (ISSAI), Competency Pronouncements (COMP), and INTOSAI Guidance (GUID). These pronouncements can be found on www.issai.org. The IFFP and the different types of pronouncements are defined in the classification principles, which can be referred from the Strategic Development Plan (SDP).

The authority of all the pronouncements in the IFPP rests on their endorsement by the INTOSAI Congress, which is a professional and international body for Supreme Audit Institutions. All pronouncements endorsed and included in IFPP are the official position of INTOSAI.

The IFPP will replace the existing ISSAI framework by 2019, once the work of updating and migrating the current pronouncements is completed.

2. What is the FIPP?

The Forum for INTOSAI Professional Pronouncements (FIPP) is a designated standard setting body of INTOSAI body which is responsible for implementing a uniform approval process for the IFPP pronouncements following the INTOSAI Due Process. The creation of FIPP is intended to ensure a single entry into the IFPP.

FIPP has the responsibility of ensuring quality of the full set of professional standards as incorporated in the IFPP with a view to strengthen the INTOSAI as a standard setter and drive the continued development of appropriate standards for public-sector auditing.

At the operational level, FIPP is responsible to ensure that the due process is followed at each level of the project before the same is approved as an IFPP pronouncements. For this, FIPP works in close cooperation with the sub-committees and working groups under the Goal Chairs, through FIPP liaison

officers. to facilitate the development of individual draft pronouncements by ensuring their technical quality and consistency as appropriate and approves their inclusion in the framework before they are presented to the INTOSAI Governing Board by the relevant committee.

FIPP consists of a Chair and fifteen members from different SAIs who have been selected for their subject matter expertise, experience in capacity building and standard setting.

3.   What are INTOSAI Principles (INTOSAI-P) and what is their purpose?

The INTOSAI Principles consist of founding Principles and core Principles that have an overarching significance for the IFPP and are therefore placed at the top of the IFPP framework.

The founding principles have historical significance and specify the role and functions which SAIs should aspire to, which can be used as reference to establish SAIs' mandates. These principles may be informative to governments and parliaments, as well as SAIs and the wider public and may be used as reference in establishing national mandates for SAIs. The core principles support the founding principles for an SAI, clarifying the SAI's role in society as well as high level prerequisites for professional functioning of SAIs.

4.   What are International Standards of Supreme Audit Institutions (ISSAI), and what is their purpose?

The ISSAIs are the authoritative international standards on public sector auditing. ISSAIs represent mandatory auditing standards for the SAIs to claim adherence to the standards. In the IFPP, they occupy the second level of pronouncements

The ISSAIs comprise of:

- The basic set of concepts and principles that define public sector auditing and the different types of engagements supported by the ISSAIs.

- The fundamental principles which INTOSAI have defined as universally applicable professional standards. The auditing practices of all SAIs as well as any national standards for public sector auditing should be aligned to these.

- The organizational level requirements which the SAI and the engagement level requirements which the auditor must comply with if they state compliance with the ISSAIs (rather than national standards)

- Application material that is relevant to ensure that the fundamental principles and requirements are understood and applied as relevant in the circumstances of the individual engagement.

Purpose of the ISSAIs is to:

- Ensure the quality of the audits conducted.

- Strengthen the credibility of the audit reports for users.

- Enhance transparency of the audit process.

- Specify the auditor's responsibility in relation to the other parties involved.

- Define the different types of audit engagements and the related set of concepts that provide a common language for public sector auditing.

ISSAI 100 '*The Fundamental Principles of Public Sector Auditing*' operationalizes the INTOSAI principles into standards at both the organizational level and at the engagement level. ISSAI 100 defines the authority of the ISSAIs and defines how an auditor can claim ISSAI compliance in an audit report.

5. What are GUIDS and what is their purpose?

Documents which are categorised at GUIDS represent INTOSAI guidance that supports the standards (ISSAIs) by translatings them into more specific, detailed and operational guidelines. GUIDs are in the nature of non-mandatory guidance for an SAI that help the auditor gain a better understanding of how to apply the elements and principles of the standards (ISSAIs) during an audit.

Within the IFPP, the GUIDs are divided into various categories, viz; SAI organisational guidance, supplementary financial audit guidance, supplementary performance audit guidance, supplementary compliance audit guidance, subject matter specific guidance, and other guidance.

GUIDS support the *SAIs* in

- Enhancing organizational performance in practice related to the organizational requirements and ISSAI implementation.
- Implementing mechanisms and programmes for competency development in line with the ISSAIs GUIDs provide guidance that supports the auditor in:

  - Applying the ISSAIs in the financial, performance or compliance audit processes.
  - Applying the ISSAIs in other engagements.
  - Understanding a specific subject matter and the application of the relevant ISSAIs to audits involving specific subjects

6. What are Competency Pronouncements (COMP) and what is their purpose?

Competency Pronouncements (COMPs) set out the competencies and professional skills, knowledge, ethics, values and attitudes required by the public sector auditor to undertake audits in line with the ISSAIs. COMPs are further distinguished between COMP standards and principles, and GUIDS. The work already undertaken within INTOSAI community regarding the competency framework will form the basis for developing COMPs in the future.

7. What is the basis of distinguishing the IFPP pronouncements as INTOSAI-P, ISSAIs and GUIDS?

The Forum for INTOSAI Professional Pronouncements (FIPP) has developed clear classification criteria for the three categories of INTOSAI professional pronouncements in the IFPP to make clear distinction between the overarching INTOSAI Principles (INTOSAI-P), the International Standards of Supreme Audit Institutions (ISSAIs) and the supporting INTOSAI Guidance (GUID). The classification criteria for IFPP pronouncements has been endorsed by the INTOSAI Congress. The classification criteria is based on the definiton of different pronouncements as explained in the previous questions. FIPP will use this classification criteria to classify and number INTOSAI pronouncements.

8. What is the numbering system of IFPP pronouncements ? Will ISSAIs have a different numbering system in IFPP?

The FIPP has considered new numbering of INTOSAI-P, ISSAIs, and GUID under priority 1 of the 2017-2019 Strategic Development Plan (SDP) of IFPP. The numbering of the previous ISSAIs will be preserved, as far as possible.

A tentative numbering plan for IFPP pronouncements is depicted below:
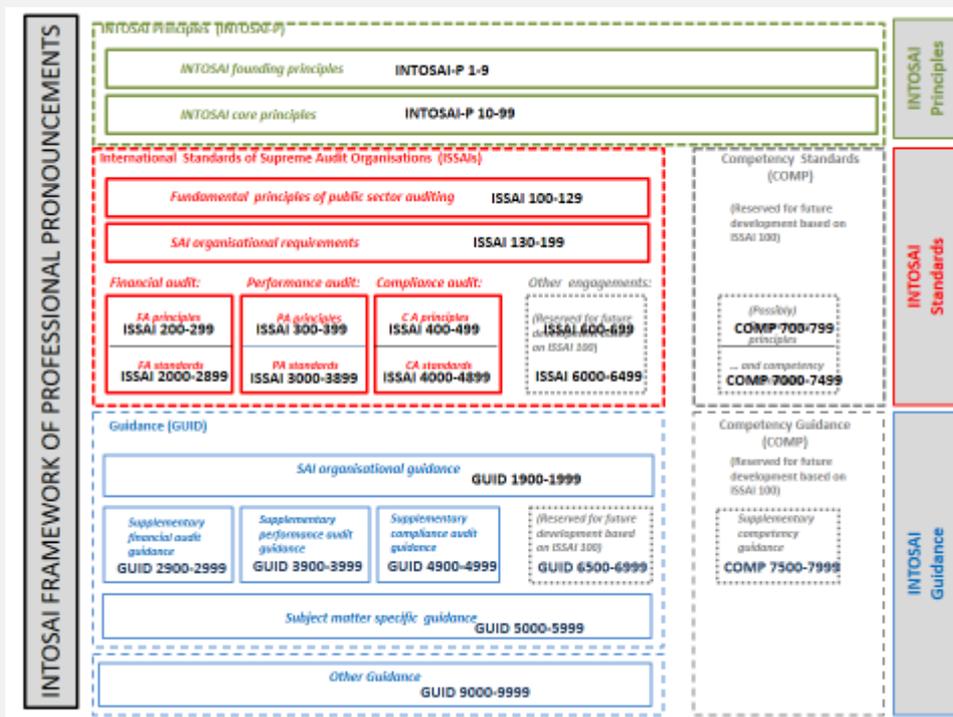
9. During the transition period of initiating the new numbering of the INTOSAI professional pronouncements, can the SAIs or auditors make reference to existing ISSAI numbers?

Until such time the INTOSAI Professional Pronouncements have new numbers, SAIs and the auditors can continue to make reference to existing ISSAI numbers. For more information, you can refer the SDP projects that have been identified under Priorities 1, 2 and 3.

10. How can an SAI claim ISSAI compliance?

In order for an SAI to claim ISSAI compliance, it must follow the fundamental principles which INTOSAI has defined as universally applicable professional standards in ISSAI 100. Para 7 of ISSAI 100 establishes the fundamental principles which are applicable to all public-sector audit engagements, irrespective of their form or context. ISSAI 200, ISSAI 300 and ISSAI 400 builds on and further develops the principles to be applied in the context of financial, performance, and compliance audit respectively. ISSAI 100 states that the principles in no way override national laws, regulations or mandates or prevent SAIs from carrying out investigations, reviews or other engagements which are not specifically covered by the existing ISSAIs[1].

The principles defined under ISSAI 100 can be used to establish authoritative standards in three ways[2]:

- As a basis on which SAIs can develop standards;
- As a basis for the adoption of consistent national standards; and
- As a basis for adoption of the General Auditing Guidelines as standards.

11. What is the difference between standards (ISSAIs) and other pronouncements in the IFPP?

The distinction between ISSAIs (auditing standards) and other pronouncements in IFPP is based on the way the authority of the ISSAIs was defined in 2013 through *ISSAI 100 - Fundamental Principles of Public-Sector Auditing*.

ISSAI 100 provides that SAIs may choose different ways to implement the ISSAIs. SAIs may either develop auditing standards based on the ISSAIs, adopt national auditing standards that are fully consistent with ISSAI 100 or apply the ISSAIs directly to their full extent in their audits. ISSAI 100 therefore defines how the ISSAIs may be referred to in an audit report in a way that reflects which of these options the SAI has chosen[1]. If, for example, the ISSAIs have been fully applied, the auditor may

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[1] ISSAI 100, Purpose and Authority of ISSAIs

[2] ISSA 100, Paragraph 8

[1] ISSAI 100, Para 9: Audit reports may include a reference to the fact that the standards used were based on or consistent with the ISSAI or ISSAIs relevant to the audit work carried out. Such reference may be made by stating: "We conducted our audit in accordance with (standards), which are based on (or consistent with) Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards of Supreme Audit Institutions"

ISSAI 100, Paragraph 10: When ISSAIs were adopted as authoritative auditing standards, the reference to standards in an audit report may be made as: "We conducted our audit(s) in accordance with the International Standards of Supreme Audit Institutions". It also further provides an option to specify which ISSAI or range of ISSAIs were considered relevant and

state that '*we conducted our audit in accordance with the International Standards of Supreme Audit Institutions*'. ISSAI 100 therefore also defined which parts of the old 'ISSAI Framework' that provides the applicable requirements to auditors making such statements in their audit report. When ISSAI 100 was endorsed by INCOSAI in 2013, there were a large number of documents which did not provide requirements that are relevant in this context, but which were nevertheless called 'ISSAIs'. This has caused confusion within the INTOSAI community as well as among users of SAI audit reports. With the launch of the IFPP, these other documents will no longer be called ISSAIs.

12. Is there a formal process for developing, revising and withdrawing ISSAIs and other pronouncements?

The Due Process establishes the formal process for developing, revising and withdrawing ISSAIs and other pronouncements. The Due Process document can be found here: http://www.issai.org/data/files/1C/65/0D/A6/0529851068C19585BA5818A8/due-process-2016-english.pdf. The key INTOSAI bodies involved in this formal process perform the roles and responsibilities assigned to them in the Due Process, in accordance with INTOSAI's Statutes and their respective terms of reference.

The SDP shall assemble all initiatives to develop, revise or withdraw professional pronouncements in the form of SDP projects.

13. Who are the key stakeholders involved in the process of developing, revising and withdrawing ISSAIs and other pronouncements?

The stakeholders of Due Process are the key INTOSAI bodies, namely, the INCOSAI, the Governing Board, the Goal Chairs and their sub-committees and the working groups, and FIPP. INCOSAI endorses all pronouncements in INTOSAI's framework of professional pronouncements. The INTOSAI Governing Board oversees that the due process is followed for all professional pronouncements.

The PSC, which has the responsibility of achieving the objectives of goal 1, has the overall responsibility for ensuring the effective operation of INTOSAI's standard-setting activities in line with this due process.

The CBC and KSC provide professional expertise and content for the framework of pronouncements to the extent required to achieve the objectives and priorities under goal 1, 2 and 3 of INTOSAI's Strategic Plan.

The term 'working group' covers any INTOSAI working group, subcommittee, task force or project group that carries out work in accordance with the due process. This includes any preliminary or ad hoc working groups established for the purpose of specific tasks as well as any existing working groups (subcommittees) that form part of the general structure of the PSC, CBC or KSC. Working

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applied in an audit. This may be done by adding the phrase: "The audit(s) was (were) based on ISSAI(s) xxx (number and name of the ISSAI or range of ISSAIs).

groups under the PSC, CBC or KSC are subject to the strategic directions of the PSC, CBC or KSC, respectively, with regard to any work they carry out in accordance with the due process

The Forum for INTOSAI Professional Pronouncements (FIPP) is the INTOSAI body designated for assessing and approving professional pronouncements as specified by this due process. FIPP follows and facilitates the development of individual draft pronouncements, ensures their technical quality and consistency as appropriate, and approves their inclusion in the framework before they are presented to the INTOSAI Governing Board by the relevant committee.

14.   What is Strategic Development Plan of the IFPP?

The Strategic Development Plan (SDP) is a general strategy and working plan for the development of the framework towards a clear, consistent and adequate set of professional pronouncements. The SDP assembles all initiatives to develop, revise or withdraw professional pronouncements. The planning process includes public consultations to encourage input from all interested parties as a minimum once in every three years. The PSC and the chairs of the CBC and KSC ascertain that all relevant needs are addressed by the SDP in line with the objectives of goal 1, 2 and 3 of INTOSAI's strategic plan. FIPP takes the initiative to propose amendments and updates to the plan as needed. The PSC consults with all affected parties before the plan is finalised and presented to the INTOSAI Governing Board for endorsement.

If an existing working group within the PSC, CBC or KSC wishes to develop new pronouncements, it makes a suggestion in this regard for inclusion in the SDP for the framework of pronouncements. FIPP invites the subcommittees/working groups to give input to the SDP every three years.

The SDP for INTOSAI Framework of Professional Pronouncements 2016-2019 is available on www.issai.org.

15.   Who is owner/ manager responsible for the implementation of the SDP?

The PSC is responsible for the implementation of the Strategic Development Plan. FIPP facilitates the implementation of the SDP on behalf of the PSC Steering Committee. The implementation of the SDP for the framework of pronouncements is carried out through individual projects to develop, revise or withdraw pronouncements.

16.   What is the role of a subcommittee/working group in developing the pronouncements of IFPP?

The role and relevance of any subcommittee for a specific project to develop, amend or withdraw ISSAIs, GUIDs or other pronouncements depend on the scope and purpose of the project and the area

of expertise of the subcommittee. In many cases, there will be more than one subcommittee in relation to a particular project to develop on the content of IFPP.

In general, the subcommittees contribute to projects in the following ways:

- *Propose new projects in the Strategic Development Plan (SDP):* If a subcommittee wishes to develop new pronouncements, it makes a suggestion in this regard for inclusion in the SDP for the framework of pronouncements.

- *Be responsible for a project:* The subcommittees will set up a project group to carry out the project

- *Provide members to a project group:* In the SDP 2017-2019, it is foreseen that most of the projects are driven through cross-cutting project groups which will include members drawn from the relevant subcommittees as well as (in some cases) from the Regions and IDI.

- *Provide the chair of the project group:* The chair (or other key members) of a subcommittee may often be in a good position to also chair some of the projects to develop INTOSAI pronouncements within the subcommittee/work stream/working group's area of responsibility.

- Review or comment on drafts as part of the quality assurance process (step 2 of due process).

17. How will a working group/subcommittee prepare a project proposal for submission to FIPP? How should this be presented and what information should it contain?

According to the Due Process, a project proposal should be based after a thorough initial assessment. The initial assessment should provide be able to determine:

- The need for the project

- Its purpose and organisation.

- The categories of auditing or other engagements that will be covered by the resulting pronouncements.

- How will the differences among SAIs be accommodated

- Challenges that may have to be overcome in implementing the new pronouncements.

- Consistency with existing ISSAIs and other professional pronouncements.

- The extent to which it will be possible and desirable to build on pronouncements from other internationally recognized, regional or national standard setters and if so, the extent to which supplementary pronouncements are needed in order to meet the needs and concerns of the INTOSAI community.

The project proposal should be presented in the template specified for this purpose (Link to be provided). The information that is needed to complete the project proposal document is:

i.   Organisation of the project group
ii.   Outcome of the project.

iii. Timeline and misletsones for ach stage of project developement
iv. Preliminary document numbers *(for example ISSAI numbers)* and working titles for any envisaged new pronouncements.
v. Specify how existing professional pronouncements may be affected.
vi. Defines the quality process that will be applied in the drafting process
vii. The parties that the project group will consult with at stage 2.

The project group will be set up for each of the SDP projects, by the Goal Chairs and their subcommittees/working groups, and would consist members from one or more subcommittees/working groups and other INTOSAI bodies depending on the need of the project. For each project included in the SDP, FIPP will nominate one of its members as the project Liaison Officer.

18. How does FIPP work together with the individual project groups?

FIPP works with the project groups by nominating a member of FIPP as the liaison person for the project group. The liaison person and the project group are in continuous dialogue throughout the project life cycle (project proposal, exposure draft, endorsement version, and final pronouncement) involved in drafting pronouncements. In this process, liaison officer may attend project group meetings, if feasible, attend meetings through a video/tele conference and use other media like emails and telephones for communication.

19. What is the role of the FIPP Liaison Officer?

The Liaison Officer is the link between FIPP and the project group, and in this function, seeks to help explain FIPP's expectations to the project group, including:

- The reasons for the project being in the SDP;

- To explain FIPPs expectations to the project (in order to pave the way for approval);

- To explain the IFPP to project groups;

- To ensure that FIPP decisions are documented (In accordance with the project template);

- To ensure that FIPP provides comments/directions to the project group on drafts;

- To ensure that the project group is aware of drafting conventions;

- To ensure that the project group is aware of the expected project quality processes (as set out in due process page 8) including consultation;

- To be alert for overlaps with other FIPP projects;

- To keep him/herself informed of project progress and read all project documents;

- To identify any issues or concerns that the Liaison Officer should report back to FIPP;

- To brief FIPP on project progress and any issues at formal FIPP meetings;

- To advise the Project Chair on when to formally bring matters to FIPP (e.g points of clarification, early drafts of exposure documents, etc.);

- To bring to the attention of FIPP cases where significant changes arise after exposure; and

- To pass on relevant issues and information concerning the project to the successor of that Liaison Officer.

The Liaison Officer may attend project group meetings but is under no obligation to do so. When dealing with the subject matter of the project proposal/draft pronouncements the Liaison Officer should apply professional judgment for example in relation to the due process, compatibility with ISSAI 100 or in relation to any other subject matter specific information. The Liaison Officer should bring relevant issues discussed with the project group to the attention of FIPP.

20.   What is the governance structure of the FIPP?

The PSC has established a PSC Steering Committee responsible for the governance of FIPP. The PSC Steering Committee includes the chairs of the CBC and KSC. The PSC's terms of reference define the relevant mechanisms of governance to enable the PSC Steering Committee to follow and develop the functioning of FIPP, to provide for appropriate involvement of INTOSAI's partners and users of SAI audit reports and to ensure that FIPP contributes to reliable and effective standard setting in accordance with the key strategies defined for goal 1 in INTOSAI's Strategic Plan.