Capacity Building Committee: Good practice notes

Implementing the International Standards for Supreme Audit Institutions (ISSAIs): Strategic considerations

Introduction

The 20th INCOSAI in Johannesburg, South Africa, in 2010 called upon INTOSAI members to:

- use the ISSAI framework as a common frame of reference for public sector auditing;
- measure their own performance and auditing guidance against the ISSAIs;
- implement the ISSAIs in accordance with their mandate and national legislation and regulations.

The implementation of ISSAIs is a challenging task for any Supreme Audit Institution (SAI). The Capacity Building Committee guide *Implementing the*

International Standards for Supreme Audit Institutions (ISSAIs): Strategic considerations is a tool to help SAIs think through important aspects and consequences of choices in order to prepare for successful implementation of ISSAIs.

It is important to note that the strategic considerations in the guide are focused on the audit tasks and the related general auditing guidelines for financial, performance and compliance audit, on level 4 of the ISSAI framework.

Benefits of implementing ISSAIs

The ISSAIs were developed to provide INTOSAI members with standards and guidelines to promote independent and effective auditing. Carrying out audits in accordance with globally accepted standards will help ensure:

- **quality** and consistency in audits, thus reducing auditor's risk;

- **credibility** of both the SAI and its auditors as audit results and conclusions can stand up to external scrutiny; and
- **professionalism** by providing a structured process for the audit work as well as a common language for professional development and exchange of experiences across country – and sector-borders.

Increased quality, credibility and professionalism among its auditors will help INTOSAI members earn the trust of citizens and stakeholders.

Considerations when implementing the ISSAIs

The guide raises a number of important issues to consider when implementing the ISSAIs. Those challenges will differ depending on the development level of the SAI, the context in which it operates, the legal requirements, available resources including personnel, technical resources and funding, and the ambitions of the office.

Some of the challenges raised in the guide are as follows:

- **Change management** is essential when undertaking the implementation of ISSAIs, which is likely to substantially change the way audit is carried out at the SAI, how the process is managed and how the results are reported.
- **Audit environment** will vary between countries. Each SAI needs to consider the conditions in the public sector and how they may influence the implementation of ISSAIs, and vice versa. Introducing the ISSAIs may have an impact on auditees, Parliament and other stakeholders.
- **Resources needed** when implementing ISSAIs should not be underestimated and it is important to have a clear plan at the start of the implementation. SAIs may want to consider if and how they can combine internal and external resources.

Each SAI needs to make its own careful assessment of needs, ambitions and available resources, and consider how external stakeholders may be affected before initiating the implementation of the ISSAIs.

Steps before implementation

Before deciding how to implement ISSAIs in any audit area, each SAI needs to carefully analyse the following areas:

- **The mandate** of each SAI needs to be considered as requirements will vary depending on the national context. The mandate may, for example, determine how the SAI can implement the ISSAIs, as authoritative standards or as guidance. Further information on this issue can be found in ISSAI 100 and ISSAI 1000.
- **Institutional arrangements** will be affected by the introduction of new audit tasks and may be affected by changes in audit processes and methods within existing audit tasks.
- **The current audit environment** needs to be assessed to be able to analyse the changes that need to be made.
- **Resource considerations** need to be calculated, taking into account both short- and long-term changes in the SAI. It is important to consider both direct and indirect costs of training, developing methods and technical tools etc., as well as alternative costs of managers and auditors spending time on training instead of auditing.

Support for ISSAI implementation

The INTOSAI Governing Board has mandated the INTOSAI Development Institution (IDI) to support ISSAI implementation. IDI has launched a comprehensive capacity development programme called the ISSAI Implementation Initiative (3i programme). The programme provides support by developing global public goods like ISSAI compliance assessment tools and ISSAI implementation handbooks; conducting ISSAI certification programmes; developing community of practice and facilitating ISSAI based cooperative audits. For more information about this programme, please consult the 3i portal: http://www.idicommunity.org/3i/

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