Maintenance of the ISSAIs and INTOSAI GOVs

The Due Process for INTOSAI's Professional Standards defines the responsibility of the chairs and subcommittees of the PSC, the Knowledge Sharing Committee (KSC) and the Capacity Building Committee (CBC) for ensuring appropriate maintenance of the ISSAIs and INTOSAI GOVs. According to the Due Process, information on the agreed frequency of maintenance reviews of the ISSAIs and INTOSAI GOVs should appear from the website issai.org.

The PSC Secretariat has asked all relevant subcommittees of PSC, KSC and CBC to decide on the maintenance frequency for the ISSAIs and INTOSAI GOVs at level 4 of the ISSAI framework, but for many of the ISSAIs and INTOSAI GOVs the issue is still unresolved. At the PSC Steering Committee's meeting in June 2011 in Wellington, the PSC Chair consulted the steering committee on the issue.

To ensure compliance with the INTOSAI due process, the PSC Steering Committee concluded that maintenance frequencies should be decided on by the respective subcommittees and communicated on www.issai.org by November 2011, at the latest.

It is generally advised that the maintenance frequency decided by the subcommittees for guidelines at level 4 should range between three to six years.

For the ISSAIs at level 1-3 of the ISSAI framework there are no standing subcommittees. Ensuring appropriate maintenance is therefore the responsibility of the PSC Chair. For these documents it will be communicated that a maintenance review will be carried through at least at the intervals indicated below:

- Fifteen years for ISSAI 10 The Mexico Declaration on SAI independence and ISSAI 20 Principles of Transparency and Accountability. 9 years for the supplementary ISSAIs 11 and 21 providing examples of good practice.

- Fifteen years for ISSAI 30 Code of Ethics
  (Implying that it is to be reviewed in connection with the PSC's planning for 2013-2016)

- Nine years for ISSAI 40 Audit Quality Control
  (Minor revisions may be relevant in the meantime)

- Nine years for ISSAIs 100-999 The Fundamental auditing Principles (currently under revision).
  (The frequency is to be reconsidered at the completion of the ISSAI Harmonisation project.)

This paper is an updated version of the meeting paper discussed by the PSC Steering Committee. It has been prepared by the PSC Secretariat upon request from members of the steering committee and is made available to the subcommittees in order to support their consideration of the issue.

The purpose of the following two sections is to describe:
  - the responsibility for maintenance of ISSAIs and INTOSAI GOVs;
  - the considerations behind the maintenance frequencies determined for the ISSAIs and INTOSAI GOVs at the different levels of the ISSAI framework.

An overview of the proposed maintenance frequencies and the subcommittee's decisions is available in a separate document for reference.

I. The responsibility for maintenance

The ISSAIs and INTOSAI GOVs are issued by INTOSAI in accordance with the Due Process for IN-TOSAI's Professional Standards as decided on by INCOSAI in 2010. The due process provides for credible, reliable and transparent processes for the maintenance of INTOSAI's standards in line with good practices observed by other international standard-setting bodies as well as INTOSAI's general processes of decision making.

When INTOSAI's framework for professional standards was established in 2007, the relevant INTOSAI committees, subcommittees and working groups were each assigned a range of ISSAI and INTOSAI GOV numbers for those of their official documents that fell within the scope of the framework. The IN-TOSAI due process prescribes that each subcommittee is responsible for the maintenance of the documents it has developed. If the subcommittee that developed a specific document no longer exists, the chairs of the PSC, the KSC or the CBC will be responsible for ensuring maintenance.

According to the INTOSAI due process the responsibility for maintenance is twofold:

- **Ongoing monitoring:** The subcommittee monitors new developments that may lead to a need for the development of new ISSAIs or changes in existing ISSAIs or INTOSAI GOVs.

- **Maintenance review:** At fixed intervals, the subcommittee reviews the ISSAIs and INTOSAI GOVs for which it has the maintenance responsibility. The responsible subcommittee decides on an appropriate frequency at which the maintenance review is carried out. The maintenance frequency is communicated on www.issai.org.

Based on a maintenance review or other developments, the responsible subcommittee decides whether to initiate the process for developing, revising or withdrawing standards. Excepting minor and conforming editorial changes or withdrawals, the two first steps of this process are:

- **The initial assessment:** The purpose of the initial assessment is to determine the categories of auditing or other tasks that will be covered by the document, to consider the differences among SAIs that must be accommodated and to ensure consistency with existing ISSAIs and INTOSAI GOVs. In the initial assessment, it is determined to whether 1) it will be possible and desirable to build on guidance from other internationally recognized, regional or national standard setters and if so, 2) to what extent supplementary guidance is needed in order to meet the needs and concerns of the INTOSAI community.

- **The project proposal:** Based on the initial assessment the responsible subcommittee works out a project proposal for approval by the steering committee. The project proposal should specify the timeline and include suggestions for appropriate ISSAI or INTOSAI GOV numbers and working titles for any envisaged new documents.

For ISSAIs and INTOSAI GOVs that draw on standards from IFAC, IIA or other external sources observing changes made to these external standards and considering the need for conforming changes or revisions in response to these, will be part of the monitoring obligation. Changes of this nature may lead to revisions or withdrawals at any point in time, irrespective of the determined maintenance frequency. In the event that the full text of the external standard is included in an ISSAI or INTOSAI GOV it is further provided that such revisions can be carried through via the 'fast track' process for minor editorial and conforming changes, which does not require project proposal, approval of drafts, public ex-

posure or endorsement by INCOSAI. The relevant purpose of the maintenance reviews at fixed intervals will therefore be to consider the additional text developed by INTOSAI and provided in the ISSAI or INTOSAI GOV.

In the case of the PSC, a project to develop or revise ISSAIs or INTOSAI GOVs may either be carried out by one of the subcommittees or a project group established for a limited period of time for that particular purpose. The establishment of project groups may be relevant when there is no need for continuous maintenance of documents or alignment of document contents across the different levels of the ISSAI framework. Project groups may include representatives of subcommittee and other INTOSAI committees (as in the case of the projects on quality control and ISSAI harmonisation). Project groups are dissolved when the project is completed and will therefore normally not have maintenance responsibility. Instead it may be relevant that the project group considers the need for future maintenance of the proposed new ISSAIs and INTOSAI GOVs and suggests a maintenance frequency. It will then be up to the PSC Chair to ensure ongoing monitoring and maintenance reviews at fixed intervals and to take the initiative to establish a new project group next time a revision is required.

The requirements of the INTOSAI due process regarding maintenance will be reflected in the information on the status of each ISSAI and INTOSAI GOV on www.issai.org. It will be clearly stated if an ISSAI or INTOSAI GOV is in the process of being revised or withdrawn. For users of the ISSAIs and INTOSAI GOVs it may also be very relevant to be informed of maintenance reviews that have been carried out since the original endorsement of the document by INCOSAI. Since some documents are rather old it may be useful to know that the responsible subcommittee has reviewed the text and decided that it was sufficiently up to date and that no changes were needed. Some documents may also have been subject to minor conforming or editorial changes which – according to the due process - do not require a new endorsement by INCOSAI. Such ISSAIs and INTOSAI GOVs are referred to as 're-vised ISSAIs' or 'revised INTOSAI GOVs'. The financial auditing guidelines, for instance, are very likely to be subject to conforming changes in order to reflect changes in IFAC's standards. But also other categories of ISSAIs may be subject to changes of this nature, for instance, if cross references between various ISSAIs are updated or if some of the 5 official language versions are corrected after endorsement to ensure more consistent translation. Accurate status information on the various ISSAIs and INTOSAI GOVs will be provided on www.issai.org. The PSC Secretariat will need assistance from the PSC's subcommittees as well as the relevant subcommittees of the KSC and CBC under goal 2 and 3 to be able to provide accurate and updated information on all ISSAIs and INTOSAI GOVs.

II. The maintenance frequencies
According to INTOSAI's due process the maintenance frequency should be determined and subsequently published on www.issai.org. Having access to this information may be of importance tor SAIs' decisions on how to implement the ISSAIs and use the INTOSAI GOVs in their national context. SAIs can only be expected to invest resources in considering their alignment with ISSAIs if the text of the ISSAIs is relevant and up to date. And SAIs may have an interest in knowing whether a particular IS-SAI or INTOSAI GOV is subject to frequent changes before they, for instance, decide to translate the document into their national language.

As described above the maintenance review does not necessarily result in a revision of the document and revisions may also be implemented between the regular reviews. However, the maintenance frequency will influence the users' expectations as to how up-to-date the ISSAIs and INTOSAI GOVs are and the extent to which they may be subject to change. The maintenance frequency is INTOSAI's guarantee to the users of the ISSAIs and INTOSAI GOVs that the text is reviewed at certain intervals, as a minimum. On www.issai.org the maintenance frequency will therefore be communicated by stating for each ISSAI (group of ISSAIs) that they are '**reviewed at least every [xx] years'**.

In line with the official proposal to adopt the ISSAI framework from 2007, the maintenance frequencies should generally reflect and underline the hierarchal relationship between the ISSAIs:

Level 1 of the framework is referred to as the Founding Principles and contains only one document - ISSAI 1 The Lima Declaration. This is a historical document that has remained unchanged since 1977 and is widely regarded as the permanent foundation for INTOSAI. It is unlikely to be revised and it is not relevant to make it subject to maintenance review. As the only exception it is therefore proposed that the maintenance requirements of the INTOSAI due process are not applied to this special document.

Level 2 of the ISSAI framework is the Prerequisites for the Functioning of SAIs. These ISSAIs state and explain the basic prerequisites for the proper functioning and professional conduct of SAIs. As stated in INCOSAI's decision from 2007 on the establishment of the ISSAI framework, this should not be changed very often. The ISSAIs at level 2 are therefore developed with the aim of being sustained for rather a long time. This is especially true for ISSAI 10 The Mexico Declaration on SAI Independence and ISSAI 20 Principles of Transparency and Accountability. They are both documents of immense importance and the INTOSAI community expects to rely on them in their current form for many years. However, due to the significance and level of detail in these documents it would be relevant to apply the INTOSAI due process as decided and ensure that the documents are at some point subjected to a maintenance review. Relevant maintenance frequencies to consider would range between 12 and 18 years. The frequency of maintenance for the supporting ISSAIs 11 and 21, that provide examples of good practices, should perhaps be increased.

The other documents at level 2 includes ISSAI 30 The Code of Ethics, which was last endorsed in 1998 and has not been reviewed since. At present the maintenance frequency will therefore need to be at least 15 years and a review is therefore due before 2013. Level 2 also includes the new ISSAI 40 Quality Control for SAIs from 2010. This ISSAI draws on the ISQC 1 issued by IFAC. It will therefore be part of the ongoing monitoring to consider any future changes in this standard. The responsible project group is continued until 2013 for the purpose of considering supplementary guidance, which might be integrated into ISSAI 40 or provided in a separate ISSAI. The group might also have to consider changes in the ISQC 1 or further IFAC guidance. It will be important, however, to convey to the users that the general guidance for SAIs contained in the ISSAI 40 can be relied upon and will be sustained in the coming years. The document was endorsed at the recent INCOSAI and is placed at level 2 of the ISSAI framework. It is deemed that this situation is best reflected by setting the maintenance frequency at nine years – even if some limited revisions may be relevant in the meantime.

Level 3 of the ISSAI framework is the Fundamental Auditing Principles. These are currently under revision as part of the ISSAI Harmonisation Project as indicated on www.issai.org. In general, frequencies ranging between nine and 15 years for these ISSAIs would be in line with the PSC Steering Committee's previous discussions and the decision to change the name of these ISSAIs from "auditing standards" to "*fundamental principles"*. The current text dates back to 1992 and was last endorsed in 2001. An appropriate maintenance frequency would therefore be nine years. Appropriate maintenance frequencies for the new documents at this level will be considered by the members of the ISSAI Harmonisation Project.

Level 4 contains the Auditing Guidelines. As defined by the ISSAI classification principles these 'translate the fundamental auditing principles into more specific, detailed and operational guidelines that can be used on a daily basis for auditing tasks'. This purpose calls for frequent maintenance in order to provide the updated and relevant guidance generally requested by the INTOSAI community. The maintenance frequency should therefore generally be between three and six years. Exceptions from this frequency rate should perhaps be made for some of the specific guidelines (ISSAIs 5000-5999).