



PSC  
INTOSAI Professional Standards Committee

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## PSC Progress Report to the INTOSAI Governing Board, 2009

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## **I. Introduction**

1. This progress report of the INTOSAI Professional Standards Committee (PSC) describes the overall achievements of the PSC, 2008-2009. It has been approved by the PSC Steering Committee members. Initially, the report presents the motion that the PSC will put before the Governing Board, as it provides a basic overview of progress made in the PSC and of the documents that will be presented to the INTOSAI Governing Board for approval. The progress reports of the individual PSC Projects and Subcommittees are presented separately in the sections IV-X. Section XII is an introduction to the PSC's considerations concerning the future tasks of the committee.

## **II. Motion (*for approval*)**

2. At the Governing Board meeting, the PSC will present the following ISSAIs and INTOSAI GOVs for approval:

ISSAI 20	Principles of Transparency and Accountability
ISSAI 21	Principles of Transparency – Good Practices
ISSAI 1200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards of Auditing
ISSAI 1210	Agreeing the Terms of Audit Engagements
ISSAI 1240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
ISSAI 1250	Considerations of Laws and Regulations in an Audit of Financial Statements
ISSAI 1265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
ISSAI 1320	Materiality in Planning and Performing an Audit
ISSAI 1402	Audit Considerations Relating to an Entity Using a Service Organization
ISSAI 1500	Considering the Relevance and Reliability of Audit Evidence
ISSAI 1501	Audit Evidence – Specific Considerations for Selected Items
ISSAI 1505	External Confirmations
ISSAI 1510	Initial Audit Engagements – Opening Balances
ISSAI 1520	Analytical Procedures
ISSAI 1530	Audit Sampling
ISSAI 1540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
ISSAI 1550	Related Parties
ISSAI 1560	Subsequent Events
ISSAI 1570	Going Concern
ISSAI 1580	Written Representations
ISSAI 1600	Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)
ISSAI 1610	Using the Work of Internal Auditors
ISSAI 1620	Using the Work of an Auditor's Expert
ISSAI 1700	Forming an Opinion and Reporting on Financial Statements
ISSAI 1705	Modifications to the Opinion in the Independent Auditor's Report
ISSAI 1706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's report

ISSAI 1710	Comparative Information – Corresponding Figures and Comparative Financial Statements
ISSAI 1720	The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements
ISSAI 4000	General Introduction to Guidelines on Compliance Audit
ISSAI 4100	Compliance Audit Guidelines for Audits Performed Separately from the Audit of Financial Statements
ISSAI 4200	Compliance Audit Guidelines Related to Audit of Financial Statements

3. The Governing Board is also requested to approve the following conforming changes made in previously endorsed ISSAIs<sup>1</sup>

ISSAI 1220	Quality Control for an Audit of Financial Statements
ISSAI 1230	Audit Documentation
ISSAI 1260	Communication with Those Charged with Governance
ISSAI 1300	Planning an Audit of Financial Statements
ISSAI 1315	Identifying and Assessing the Risks of Material Misstatements through Understanding the Entity and its Environment
ISSAI 1330	The Auditor’s Responses to Assessed Risks
ISSAI 1450	Evaluation of Misstatements Identified during the Audit
ISSAI 1800	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
ISSAI 1805	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement (Endorsed as part of 1800)
ISSAI 1810	Engagements to Report on Summary Financial Statements (Endorsed as 1805)

4. Finally, the PSC will present a draft ISSAI 40: Audit Quality Control for SAIs, and exposure drafts of ISSAIs 1000 and 1003: General Introduction to the INTOSAI Financial Audit Guidelines and Glossary of Terms to the INTOSAI Financial Audit Guidelines to the Governing Board for information. The Governing Board is kindly requested to take note of the PSC progress report, including the updated work plan for the PSC – attached to this report.

5. Please note that all the ISSAIs and INTOSAI GOVs presented to the Governing Board by the PSC can be found on [www.issai.org](http://www.issai.org). Due to the vast number of ISSAIs and INTOSAI GOVs and the total number of pages, printed copies of the ISSAIs and INTOSAI GOVs will not be distributed to the delegates.

### **III. PSC progress on the strategic goals 2007-2010**

6. This part of the progress report, presents the overall progress of the PSC 2008-2009 in relation to the strategic goals 2007-2010.

7. According to the strategic plan of INTOSAI, the purpose of the PSC is to contribute to the development and adoption of appropriate and effective professional standards. This means that the PSC recognizes, utilizes and builds on standards issued by other standard setters to the widest

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<sup>1</sup>: The list reflects the expected outcome of the FAS meeting 12-14 October, 2009.

extent possible and appropriate. In accordance with the objective of the PSC, its main focus is the development of INTOSAI guidance – the ISSAIs and INTOSAI GOVs.

8. Within the realms of the strategic plan of INTOSAI and the mandate given to the PSC at the INCOSAI 2007, the PSC work is based on nine strategic goals that are to be achieved by the PSC in the years 2007-2010. These goals are guiding the work of the PSC in the mandate period and progress made on the individual goals is summarized in table 1 on page 5.

9. As will appear from table 1, the PSC has at present addressed all the strategic goals and is expecting to fulfill the goals before INCOSAI in 2010. The strategic goals 1-6 are linked directly to the work of the PSC Subcommittees and Projects, and the progress they have made made on the individual strategic goals is described further in their respective sections of the report.

**Table 1: PSC strategic goals – progress 2009**

Strategic goals 2010	Progress made 2009
1. Present a set of principles of Transparency and Accountability for approval (ISSAI 20+21).	Endorsement versions of ISSAI 20 and ISSAI 21 are presented to the INTOSAI Governing Board for approval. Please see chapter IV for further information.
2. Present a set of principles on audit quality control of SAIs (ISSAI 40).	The project group is currently elaborating an exposure draft of of ISSAI 40 Audit Quality Control.  An endorsement version of ISSAI 40 is expected to be presented to the Governing Board in 2010 for approval.  Please see chapter V for further information.
3. Present a comprehensive set of implementation guidelines on financial audit (ISSAI 1000-2999) that are to the widest extent possible and appropriate based on the International Auditing Standards (ISA) issued by The International Federation of Accountants (IFAC) and contain practice notes and supplementary guidance on issues of special importance to SAIs.	The PSC Financial Audit Subcommittee presents a comprehensive set of endorsement versiond of ISSAIs to the INTOSAI Governing Board for approval. Please see chapter VI for a detailed overview of the ISSAIs and further information.
4. Present a comprehensive set of implementation guidelines on performance audit (ISSAI 3000-3999). In addition to the existing performance audit guidelines (ISSAI 3000), the subcommittee will consider guidelines for “smaller scale” performance audit tasks, e.g. audits of performance statements.	The PSC Performance Audit Subcommittee is currently elaborating drafts of ISSAI 3100 INTOSAI Standards for Performance Audit (extracted from ISSAI 3000) and ISSAI 3200 Guidance on how to establish a sustainable performance auditing function within a SAI.  The drafts are expected to be forwarded to the INTOSAI family for comments later this year and presented to the Governing Board in 2010 for approval.  Please see chapter VII for further information.
5. Present a comprehensive set of implementation guidelines on compliance audit (ISSAI 4000-4999) meeting the needs of the various tasks of SAIs, taking consideration of the differences in their legal status and mandate.	Endorsement versions of ISSAI 4000, ISSAI 4100 and ISSAI 4200 are presented to the INTOSAI Governing Board for approval.  Please see chapter VIII for further information.

Strategic goals 2010	Progress made 2009
<p>6. Continue to provide and promote INTOSAI guidance for Good Governance (INTOSAI GOV).</p>	<p>The Subcommittee on Internal Control Standards has cooperated with the IIA on two draft INTOSAI GOVs (INTOSAI GOV 9140 and INTOSAI GOV 9150) on:</p> <p>a. Internal Auditor Independence in the Public Sector b. Co-operation and co-ordination between internal auditors and SAIs in the public sector</p> <p>The exposure drafts of the INTOSAI GOVs have been forwarded to the INTOSAI family for comments in the autumn 2009 and are expected to be presented to the Governing Board in 2010 for approval.</p> <p>The Chairman of the Subcommittee on Accounting and Reporting is currently reviewing the results of a survey on the use of accounting standards. The results of the survey will provide a platform for the future work.</p>
<p>7. Continuously make all relevant documents accessible at <a href="http://www.issai.org">www.issai.org</a> in a user-friendly format. This task is carried out in close co-operation with the goal liaison and working groups of goal 3, the Capacity Building Committee, and INTOSAI's General Secretariat.</p>	<p>All ISSAIs and INTOSAI GOVs are displayed at <a href="http://www.issai.org">www.issai.org</a>.</p>
<p>8. Present a proposal for a permanent structure and mandate for the continuous updating and improvement of the ISSAIs and INTOSAI GOVs that is to be effective from 2010 following the approval of the XX<sup>th</sup> INCOSAI.</p>	<p>At the PSC Steering Committee meeting in Brasilia earlier this year, the members of the Steering Committee discussed the possibility of establishing a common PSC secretariat to support the continued development and maintenance of ISSAIs and INTOSAI GOVs. The Steering Committee decided to look further into the possibilities of establishing a common PSC secretariat.</p> <p>In order to maintain the ISSAIs and INTOSAI GOVs in a professional manner, the PSC has furthermore agreed on an internal due process for developing, revising and withdrawing the ISSAIs and INTOSAI GOVs in the PSC.</p>
<p>9. Continue partnerships with other external standard setters in order to facilitate knowledge sharing and cooperation.</p>	<p>The PSC is constantly seeking to maintain and expand partnerships with other standard-setting organizations. At present, the PSC has signed memorandums of understanding with the International Federation of Accountants (IFAC) and the Institute of Internal Auditors (IIA).</p> <p>Through nominations by the Chair of the PSC, the individuals mentioned below have become members of the following international standard-setting boards, whose work is of relevance to the PSC:</p> <ul style="list-style-type: none"> <li>• <b>International Auditing and Assurance Standards Board (IAASB):</b> Assistant auditor general of Denmark, Mr. Steen Bernt Jensen – is expected to be replaced by Mr. Gert Jönsson, deputy auditor general of Sweden</li> <li>• <b>International Public Sector Accounting Standards Board (IPSASB):</b> Chair of the PSC Subcommittee on Accounting and Reporting, Ms Sheila Fraser</li> <li>• <b>Internal Audit Standards Governance Board (IASGB):</b> Chair of the PSC, Mr. Henrik Otbo.</li> </ul>

#### **IV. PSC Project on Transparency & Accountability (*ISSAIs for approval*)**

10. According to the INTOSAI Strategic plan 2005-2010, one of the strategies pursued under Goal 1 is to develop accountability and transparency principles.

11. A project group, chaired at the time by the SAI of Belgium, elaborated a discussion paper that was submitted to the PSC steering committee in Washington (2006). The chair of the group was then handed over to the SAI of France (Cour des comptes).

12. During its meeting in Mexico in 2006, the INTOSAI's Governing Board confirmed the mission of the ad-hoc working group on « Transparency and accountability » :

- to define principles that will help SAIs to be accountable of their activities, report on the impact of their audits and to satisfy to the same requirements that SAIs themselves strive to promote in public management.
- to identify and publicize good practices

13. The PSC meeting in Bahrein (April 2007) assigned to the group the mission to “present a set of principles of transparency and accountability for approval. After being approved by the congress in 2010, these principles are due to become ISSAI 20.

14. The chair launched a review of annual reports and websites. The analysis of 23 annual reports led to define main areas of accountability and transparency:

- SAIs' mandates and responsibilities, missions and strategies;
- Audit standards and methods;
- Management and finance;
- Ethics;
- Reporting on activities.

A first draft was presented at INCOSAI 2007.

15. The group is now composed with Belgium, Canada, Denmark, France, Israel, Morocco, Portugal and USA. South Africa also joined the group as the questions raised by the methodology of performance reviews should be part of the program of INCOSAI 2010 that will be held in Johannesburg.

16. During its meeting (Paris in February 2008 and in Copenhagen in May 2008) the group drafted two documents.

The first one, after defining the concept of transparency and accountability, presents nine principles:

1. SAIs perform their duties under a legal framework that provides for accountability and transparency
2. SAIs make their mandate, responsibilities, mission and strategy public
3. The SAI adopts audit standards, processes and methods that are objective and transparent
4. SAIs apply high standards of integrity and ethics for staff of all levels
5. SAIs ensure that these accountability and transparency principles are not compromised through outsourcing activities

6. The SAI manages its operations economically, efficiently, effectively and in accordance with laws and regulations and reports publicly on these matters
7. SAIs report publicly on the results of their audits and on their conclusions regarding overall government activities
8. SAIs communicate timely and widely on their activities and audit results through the media, websites and by other means
9. SAIs make use of external and independent advice to enhance the quality and credibility of their work

The second document (that the group called ISSAI 21) shows examples of good practices in the field.

17. In June 2008, the drafts were circulated within the PSC steering committee members and the comments received were inserted in the drafts during a meeting of a core group that took place in Bruxelles on October, 10<sup>th</sup> 2008.

18. The exposure drafts (ISSAI 20 and ISSAI 21) were presented to the PSC steering committee during its Beijing meeting in October 2008 and to the Governing Board in Vienna in November 2008

19. On December, 16<sup>th</sup> 2008, the members of INTOSAI family were invited by mail to comments on the drafts that were exposed on ISSAI.org. The group received new comments from 15 members. The Ad-Hoc group considered these comments and during a core-group in Paris on March, 6<sup>th</sup> they were integrated in the drafts and a chart of comments drafted.

20. The amended drafts and the chart have been presented on ISSAI.org since April, 20<sup>th</sup> up to the PSC steering committee meeting in Brasilia June 2009, 17 - 19<sup>th</sup> were the drafts were "*approved and applauded*" according to the minutes of the meeting.

21. The chair launched then the translation in the five INTOSAI languages with the help of the SAIs of Spain, Germany, Morocco and Bahrein.

22. The endorsement drafts are now ready to be presented to the Governing Board in Cape Town, on November 16<sup>th</sup> and 17<sup>th</sup>.

## **V. PSC Project on Audit Quality Control**

23. At the PSC Steering Committee meeting in Bahrain in April 2007, the Committee approved the establishment of a new project on audit quality under level 2 of the Framework of INTOSAI's standards and guidelines.

24. The minutes of the PSC Steering Committee's consideration of this matter in Bahrain are as follows:

*"The steering committee approved of the proposed draft with the amendment that ISSAIs on audit quality control should be included under level 2.*

*A new project was established and given the task of drafting a proposal for new ISSAIs on audit quality control for endorsement by 2010. The numbers ISSAI 40-49 was designated to the purpose. The ISSAIs should apply to financial auditing, compliance auditing and performance auditing and be applicable by all types of SAIs (including courts) for all auditing and reporting purposes, including yearly audits for the purpose of issuing declarations as well as more extensive audit examinations for the purpose of issuing special reports to parliament. The project should coordinate with FAS, CAS and PAS in order to ensure clarity in relation to existing and future auditing guidelines. Following the "dual approach"<sup>2</sup>, the project should consider the possibilities of building on material from other standard setting bodies, including e.g. the ISQC, and consider whether this should take the form of a permanent cooperation as the ones established in the field of financial auditing guidelines and internal control. The SAI of New Zealand will chair the project."*

25. As you may be aware, level 2 of the Framework is entitled "Prerequisites for the functioning of SAIs".

26. You may recall that the PSC Steering Committee reached this decision after discussing the distinction between quality control aspects at the SAI level (which the Committee saw belonging in level 2 of the ISSAI Framework) and quality control aspects of individual financial audits, performance audits and compliance audits (which the Committee saw as belonging in the appropriate section within level 4 of the ISSAI framework). This distinction is based on the ISSAI classification principles - a similar distinction is drawn by the International Auditing and Assurance Standards Board (IAASB) of IFAC which separates higher level organisational quality control aspects (captured in ISQC1) from detailed quality control over individual financial audit assignments (captured in ISA 220).

27. The INCOSAI in Mexico City in November 2007 endorsed the establishment of a new project on audit quality, to complement existing material in level 2 of the ISSAI framework, based on the following high level work plan:

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<sup>2</sup> The 'dual approach' refers to a decision the PSC Steering Committee made in 2006 to base INTOSAI guidelines on standards that are widely recognised among SAIs, developing complementary guidance where there is a special need and/or a pressing concern in the SAI environment. In doing so, the PSC will look to eliminate any duplication within the framework of INTOSAI's professional standards.

**Extract from the PSC work plan 2007-2010**

ISSAI	Work plan for PSC 2007-2010			
		Governing Board November 2008	Governing Board November 2009	INCOSAI 2010
Quality control				
[ISSAI 40-49]	Establish a project to: <ul style="list-style-type: none"> <li>• consider the possibility of providing guidance for SAIs on quality control based on IAASB's ISQCs and other relevant materials widely used by SAIs.</li> <li>• upon approval of the Governing Board extend the cooperation with IAASB established on financial auditing guidelines to also cover guidelines on quality control of other auditing work performed by SAIs.</li> <li>• identify the needs of the SAIs on specific guidance for the public sector and develop the appropriate guidance.</li> </ul>	Approval of project terms of reference.	Consideration of key principles in draft guidelines.	Endorsement of any new guidelines.

28. The terms of reference were approved by the PSC Steering Committee in October 2008 and endorsed by the Governing Board in November 2008.

29. Since November 2008, the PSC Project team has been working on developing ISSAI 40 – *Audit Quality Control for SAIs*.

30. ISSAI 40 draws on the key principles in ISQC 1 and provides guidance for SAIs in interpreting the key principles in the public sector environment. There are 2 key target audiences for ISSAI 40:

- SAIs who do not wish to directly follow ISQC 1, nor assert compliance with ISQC 1;
- other SAIs who are already complying with ISQC 1, or wish to, and can utilise ISSAI 40 to help interpret the requirements of ISQC 1 in the SAI environment.

31. The PSC project team plans to finalise a draft of ISSAI 40 for consideration by the PSC Steering Committee during November 2009. Subject to approval by the PSC Steering Committee, the project team plans to release an exposure draft of ISSAI 40 in January 2010. The exposure draft is expected to be exposed for a 3 month period.

32. A draft version of ISSAI 40 is presented to the Governing Board for information. The aim is to issue a final version of ISSAI 40 in time for the INCOSAI 2010 in South Africa. This will depend on the nature of feedback received as a result of release of the exposure draft.

## **VI. PSC Financial Audit Subcommittee<sup>3</sup> (ISSAIs for approval)**

33. In 2007 INCOSAI confirmed that the aim of the INTOSAI Financial Audit Subcommittee is to present a comprehensive set of guidelines, the INTOSAI Financial Audit Guidelines, to be incorporated into the ISSAI structure (ISSAI 1000-2999) by 2010. The work follows the approved strategy and work plan.

### **Progress to date**

#### *Production of ISSAIs*

Since the Governing Board meeting in 2008:

- 2 expert teams have met to draft Practice Notes for a total of 10 ISAs (International Standards on Audit)
- 20 Practice Notes and two ISSAIs have been exposed for comments
- 1 Practice Note has been re-exposed for comments
- 36 Practice Notes have been checked for consistency and edited in accordance with the ISAs that were revised and redrafted by the IAASB (International Auditing and Assurance Standards Board) for increased clarity
- 36 Practice Notes have been approved or re-approved (after the consistency-check) by FAS
- 2 ISSAIs (a general introduction and a glossary) have been finalized, approved for exposure by FAS and the PSC and are currently on exposure.

This means that FAS has now completed the development of all the ISSAIs that include an ISA. Work with the two remaining ISSAIs is expected to be completed well in advance of the 2010 Congress.

The number of SAI respondents on FAS exposure drafts has varied, but has normally been between 10 and 20 for each document issued. FAS considers this an acceptable level of involvement. In addition, many SAIs have had a chance to contribute to the drafting process and to comment on early drafts through appointed experts and back-office experts.

#### *Co-operation with the IAASB*

INTOSAI expertise is continuously requested and welcomed by the IAASB in its various task forces as well as in an on-going informal dialogue on technical issues. As the IAASB has only recently started setting up task forces after the completion of its clarity project, FAS currently has one expert appointed to an IAASB task force, the one considering ISA 610 – Using the Work of Internal Auditors. Discussions are ongoing regarding FAS involvement in future IAASB task forces.

#### *Meetings*

FAS has held two physical meetings and two telephone meetings in the previous year. Due to the technical difficulties experienced with the telephone meetings, the one planned in September was cancelled and the physical meeting in October was extended to be able to handle all the material up for consideration and approval by the subcommittee. The next physical meeting will be held in April 2010 and will be hosted by the SAI of South Africa.

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<sup>3</sup>. During the meeting of the INTOSAI Professional Standards Committee (PSC) in June 2009 it was agreed that the INTOSAI Financial Audit Guidelines Subcommittee would change its name to the Financial Audit Subcommittee, to correspond with the names of the other PSC subcommittees. The abbreviation for the subcommittee – FAS – remains the same.

### *External Evaluation*

Mr Harry Wilkinson, formerly Director of Accounting Practice at the Audit Commission in London, United Kingdom, was appointed by the PSC Chair as the external evaluator of FAS based on a recommendation from the FAS Chair and the World Bank. Such an evaluation is a standard requirement by the World Bank when providing funds. Mr Wilkinson carried out the bulk of his work at the end of 2008 and delivered the final report in March 2009. The very positive and constructive report was considered and accepted by the PSC Steering Committee.

The report highlighted the following positive issues:

- Developing countries are reasonably well represented in the work.
- Cooperation with the IAASB works well overall.
- Planning and management of the program is satisfactory.
- Participants in task forces are generally very satisfied with the arrangements made by the Secretariat and the work of the Secretariat is highly regarded.
- Information provided by FAS is comprehensive and informative.
- Roles and responsibilities are well defined.
- FAS provides its donors with considerable detail on its activities and finances.

The report also highlighted some concerns:

- Objectives could have been achieved in a less complex or quicker manner, but another approach may have compromised the credibility and acceptance of the ISSAIs.
- Greater involvement by and with developing countries will be important as training materials are being developed.

### *Additional developments*

FAS continues to report regularly to its donors, INTOSAI members and other stakeholders through its website, the Quarterly Performance Reports as well as through contributions to each issue of the INTOSAI Journal.

The UK National Audit Office has kindly assisted with proof reading of the English versions of all Practice Notes.

The European Court of Auditors has generously offered to translate the Practice Notes into French, German and Spanish. The translation into Arabic is carried out by a professional translator and will be proof read with the kind assistance of the SAI of Morocco. The translation process has been initiated and will be finalized in March 2010.

The discussions with the PSC Chair and Secretariat regarding standard setting in INTOSAI after 2010 continue.

### **For the information of the INTOSAI Governing Board**

FAS presents the exposure drafts for:

- ISSAI 1000 – General Introduction to the INTOSAI Financial Audit Guidelines (a combination of what was previously planned as ISSAIs 1000, 1001 and 1002)
- ISSAI 1003 – Glossary of Terms to the INTOSAI Financial Audit Guidelines

The exposure period ended 31 October, 2009. After considering the comments received, FAS will present these ISSAIs to the PSC Steering Committee for approval during its meeting in May 2010. The Governing Board will be asked to approve and INCOSAI to endorse the ISSAIs in November 2010.

**Request for approval by the INTOSAI Governing Board<sup>4</sup>**

- ISSAI 1200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards of Auditing
- ISSAI 1210 – Agreeing the Terms of Audit Engagements
- ISSAI 1240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements
- ISSAI 1250 – Considerations of Laws and Regulations in an Audit of Financial Statements
- ISSAI 1265 – Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
- ISSAI 1320 – Materiality in Planning and Performing an Audit
- ISSAI 1402 – Audit Considerations Relating to an Entity Using a Service Organization
- ISSAI 1500 – Considering the Relevance and Reliability of Audit Evidence
- ISSAI 1501 – Audit Evidence – Specific Considerations for Selected Items
- ISSAI 1505 – External Confirmations
- ISSAI 1510 – Initial Audit Engagements – Opening Balances
- ISSAI 1520 – Analytical Procedures
- ISSAI 1530 – Audit Sampling
- ISSAI 1540 – Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
- ISSAI 1550 – Related Parties
- ISSAI 1560 – Subsequent Events
- ISSAI 1570 – Going Concern
- ISSAI 1580 – Written Representations
- ISSAI 1600 – Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)
- ISSAI 1610 – Using the Work of Internal Auditors
- ISSAI 1620 – Using the Work of an Auditor’s Expert
- ISSAI 1700 – Forming an Opinion and Reporting on Financial Statements
- ISSAI 1705 – Modifications to the Opinion in the Independent Auditor’s Report
- ISSAI 1706 – Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s report
- ISSAI 1710 – Comparative Information – Corresponding Figures and Comparative Financial Statements
- ISSAI 1720 – The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

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<sup>4</sup>. The list reflects the expected result of the FAS meeting 12-14 October, 2009.

## **Request for approval by the INTOSAI Governing Board of conforming changes made in previously endorsed ISSAIs<sup>5</sup>**

- ISSAI 1220 – Quality Control for an Audit of Financial Statements
- ISSAI 1230 – Audit Documentation
- ISSAI 1260 – Communication with Those Charged with Governance
- ISSAI 1300 – Planning an Audit of Financial Statements
- ISSAI 1315 – Identifying and Assessing the Risks of Material Misstatements through Understanding the Entity and its Environment
- ISSAI 1330 – The Auditor’s Responses to Assessed Risks
- ISSAI 1450 – Evaluation of Misstatements Identified during the Audit
- ISSAI 1800 – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- ISSAI 1805 – Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement (Endorsed as part of 1800)
- ISSAI 1810 – Engagements to Report on Summary Financial Statements (Endorsed as 1805)

## **VII. PSC Performance Audit Subcommittee**

### **1. PAS Members**

The Performance Auditing Subcommittee is currently made up of 18 SAIs (the latest membership was the SAI of Austria in October of 2008):

1. SAI of Brazil (Chair)
2. SAI of Austria
3. SAI of Australia
4. SAI of Canada
5. SAI of Denmark
6. SAI of France
7. SAI of Guyana
8. SAI of Kiribati
9. SAI of Mexico
10. SAI of Netherlands
11. SAI of Norway
12. SAI of Saudi Arabia
13. SAI of Slovenia
14. SAI of South Africa
15. SAI of Sweden
16. SAI of Tunisia
17. SAI of United Kingdom
18. European Court of Auditors

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<sup>5</sup>: The list reflects the expected result of the FAS meeting 12-14 October, 2009.

## **2. Progress made on the Work Plan 2008-2010**

Four main points were included in the work plan 2008-2010: identification of demands for training in performance auditing; interaction with international cooperation agencies to make them aware of PAS availability to provide advice and assistance to SAIs; further development of the PAS website; and development of new ISSAIs (work plan is available at <http://psc.rigsrevisionen.dk/composite-170.htm>).

The Subcommittee focused on the improvement of the website and on the development of the ISSAIs. Standards on performance auditing from Asosai, nine SAIs, Intosai working groups and others are available on the PAS webpage. The expansion of the webpage contents is still in progress. As for the two first actions, they are still to be implemented.

## **3. PAS achievements from November 2008 to November 2009**

### **3.1. 3<sup>rd</sup> PAS Meeting**

The 3<sup>rd</sup> PAS Meeting was held in Oslo, Norway, from April 28<sup>th</sup> to 30<sup>th</sup>, 2009, hosted by the Office of the Auditor General of Norway. Besides the SAI of Norway, the SAIs of Australia, Brazil, Canada, Denmark, Mexico, Netherlands, Saudi Arabia, South Africa, Sweden and United Kingdom, as well as the European Court of Auditors sent delegates to the event.

The main objective of the meeting was to debate and approve the drafts of two documents that are being developed by PAS: "Performance Auditing Standards" and "Guidance on how to establish a sustainable performance auditing function within a SAI".

Another theme included in the agenda was the PAS activities after 2010. In 2008, PAS decided to develop three documents: the Standards extracted from ISSAI 3000, the Guidance, and a third document that would develop in-depth the phases of the auditing. At the same time, it was decided that the work on this third document would not start together with the Standards and the Guidance, but after these two documents are endorsed by the Incosai.

In Oslo, however, PAS decided that, if there are no clear indications of the need for the third document, the subcommittee will concentrate firstly on the implementation and dissemination of the already existing documents and the promotion of performance auditing in general. The work on the third document will be left to a later stage.

The theme "promotion of performance auditing" led the participants to propose that the Subcommittee develop ways to encourage SAIs to refer to ISSAIs in their work, arrange seminars on different topics of performance auditing, disseminate ISSAI 3000, and improve the PAS webpage as a tool for sharing ideas and information. This discussion was brief and will be resumed at the PAS 4<sup>th</sup> meeting, in 2010.

### **3.2 Development of ISSAIs on performance auditing:**

When PAS decided to develop the "Performance Auditing Standards" and the "Guidance on how to establish a sustainable performance auditing function within a SAI", the subcommittee was split in two subgroups to work on these documents. The "Performance Auditing Standards" is being written under the coordination of John Sweeney, from the European Court of Auditors, and the "Guidance on how to establish a sustainable performance auditing function within a SAI" is being prepared by a group coordinated by Carlos Alberto Freitas, from the Brazilian Court of Audit.

PAS presented both drafts to the PSC Steering Committee at its 6<sup>th</sup> Meeting, in June 2009. According to decision made in this meeting, the drafts were circulated among the Steering Committee members in order to gather their comments. The PAS is considering their inputs and working on a final version for exposure.

The "Performance Auditing Standards", numbered ISSAI 3100, will gather guiding principles applicable at different stages of the audit work, such as planning, implementation, reporting, and follow-up. To this end, the Subcommittee extracted the principles from ISSAI 3000, "Implementation Guidelines for Performance Auditing", leaving detailed auditing standards out, since their applicability varies much more with the SAI's mandate, the nature of performance audits conducted and the methods chosen. The document aims to cover the essence of performance auditing and to outline a common understanding of what defines high quality work in performance auditing.

The "Guidance on how to establish a sustainable performance auditing function within a SAI" (ISSAI 3200) will cover both strategic and practical issues to be handled in the early stages of introducing performance auditing within a SAI. Its objective is to assist the SAI management on dealing with strategic issues and on improving the institutional capacity to carry out performance auditing.

### **3.3. Participation in the 6<sup>th</sup> PSC Steering Committee Meeting**

During the 6<sup>th</sup> Meeting, PAS presented the draft ISSAIs 3100 and 3200. The Steering Committee decided that the exposure drafts would be approved on a later occasion, by a written procedure, after the documents had circulated among its members for comments and the PAS had considered these comments.

PAS Chair – the Brazilian Court of Audit – hosted the 6<sup>th</sup> Meeting.

### **3.4. Participation in the EurosaI Awareness Raising Seminar**

PAS participated in the Awareness Raising Seminar, on October 28 and 29, 2009, represented by Harry Kramer, from The Netherlands Court of Audit, and Minister Valmir Campelo and Omir Lavinias, from the Brazilian Court of Audit. PAS representatives talked about the documents that are being prepared (ISSAIs 3100 and 3200), ISSAI 3000, materiality and risk analysis, and discussed these themes and others related to performance auditing with the audience, including the different experiences of the SAIs represented in the Seminar.

## **4. Next PAS meeting:**

The 4<sup>th</sup> PAS meeting is planned for April of 2010. The main purpose will be the approval of the work plan for 2010-2013.

The members will resume the discussion started in Oslo about the dissemination and promotion of performance audit and will include activities related to this subject in the work plan. A revision of ISSAI 3000 will also be included in the plan.

Furthermore, PAS members will evaluate the execution of actions planned for 2008-2010 and the possibility of starting or resuming those which were not implemented.

The meeting will be an opportunity for PAS chair to inform PAS members about the planned PSC projects that demand the participation of the Subcommittee and exchange ideas about this participation.

## **VIII. PSC Compliance Audit Subcommittee (*ISSAIs for approval*)**

### **The achievements of CAS 2004-2009**

34. The Working Group on Compliance Audit was established at the Auditing Standards Committee (ASC) meeting in Budapest 10 October 2004, with the overall objective to develop INTOSAI guidelines for compliance audit to be presented at INCOSAI 2007. The Working Group was renamed Compliance Audit Subcommittee (CAS) after establishment of the Professional Standards Committee. According to the Terms of Reference agreed upon at the Budapest meeting, CAS should aim to:

- Provide an overview of the different mandates, etc., SAIs have regarding compliance audits;
- Elaborate on and clarify the term "compliance audit";
- Give practical guidance on how compliance audit should be planned, executed and reported.

35. An overview of different mandates, etc., was presented at the ASC meeting in Oslo in September 2005, and used as input to the further work. An Issues Paper elaborating on the term "compliance audit" and discussing the overall approach to compliance audit guidelines was presented and approved by ASC at the meeting.

36. CAS presented a draft of compliance audit guidelines dealing with compliance audit as an integral part of the audit of financial statements to the PSC Steering Committee meeting in Bahrain 23-24 April 2007. The meeting decided that the draft should form part of a complete set of guidelines for compliance audit, consisting of:

- A general introduction to guidelines on compliance audit
- Compliance audit guidelines related to audit of financial statements
- Further guidance on compliance audit – e.g. as part of performance audit or as a separate audit type

37. In accordance with the adjusted Work Plan for 2008, CAS presented to the PSC Steering Committee meeting in June 2009:

- **ISSAI 4000** Compliance Audit Guidelines - General Introduction
- **ISSAI 4100** Compliance Audit Guidelines – Compliance Audit Performed Separately from the Audit of Financial Statements
- **ISSAI 4200** Compliance Audit Guidelines – Compliance Audit Related to the Audit of Financial Statements

38. In addition a draft of a possible ISSAI 4300, containing specificities of compliance audit in a court of accounts environment, was discussed at the CAS meeting in September 2009. CAS' recommendation was to not take up on an ISSAI 4300, but to elaborate on more specific issues concerning court of accounts with in the framework of ISSAI 4100 and 4200.

39. At its meeting in June 2009, the Steering Committee approved ISSAI 4000, 4100 and 4200 (endorsement versions) to be presented as a complete set of guidelines on compliance audit at INCOSAI 2010. The guidelines will give practical guidance on how compliance audit should be planned, executed and reported.

#### **CAS 2009-2010**

The subcommittee will in 2009-2010:

- Translate the set of Compliance Audit Guidelines (ISSAI 4000-4200) into the INTOSAI languages
- Take part in awareness rising and implementation of the Compliance Audit Guidelines in the INTOSAI community
- Present the complete set of guidelines at INCOSAI 2010

### **IX. PSC Subcommittee on Internal Control Standards**

Here follows a survey of the activities of the Internal Control Standards Subcommittee.

40. During this period the subcommittee has developed two papers, one on the Internal Auditor Independence in the Public Sector (INTOSAI GOV 9140) the other on the Co-operation and Co-ordination between Internal Auditors and SAIs in the Public Sector (INTOSAI 9150). Both papers were approved for exposure by the PSC Steering committee at its meeting in Brasilia (June 2009). The papers were exposed for comments from the entire INTOSAI community and other interested stakeholders from July till October 31, 2009.

41. All comments will be considered by the subcommittee on Internal Control Standards, finally at its triennial plenary meeting in Moscow (February 2010), before issuing the papers for approval by the PSC steering committee (May 2010) and thereafter the Governing Board and the XX INCOSAI (November 2010).

42. The last point of this survey deals with another activity of the subcommittee, namely the elaboration of an e-platform. Rather than creating new tools for the implementation of standards for internal controls and guidance on good governance, the subcommittee is now focusing on making existing tools available to all SAIs through a page on INTOSAI PSC's website. For the moment tests are being run by subcommittee members. The e-platform is expected to be operational within 6 months.

### **X. PSC Subcommittee on Accounting and Reporting**

#### **Mandate – The Subcommittee on Accounting and Reporting 2007-2010 (from the PSC 2007 Progress Report)**

The purpose of the subcommittee in 2007-2010 is to observe and participate in the accounting standard-setting meetings of IFAC's International Public Sector Accounting Standards Board (IPSASB), formally the Public Sector Committee.

The Subcommittee will in 2007-2010:

- Continue to participate in IPSASB public sector standard-setting activities,
- Prepare periodic reports for the INTOSAI membership about current and planned activities,
- Encourage INTOSAI members to provide comments directly to the IPSASB on its Exposure Drafts and similar documents,
- Facilitate information exchange and knowledge sharing among SAIs.

### **Achievements of the Subcommittee on Accounting and Reporting 2008-2009**

The Subcommittee's activities during 2009 are aimed at implementing the work plan 2007-2010 approved by the Professional Standards Committee in Beijing in October 2008. Key achievements are provided below:

- In her role as member of IPSASB, the Chair of the Subcommittee (Sheila Fraser – Canada) participated in a number of IPSASB meetings and contributed to the development of international public sector accounting standards. An updated on IPSASB activities was presented at the June 17-18 PSC meeting in Brasilia.
- In May 2008, the Chair of the Subcommittee conducted a survey of the INTOSAI community to identify which accounting standards are being used by each member's country for reporting government financial results. In addition, members were surveyed about their information needs regarding international accounting and reporting standards. The results of this survey will guide and shape the work of the Subcommittee over the next few years. The results of the survey were presented to the members of the PSC on June 18 in Brasilia.
- The Chair of the Subcommittee is developing the following two papers:
  - A paper on how to organize subcommittee activities to address member information needs expressed in the survey; and
  - A paper outlining the importance of independent accounting standard setters.

Both draft papers will be circulated to Subcommittee members (Winter 2009-10) for comment. The papers will then be presented to the Professional Standards Committee in spring 2010, to INTOSAI Governing Board in November 2010 and to INCOSAI XX in November 2010.

## **XI. PSC future work**

43. For the information of the Governing Board, this report is concluded by addressing very briefly the future work of the PSC. The INCOSAI 2010 is approaching rapidly and the Steering Committee members have therefore initiated a first discussion on future PSC tasks and the PSC strategic goals and priorities for the years 2010-2013. The discussions take place within the realms of the strategic plan of INTOSAI and the PSC mandate 2007-2010. The discussions will be continued at the PSC Steering Committee meeting in May 2010 and the results of the discussions will be included in the PSC mandate 2010-2013 and presented to the Governing Board and the INCOSAI in 2010 for approval.

44. In the years to come, the PSC will change its strategy and move from a phase of developing ISSAIs to a phase of maintenance and further harmonization of the ISSAI framework. In the period 2010-2013, the PSC will therefore be focused mainly on a harmonization of the framework, raising the awareness of ISSAIs and INTOSAI GOVs and permanent maintenance of the ISSAIs and INTOSAI GOVs. These three issues are addressed below.

#### **A. Harmonizing the framework**

45. The main issue that was discussed at the PSC Steering Committee meeting in June 2009 in Brasilia was the further harmonization and improvement of the coherence of the framework based on common definitions and an overview of the different SAI tasks. In 2010 the PSC will present to the INCOSAI a comprehensive set of ISSAIs and INTOSAI GOVs. Most of the guidance on level 2 – prerequisites for the functioning of SAIs and level 4 – auditing guidelines in the framework, is based on recently developed documents. Level 3 – fundamental auditing principles, however, has not been given the same attention as level 2 and 4. As a consequence, the terminology and definitions used across the 4 levels of the framework are not consistent. It was therefore suggested to the Steering Committee that level 3 of the framework should be the focus of attention for the PSC in the next mandate period 2010-2013.

46. It is the intention of the PSC Steering Committee that the fundamental auditing principles (ISSAI 100-999) should present the most important general recommendations contained in the implementation guidelines on financial, performance and compliance auditing (ISSAI 1000-4999). The principles should provide a “common language” which can be used for explaining and comparing the tasks of SAIs across their different national settings. This will be relevant for the SAI managements’ considerations concerning auditing strategy and for SAIs’ communications to government, parliament and other external stakeholders on their auditing practices. It will also provide a starting point for peer reviews and other cooperation on capacity building and knowledge sharing within the INTOSAI community. The regional representatives in the PSC Steering Committee (Cameroon, Zimbabwe, Bahrain, China, Mexico, New Zealand, USA, Belgium and Denmark) are currently gathering information of the legal mandates of the SAIs in their respective regions.

The Steering Committee has agreed that a project proposal should be put before the Steering Committee for approval at their meeting in May next year, which means that no final decision has been made at this stage. Based on the information gathered, the PSC will work out the project proposal as to how the many different tasks of SAIs can be reflected in the fundamental auditing principles. Subject to the Steering Committee’s approval of the project plan, it will be presented to the Governing Board for approval before the INCOSAI is asked to approve it as part of the PSC mandate for the period 2010-2013. The process of developing the project proposal on the updating of INTOSAI’s fundamental auditing principles can be followed at the PSC website. The members of INTOSAI are all encouraged to provide their input and comments.

#### **B. Raising the awareness of ISSAIs and INTOSAI GOVs**

47. In the year 2009, since the last INTOSAI Governing Board meeting, the PSC – both internally and externally - has faced an increasing demand for not only developing ISSAIs and INTOSAI GOVs but also facilitating the implementation of the standards and guidelines. As the PSC will present a comprehensive set of ISSAIs and INTOSAI GOVs to the INCOSAI 2010, the PSC will direct attention to the issue of implementation already now.

48. The PSC Chair has been in close contact with the IDI regarding a division of labour in relation to the implementation of ISSAIs and INTOSAI GOVs. There is general agreement that the PSC can assist in raising the awareness of the ISSAIs and INTOSAI GOVs, but that further activities in relation to implementation are the responsibility of the IDI/goal 2.

49. This October, the PSC together with the Chair of EUROSAI organised a pilot-project seminar on raising the awareness of ISSAIs and INTOSAI GOVs. It is considered a pilot-project, because one of the purposes of the seminar was to test the relevance of organising similar seminars in other INTOSAI regions. The seminar was held after deadline for submitting documents for the Governing Board meeting, the PSC Chair will include a brief summary of the seminar results in his presentation to the Governing Board. A description of the awareness-raising seminar model can be found in annex 1 to this report.

The model, that is, the division of labour for the seminar has been that the host – the Chair of EUROSAI has been in charge of all practical aspects such as invitations, venue, registration forms etc. The Chair of the PSC has been in charge of the content, that is the different presentations and workshops.

The presentations in the afternoon on the first day and the workshops on the second day were conducted by PSC Subcommittees and the Subcommittee on Environmental Auditing.

50. Another venue for the awareness raising of ISSAIs and INTOSAI GOVs will be the INCOSAI next year in South Africa. As hosts of the INCOSAI 2010, our colleagues from South Africa have been invited to attend the PSC Steering Committee meetings as observers. The PSC and the SAI of South Africa are working closely together to ensure that the launch of the ISSAIs becomes a key event at the INCOSAI XX along with the two themes.

### **C. Permanent maintenance of ISSAIs and INTOSAI GOVs**

51. Following the shift in strategic focus in 2010 described above, emphasis should be on maintaining the ISSAIs and INTOSAI GOVs. This development has already been foreseen, as one of the strategic goals of the PSC for the period 2007-2010 is to present a proposal for a permanent structure and mandate for the continuous updating and improvement of the ISSAIs and INTOSAI GOVs that is to be effective from 2010 following the approval of the XX<sup>th</sup> INCOSAI.

52. In the past years, the PSC Subcommittees and Projects have put an impressive lot of work into the development of an overwhelming number of ISSAIs and in this process, the Subcommittees and Projects have become increasingly professional in their approach to developing ISSAIs and INTOSAI GOVs. The PSC Steering Committee therefore agreed that a common procedure for developing, revising and withdrawing ISSAIs and INTOSAI GOVs within the PSC was needed to support further the high level of professionalism. At the same time a common due process would facilitate the work with ISSAIs and INTOSAI GOVs in the PSC; Having uniform, established work and approval processes in place would serve to clarify the roles, duties and responsibilities of the steering committee and subcommittees/projects.

53. The due process does not affect the original set-up of the PSC, which is based on the INTOSAI strategic plan: the Subcommittees and Projects develop draft ISSAIs and INTOSAI GOVs and present them to the Steering Committee for approval. Subsequently, the drafts are forwarded to the INTOSAI community for comments. An overview of the comments received and the subcommittee/project reflections concerning the comments is displayed on the issai website:

www.issai.org. A new draft is elaborated, incorporating relevant comments made by the INTOSAI community, and presented to the Steering Committee for approval. Following this approval, the PSC Chair presents the drafts to the INTOSAI Governing Board for approval. The due process does not suggest a change in the Governing Board approval of the ISSAIs and INTOSAI GOVs.

54. In addition to the development of ISSAIs and INTOSAI GOVs in the PSC, the due process also includes a procedure for revising and withdrawing them, in order to reach a common agreement and transparency on these procedures in the PSC as well.

55. The due process is an important element in the efforts to ensure permanent maintenance of the ISSAIs and INTOSAI GOVs, which is one of the strategic goals of the PSC 2007-2010.

56. In order to support and further expand the high level of professionalism, the PSC Steering Committee has furthermore discussed the possibilities of establishing a common PSC secretariat in order to support the continued development and maintenance of ISSAIs and INTOSAI GOVs in a more professional manner. It is expected that the elaboration of a comprehensive set of ISSAIs and INTOSAI GOVs will increase the demand for updated and relevant guidance, and the PSC will therefore look further into the possibilities of establishing a common PSC secretariat. The issue may therefore be included also in the PSC draft mandate for the next Congress period 2010-2013.

## Annex 1: Awareness Raising Model

### PROGRAMME

**Joint EUROSAI Presidency -Professional Standards Committee seminar:  
*Raising Awareness of International Standards  
of Supreme Audit Institutions (ISSAI)***

**Venue:** Holiday Inn hotel, Warsaw, Poland

**Date:** 28-29 October 2009

**Audience:** Directors/Assistant Auditor Generals level of EUROSAI member SAI

#### AGENDA:

1. Motivation and Relevance of International Standards of Supreme Audit Institutions: What is in it for you?
2. What is ISSAI – The content of the standards and guidelines with focus on particularly challenging issues
3. Exchange of experience: How do we work with standards at the national level?
4. Debate: Challenges and benefits of working with ISSAI at home

#### Wednesday 28 October: OPENING STATEMENTS AND PRESENTATIONS

Agenda item	Date 1 /Time	Session
Intro	09:00-09:15	Introduction to the agenda and practical information
Welcome/ Motivation and relevance	09:15-09:45	Welcome Moving Forward Together – Motivation of Working with ISSAIs <i>Mr. Jacek Jezierski, President of the SAI of Poland and Chair of the EUROSAI Governing Board, and Mr. Henrik Otbo, Auditor General, SAI of Denmark and Chair of the INTOSAI Professional Standards Committee</i>
Motivation and relevance	09:45-10:15	The Role of Standards in Building Supreme Audit Institutions <i>Mr. Magnus Borge, INTOSAI Development Initiative</i>
	10:15-10:45	Group photo
	10:45-11:00	Coffee Break
What is ISSAI?	11:00-11:30	Introduction to the ISSAI framework
What is ISSAI?	11:30-12:00	Prerequisites for the Functioning of a SAI
What is ISSAI?	12:00-12:30	Financial Audit Guidelines
	12:30-14:00	Lunch, Restaurant Brasserie at Holiday Inn
What is ISSAI?	14:00-14:30	Compliance Audit Guidelines
What is ISSAI?	14:30-15:00	Performance Audit Guidelines
	15:00-15:30	Coffee Break
What is ISSAI?	15:30-16:00	Guidelines on Environmental Audit
What is ISSAI?	16:00-16:30	INTOSAI Guidance for Good Governance
	16:30-17:00	Closure and practical information
	19:00	Dinner hosted by the NIK

**Thursday 29 October : EXCHANGE OF EXPERIENCE – IMPLEMENTATION  
AT THE NATIONAL LEVEL**

<b>Agenda item</b>	<b>DAY 2 /Time</b>	<b>Session</b>
Intro	09:00-09.15	Opening of the session/Summing up from yesterday
Exchange of experience: How do we work with ISSAI at the national level?	09:15-10:15	Experiences with implementing the standards at the national level
	10:15-10:30	Introduction to Workshops
	10:30-10:45	Coffee Break
Challenges and benefits in working with ISSAI	10:45-12:15	Workshop part I: Applying the ISSAIs in your SAI 1) Financial Audit Guidelines 2) Performance Audit Guidelines 3) Compliance Audit Guidelines 4) Environmental Audit Guidelines
	12:15-13:15	Lunch, Restaurant Brasserie at Holiday Inn
Challenges and benefits in working with ISSAI	13:15-14:45	Workshop part II: Applying the ISSAIs in your SAI 1) Financial Audit Guidelines 2) Performance Audit Guidelines 3) Compliance Audit Guidelines 4) Environmental Audit Guidelines
	14:45-15:00	Coffee break
Challenges and benefits of working with ISSAI	15:00-15:30	Synthesis of separate discussions in plenary
The future of ISSAI	15:30-15:45	Closure

## Annex 2: The PSC workplan 2007-2010

ork plan for PSC 2007-2010						
	ISSAI		GB 2008	GB 2009	GB 2010	INCOSAI
<b>General (Steering Committee)</b>						
1	-	Promoting standards and guidelines via www.issa.org				
2	-	Permanent organisation of the continuous updating of ISSAIs			Proposal	
<b>Transparency and accountability</b>						
3	ISSAI 20 & ISSAI 21	Principles on transparency and accountability of Supreme Audit Institutions	Exposure draft	Approval by GB		Endorsement
<b>Quality control</b>						
4	ISSAI 40	Audit Quality Control	Approval of project terms of reference		Approval by GB	Endorsement
<b>Financial Audit Subcommittee (FAS)</b>						
5	ISSAI 1000	General Introduction to the INTOSAI Financial Audit Guidelines		Presented for information	Approval by GB	Endorsement
6	ISSAI 1003	Glossary to Financial Audit Guidelines		Presented for information	Approval by GB	Endorsement
7	ISSAI 1100	International Framework for Assurance Engagements	Approval by GB			Endorsement
8	ISSAI 1200	Objective and General Principles Governing an Audit of Financial Statements		Approval by GB		Endorsement
9	ISSAI 1210	Terms of an Engagement		Approval by GB		Endorsement
10	ISSAI 1240	The Auditor's Responsibility Relating to Fraud in an Audit of Financial Statements		Approval by GB		Endorsement
11	ISSAI 1250	Considerations of Laws and regulations in an Audit of Financial Statements		Approval by GB		Endorsement
12	ISSAI 1265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management		Approval by GB		Endorsement
13	ISSAI 1320	Materiality in Planning and Performing an Audit		Approval by GB		Endorsement
14	ISSAI 1402	Audit Considerations Relating to Entities Using Service Organizations		Approval by GB		Endorsement

Financial Audit Subcommittee (FAS)						
15	ISSAI 1500	Audit Evidence		Approval by GB		Endorsement
16	ISSAI 1501	Audit Evidence – Additional Considerations for Specific Items		Approval by GB		Endorsement
17	ISSAI 1505	External Confirmations		Approval by GB		Endorsement
18	ISSAI 1510	Initial Engagements – Opening Balances		Approval by GB		Endorsement
19	ISSAI 1520	Analytical Procedures		Approval by GB		Endorsement
20	ISSAI 1530	Audit Sampling and Other Means of Testing		Approval by GB		Endorsement
21	ISSAI 1540	Auditing Accounting Estimates, including Fair Value Accounting Estimates, and Related Disclosures		Approval by GB		Endorsement
22	ISSAI 1550	Related Parties		Approval by GB		Endorsement
23	ISSAI 1560	Subsequent Events		Approval by GB		Endorsement
24	ISSAI 1570	Going Concern		Approval by GB		Endorsement
25	ISSAI 1580	Written Representations		Approval by GB		Endorsement
26	ISSAI 1600	Special Considerations – Audits of Group Financial Statements (Including the Work of Other Auditors)		Approval by GB		Endorsement
27	ISSAI 1610	The Auditor’s Consideration of the Internal Audit Function		Approval by GB		Endorsement
28	ISSAI 1620	Using the Work of an Expert		Approval by GB		Endorsement
29	ISSAI 1700	The Independent Auditor’s Report on General Purpose Financial Statements		Approval by GB		Endorsement
30	ISSAI 1705	Modifications to the Opinion in the Independent Auditor’s Report		Approval by GB		Endorsement
31	ISSAI 1706	Emphasis of Matter paragraphs and Other Matter(s) Paragraphs in the Independent Auditor’s report		Approval by GB		Endorsement
32	ISSAI 1710	Comparative Information		Approval by GB		Endorsement
33	ISSAI1720	The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements		Approval by GB		Endorsement

Performance Audit Subcommittee						
34	ISSAI 3100	Performance Auditing Standards			Approval by the GB	Endorsement
35	ISSAI 3200	Guidance on how to establish a sustainable performance auditing function			Approval by GB	Endorsement
Compliance Audit Subcommittee						
36	ISSAI 4000	A general introduction to guidelines on compliance audit	Exposure Draft	Approval by GB		Endorsement
37	ISSAI 4100	Compliance audit guidelines related to the audit of financial statements		Approval by GB		Endorsement
38	ISSAI 4200	Further guidance on the broader scope of compliance audit, for example as a part of performance audit or as a separate audit type	Exposure Draft	Approval by GB		Endorsement
39	INTOSAI GOV 9140	Internal Auditor Independence in the Public Sector			Approval by GB	Endorsement
40	INTOSAI GOV 9150	Co-operation and Co-ordination between Internal Auditors and SAIs in the Public Sector			Approval by GB	Endorsement
41		Create an electronic platform to make the internal control tools and guidance on good governance available to all SAIs				report
Subcommittee on Accounting and Reporting						
42		- Participation in IPSASB and reporting to INTOSAI				report