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INTOSAI PSC Financial Audit Guidelines Subcommittee Due Process

The following identifies the due process of the INTOSAI Professional Standards Committee's (PSC) Financial Audit Guidelines Subcommittee (FAS) in developing its Guidelines.

FAS has established working procedures that facilitate the operation of the due process. The working procedures are documented separately.

Principles

The FAS due process for the development and approval of Guidelines adheres to the following principles:

- *Accountability*

FAS is accountable to INTOSAI and its members through the PSC, and is committed to effective communication with stakeholders through consultation and transparency. Guidelines are subject to a rigorous review process within the subcommittee and the INTOSAI Governing Board prior to approval, as well as to wider public consultation.

- *Credibility*

FAS is committed to delivering high quality products that can be used by auditors in INTOSAI member organizations, by ensuring that the subcommittee has the appropriate members, experts and support teams with the relevant experience and expertise of ISAs, the public sector implications and different audit environments operating throughout member countries. FAS also works to ensure credibility by engaging INTOSAI members and other stakeholders in a consultative process to contribute to the development of the subcommittee and its products.

- *Transparency*

FAS' work processes and related documents are open to the public as a means of achieving both accountability and credibility for the subcommittee and its products. Transparency is primarily achieved through FAS meetings, public exposure, consideration of comments received, and making all Terms of Reference, working procedures and meeting material available.

Structure

The cooperation with the International Auditing and Assurance Standards Board (IAASB) constitutes the basis for the development of INTOSAI Financial Audit Guidelines by FAS. The cooperation is regulated in the Memorandum of Understanding between the PSC and IAASB.

FAS comprises representatives from member SAIs (Supreme Audit Institutions) who have experience and expertise in financial audit and standard setting. The FAS membership represents the diversity of the INTOSAI community as far as possible.

The subcommittee is assisted in the development of guidelines by INTOSAI audit experts constituting the Reference Panel.

Due Process

FAS meetings

- The FAS members meet at least twice a year to discuss the development of the INTOSAI Financial Audit Guidelines (Guidelines) and related operational matters.
- Meeting dates are published on the FAS website, in the FAS Quarterly Performance Reports and the INTOSAI Journal. Members of the INTOSAI community and other stakeholders are welcome to attend FAS meetings upon their request.
- Agendas and meeting papers are published on the website before each meeting and the related draft minutes after the meeting.

Project Planning

- The work of FAS is based on a three-year work plan, which is approved by the INTOSAI Professional Standards Steering Committee and by the INTOSAI Congress. An annual plan is developed to ensure proper implementation of the three year work plan. These plans are updated periodically.

Appointment Procedures

- FAS may assign responsibility for the development of a Guideline to experts from SAIs, who operate in accordance with the Terms of Reference and Work Processes approved by FAS. These experts are appointed by the FAS Director with consideration to relevant qualifications and experiences, relevant contacts locally and internationally, English language skills, geography (i.e. the need for diversity in the group), audit system represented and availability.

Development of Proposed Guidelines

- Proposed Guidelines are developed in consultation with relevant FAS groups, including the Court of Accounts Expert Group, the Compliance Audit Expert Group and the Clarity Reference Group, as well as IAASB staff.
- Proposed Guidelines are approved by FAS for exposure for public comment. The comment period is normally 90 days. The exposure drafts are posted on the FAS website, inviting comments in general and indicating specific areas on which comments are particularly sought. FAS' Reference Panel of Experts and other stakeholders are notified of the exposure periods, mainly through the INTOSAI Journal and the FAS Quarterly Performance Reports. In addition, information is sent specifically to key stakeholders.

Public Exposure and Consideration of Comments

- Comments on an exposure draft are a matter of public record and are posted on FAS website after the end of the exposure period. Comments are accepted in all official INTOSAI languages.
- Comments on an exposure draft are analyzed to determine the effect on the draft before finalizing the Guideline. FAS thoroughly deliberates significant matters raised in the comments, as well as the technical accuracy, wording and consistency of the Guideline.
- Before approving the Guideline for translation into the official INTOSAI languages, FAS assesses whether there have been substantial changes to the exposure draft that may warrant re-exposure.

Approval Process

- Approval of the Guidelines follows the process stipulated in the INTOSAI statutes, which includes:
 - FAS approval for translation.
 - FAS approval of the translated Guideline.
 - Approval by the INTOSAI Governing Board annually, confirming that the Guidelines are of sufficient relevancy and quality to be considered final. In doing so, the Governing Board also confirms that the due process has been followed in the development of the Guideline.
 - Endorsement of the INTOSAI Congress every third year.

Contribution to the Development of ISAs

- FAS contributes to the development of International Standards on Auditing (ISAs), which form part of the Guidelines by commenting on proposals for new projects, participating in IAASB task forces, commenting on exposure drafts of proposed ISAs, and contributing at IAASB meetings. In addition, the IAASB Consultative Advisory Group includes an INTOSAI representative.

Oversight

- FAS reports on an annual basis to the PSC Steering Committee. In addition, the PSC Chair and Secretariat are continuously kept up to date about developments within FAS and its work. The PSC Chair reports on an annual basis to the INTOSAI Governing Board in this regard.
- FAS periodically reviews its working procedures to ensure that they remain effective and efficient. FAS may also be subjected to external evaluations by funding organizations.

Communication

- FAS has a communication policy and plan, which identify stakeholders and how FAS communicates with them. The communication plan is updated on a regular basis.
- In accordance with its communication plan, FAS communicates extensively through its website where, for example, the following documents are made available:
 - Three-year and annual work plans
 - Quarterly Performance Reports
 - Terms of Reference for all relevant roles and responsibilities within FAS
 - Working procedures
 - Agendas, meeting papers and minutes
 - Exposure drafts and related responses
 - Approved Guidelines

FAS working procedures, documents and communications are in English, which is the working language of the subcommittee. Official INTOSAI documents are translated and made available on the website in the five INTOSAI languages (Arabic, English, French, German and Spanish).

Appendix 1

Documents underlying the FAS due process and working procedures

- The Memorandum of Understanding with the International Auditing and Assurance Standards Board (IAASB) which is regularly reviewed and updated.
- The INTOSAI Professional Standards Committee Terms of Reference.
- The INTOSAI Handbook for Committees.
- The FAS Working Procedures (to be drafted)
- Agreed and documented working procedures for the different work processes used to produce the Guidelines.
- Terms of Reference for all relevant roles and responsibilities within FAS:
 - General Terms of Reference for Experts and Back-office Experts
 - Practice Note Task Force (PNTF)
 - Special Expert Team (SET)
 - IAASB Task Force
 - Focus Group
 - Court of Accounts Reference Group
 - Compliance Audit Reference Group
- Agreed and documented format and structure for the Practice Notes.
- Policy documents:
 - Translations policy
 - Communication policy and plan.