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**Draft minutes of meeting
FAS meeting in Luxemburg 21-22 April, 2009**

List of participants:

Alfred Enoh	Cameroon
Annie Leclerc	Canada
Manfred Kraff	European Court of Auditors
Hendrik Fehr	European Court of Auditors
Kathleen Healy	IAASB
Goms Menette	Namibia
Liezl van Schalkwyk	Namibia
Brit Gagnat	Norway
Jan Van Schalkwyk	South Africa
Gert Jönsson	Sweden (Chair)
Jonas Hällström	Sweden
Johanna Gårdmark	Sweden
Camilla Brodén	Sweden
Andrew Baigent	United Kingdom
Gail Valieres	United States

1. Opening of the meeting by the Chair Mr Gert Jönsson

Mr Hendrik Fehr welcomed the subcommittee to the European Court of Auditors. Everyone was asked to join him in a minute of silence to honor Mr Jesús Lazaro Cuenca, ECA member on FAS, who recently passed away the previous week.

Mr Gert Jönsson opened the meeting with some brief remarks regarding the loss of Mr Jesús Lazaro Cuenca, a valued colleague who has contributed greatly to the subcommittees work. He also thanked the European Court of Auditors for hosting the meeting and welcoming Ms Brit Gagnat as the new member from Norway on the subcommittee.

2. Approval of the agenda

Mr Andrew Baigent (UK) asked for some time under AOB, to bring up issues relating to the INTOSAI project relating to audit quality. It was also suggested by Mr Fehr that ISSAI 1530 and 1200 was postponed until Mr Manfred Kraff arrived later on in the morning. With these remarks the agenda was approved.

3. Approval of draft minutes from the meeting in Seoul and from the telephone meeting in January (Mr Gert Jönsson)

Corrections to the list of participants from the meeting in Seoul were suggested. With minor changes the minutes from the Seoul meeting in October 2008 were approved.

Andrew Baigent (UK) suggested some changes relating to his comment under agenda point seven.

Conclusion: With minor changes the minutes from the telephone meeting in January 2009 were approved.

4. Update on activities and plans for the future (Mr Jonas Hällström)

Mr Jonas Hällström gave an update of the status of the ISSAIs.

- Nine ISSAIs were endorsed in Mexico, but one ISA has been split up into two (ISSAI 1800 and ISSAI 1805) so they are now ten.
- These ten will be subject to a consistency check, which will be finished in August.
- 23 ISSAIs that are presently, have recently been or will soon be on exposure. They will all be approved by the Governing Board in November. This requires a telephone meeting in late August.
- The the PN to ISA 320 has previously been on exposure. It will be revised and presented at our telephone meeting in May. ISSAI 1265 and ISSAI 1620 are expected to be exposed June-August and will be therefore also be on the May agenda for approval for exposure.
- After the consistency check all ISSAIs except the 1000-series will be on the agenda for the October meeting.
- The 1000-series is not considered technical and must therefore be approved by the PSC Steering Committee in Brazil in June. These will thus also be on the May agenda.

The subcommittee expressed concern regarding the following:

Will FAS have enough time to review documents for the May meeting?

Copies of ISSAI 1320 and the 1000-series will be sent to FAS as soon as possible to review.

The telephone meeting in August has a loaded agenda and the timing clashes with holidays as well as peak periods. Can the agenda be split to allow FAS members to participate in at least parts?

Some of them can be handled at the FAS meeting in October. We will keep this in mind when preparing for the two meetings. It was also agreed that the suggested August 20 meeting would be moved forward to 14 September.

ISSAI 1000-1003

The ISSAIs in the 1000-series will be up for approval at the FAS meeting in May. The following documents are included:

ISSAI 1000 – *Introduction* to the Financial Audit Guidelines was first drafted and presented at INCOSAI in 2007, it will now need some redrafting and checking.

ISSAI 1001 - *Link* between level 3 and 4 in the ISSAI hierarchy, the INTOSAI Fundamental Auditing Principles and the INTOSAI Financial Audit Guidelines. It was presented as draft at a FAS meeting in 2008 and will be updated to correspond with the clarified ISAs.

ISSAI 1002 – *General considerations* which contain general issues of significance for public sector auditors applying the ISAs.

ISSAI 1003 – *Glossary* of terms important for public sector auditors applying the ISAs, in addition to what is provided in the IAASB glossary.

The suggestion to structure the glossary similar to the ISSAIs outside the 1000 series was approved. I.e., the glossary will consist of the IAASB glossary and a glossary Practice Note including any additions and clarifications needed for public sector auditors.

The PSC will approve these ISSAIs for exposure, FAS receives and considers the exposure comments and approve the final version before it is sent to the INTOSAI Governing Board.

It is important to meet the PSC timeline and to get comments on the exposure.

Consistency check

The consistency check is planned for May-August and will be carried out mainly by the FAS secretariat, in two parts; first an update to reflect the final version of the ISAs and then a check to ensure consistent use of terms, language and references etc. The first part may include work by the experts involved in the development of the Practice Note.

Mr Baigent offered the services of the UK NAO to proof read the final versions of the Practice Notes to avoid linguistic mistakes. The kind offer was accepted and the secretariat will arrange this before the October meeting.

Upcoming IAASB projects

FAS has appointed an expert to participate in the IAASB task force for the revision of ISA 610, Mr Clyde McLellan from Canada who was also involved in the drafting of the Practice Note to this ISA.

It was strongly advised by Mr Andrew Baigent (UK) for INTOSAI to be involved in the upcoming IAASB project on ISAE 3000. It is of

interest for performance and compliance audit, as well as for financial audit.

FAS will not get involved in the IAASB projects relating to XBRL or ISRE 2400/ISRS 4410.

Information on IAASB public member – Mr Steen Berndt Jensen will be new public member after Mr Kjell Larsson. Mr Jonas Hällström will be his technical advisor.

Conclusion: We are on schedule, but still have challenges ahead. The suggested August 20 telephone meeting is replaced by a meeting on 14 September.

5. IAASB update (Ms Kathleen Healy)

Ms Kathy Healy (IFAC) made a comparison between FAS today and the IAASB's situation one year ago, with a steep hill to climb to finish the clarity project. She was convinced that FAS will manage despite a busy year or so ahead.

Ms Healy further advised FAS to keep up the communication with the IAASB staff – both as regards the consistency check and translations. The IAASB is presently completing their glossary so that FAS can finish the glossary and start the consistency check.

Ms Kathy Healy reminded that Ms Kelly Ånerud, former Norwegian member of FAS but now employed by IFAC, has had a lot to do with the European Commission on translations.

Mr Jonas Hällström informed the subcommittee that he had met the Swedish institute that is translating the ISAs into Swedish. He suggested that all of FAS should follow these processes in their respective countries. There are public sector issues in these translations in each country as well.

Conclusion:

We are happy to continue to work together and FAS will keep up with appointments of experts to new task forces and projects.

6. Approval of PN for ISA 402, 501, 505, 510, 520, 530 and 540 for exposure (Mr Jonas Hällström)

All Practice Notes in agenda points 6 and 8-16 were edited directly on screen during the course of the discussion. The issues raised here are in addition to the changes shown in the track-changes version of the documents distributed after the meeting.

ISSAI 1402 – was prepared by Ms Kelly Ånerud who was on the IAASB task force. When she left the Office of the Auditor General of Norway, her responsibilities were taken over by Mr Martin Ruben,

Cayman Islands. The Practice Note has been checked for consistency with the last version of the ISA.

One comment received regarding p14 stated that this may be relevant not only to service organizations but is overall guidance. The text will not be changed, but the issue will be addressed in another way.

The language issue was brought up by Mr Alfred Enoh (Cameroon) meaning that Courts of Accounts do differ, issues discussed are not the same as discussed here. Many SAIs are left out as the exposure versions are not translated.

Mr Jonas Hällström agreed there is a problem as Courts are not working in the same way, but pointed out that there are Auditor General offices that have the same responsibilities as Courts. Courts differ from each other too. The 1002-document will expand on the kind of responsibility you would see in a Court of Accounts' environment.

In addition, relatively few countries have English as their working language and we do get comments from many non-English speaking SAIs. FAS does not have the resources to translate the exposure versions of each document to the official INTOSAI languages. The question was put if AFROSAI-F would not be able to translate the exposure drafts of the PNs into French for the benefit of their members.

Conclusion:

ISSAI 1402 was approved with the edits made during the meeting.

ISSAI 1501 – has been developed by the last SET with experts from China, Brazil and USA. It has been sent out to a big panel of back-office experts for comments. We have also received comments from FAS, which are included in the document.

Conclusion: With changes made on screen during the course of the meeting ISSAI 1501 was approved.

ISSAI 1505 – **Conclusion:** With changes made on screen during the course of the meeting ISSAI 1505 was approved for exposure.

ISSAI 1510 – **Conclusion:** With changes made on screen during the course of the meeting ISSAI 1510 was approved for exposure.

ISSAI 1520 -

Conclusion: With changes made on screen during the course of the meeting ISSAI 1520 was approved for exposure.

ISSAI 1530 - Following a significant number of comments received from FAS, the PN was sent back to the experts and a revised version was discussed during the meeting.

Conclusion: With changes made on screen during the course of the meeting ISSAI 1530 was approved for exposure.

ISSAI 1540 -

This document was also sent back to the experts to incorporate the subcommittee's proposed changes to the text.

Conclusion: With changes made on screen during the course of the meeting ISSAI 1540 was approved for exposure.

7. Communication of the ISSAIs (Ms Camilla Brodén)

A communication plan for the FAS Secretariat's internal use has been developed. The plan includes channels of communication and suggested timing of communication in connection with other meetings. In addition, ambassadors for communicating FAS' messages are suggested.

The main messages in answer to the question "What is the added value of globally accepted standards to SAIs?" are:

- Globally accepted standards give confidence and credibility in our work as auditors.
- Globally accepted standards provide the basis for high quality audits.
- Globally accepted standards are the basis for our professionalism as auditors.

The key words in the communication are: Quality, Credibility and Professionalism.

Suggestions were given by FAS:

- Prepare a slide presentation and other material in English to support the ambassadors and ensure quality as well as a consistent message. This can also be translated.
- Translate the central parts of the communication plan and publish on the FAS website.
- The PSC is planning for communication in 2010. They want a similar procedure for FAS, PAS and CAS. We welcome a consistent approach, but need to be able to shape the message relating to "our" ISSAIs.
- The draft ideas of the communication plan should be communicated to the PSC before the meeting in Brazil in June.

FAS is encouraged to come up with suggestions of more ambassadors, in addition to themselves.

It was also discussed if and how we can make use of the regional groups to spread the message.

There will be a shift of focus as from October from development to other matters, such as implementation, translation, communication and organization after 2010. All of FAS is expected to participate in one way or another!

A dialogue with IDI is important. Our responsibility is to raise awareness of the standards we develop, but we also need to make sure that there is appropriate assistance in education and implementation. Capacity building is the role of IDI.

Audits can be made in accordance with the the ISSAIs after the INTOSAI Governing Board approval in November 2009.

Mr Jan VanSchalkwyk commented that there are two groupings we need to deal with, those who just want to implement as soon as possible, but also a group who still want to be convinced of the usefulness of the ISSAIs. Theme I at INCOSAI will be: Value and benefit of SAIs. What takes INTOSAI forward? How do principles get practical? Do you have standards in place? The impact of what we do, does it affect people out there? What is the best practice? If these are aligned with the documentation for the PSC meeting we could achieve a lot, getting a second stream of feed-back.

Conclusion: The FAS Secretariat will prepare presentation material in English and if possible other languages for the FAS Ambassadors to use. Central parts of the communication plan will be translated. IDI is our opening to training and implementation.

8. Approval of PN for ISA 200 (Mr Jonas Hällström)

Conclusion: With minor changes made on screen during the course of the meeting, the PN to ISA 200 was approved.

9. Approval of PN for ISA 210 (Mr Jonas Hällström)

Conclusion: With minor changes made on screen during the course of the meeting, the PN to ISA 210 was approved.

10. Approval of PN for ISA 240 (Mr Jonas Hällström)

Conclusion: With minor changes made on screen during the course of the meeting, the PN to ISA 240 was approved.

11. Approval of PN for ISA 250 (Mr Jonas Hällström)

Conclusion: The PN to ISA 250 was approved.

12. Approval of PN for ISA 500 (Mr Jonas Hällström)

Ms Gail Valieres (USA) wondered if not the appendix would belong more in one of the risk PNs. It was concluded that it possibly should be included in 315 or in 330.

Mr Manfred Kraff suggested for the title to be changed to "Sources for audit evidence concerning management of risks..."

Conclusion: The appendix will be revised by the FAS Secretariat in accordance with the discussion. The approval will be done by written procedure.

13.Approval of PN for ISA 550 (Mr Jonas Hällström)

Conclusion: The PN to ISA 500 was approved.

14.Approval of PN for ISA 560 (Mr Jonas Hällström)

No significant comments were received during the exposure period.

Conclusion: The PN to ISA 560 was approved.

15.Approval of PN for ISA 570 (Mr Jonas Hällström)

15 comment letters received.

Conclusion: With minor changes in wording made on screen during the meeting, the PN to ISA 570 was approved.

16.Approval of PN for ISA 580 (Mr Jonas Hällström)

14 comment letters received with strong support for the guidance provided.

Conclusion: With minor changes in wording made on screen during the meeting, the PN to ISA 580 was approved.

17.The World Bank evaluation of FAS (Ms Johanna Gårdmark)

Ms Johanna Gårdmark briefed the subcommittee of the results of the World Bank evaluation of FAS. On the whole it is a positive report with no concerns as to for instance governance or accountability. It is difficult to draw any conclusions relating to cost effectiveness as the complete cost of the program is not known.

Ms Annie Leclerc (Canada) commented on the fact that to do this job you need to be more than just native speaker in English, needs to be native speaker *and* auditor to ensure quality.

18.Restart of the Focus Group (Mr Jonas Hällström)

The Focus Group will have its re-start-up meeting in Luxemburg on 23 April. Before the clarity project the Focus Group played a very important role in commenting on proposals before the IAASB's Board meetings, and the task will be similar now. Early and relevant input is still the main task of the group. Information will be forwarded to FAS after the meeting.

19.Report on discussions with the PSC Chair and Secretariat a new FAS organization after 2010 (Mr Gert Jönsson)

Mr Gert Jönsson (Chair) explained that there will be a meeting with the PSC secretariat as well as the secretariats of CAS and FAS in Oslo the following week. The issues will be

- 1) How shall we set up a permanent organization for standard setting, and
 - 2) How shall we deal with implementation?
- Both issues relate to funding and sharing of responsibilities.

20.Funding Issues (Ms Johanna Gårdmark)

Ms Johanna Gårdmark briefed FAS on the financial situation. The World Bank has accepted the assessment of FAS. We are not seeking funding from additional sources, we focus on the funders we already have. We are waiting for USD 60 000 from ADB and USD 100 000 from the World Bank. Printing, mailing, communication and translation as well as costs relating to experts are the main expenses.

21.Coming meetings (Ms Camilla Brodén)

20 May telephone meeting

14 September telephone meeting

30 September – 2 October has been suggested from Mexico to host a meeting. Unfortunately this does not seem convenient for many of the subcommittee members, but if possible at some other time Mexico may be more convenient.

Alternatives are Stockholm or possibly London, but no earlier than the second week of October (starting 12 October.).

Conclusion: The Secretariat will come back as soon as possible regarding a time and location.

22.Any Other Business (Mr Gert Jönsson)

Mr Andrew Baigent (UK) reported back from the INTOSAI project on audit quality. The subcommittee was asked for input regarding the suggestion that the quality guideline would be developed in a similar structure as the financial audit guidelines, i.e. with the IAASB standard (ISQC1) included in the guideline, and additional guidance provided in a Practice Note format. FAS agreed with the suggested approach to let it be included in the guideline.

23.Conclusions of the meeting (Mr Gert Jönsson)

Mr Hendrik Fehr thanked everyone and concluded that the European Court of Auditors had been very happy to host the FAS meeting.

Mr Gert Jönsson thanked ECA for their hospitality. Everything has run smoothly enabling us to hold the meeting in despite of sad circumstances.