

The inaugural meeting of the INTOSAI Capacity Building Committee (CBC)

London, 13-14 March 2006

Minutes

A Attendees:

See attached list

B Official Welcome:

1. The meeting was formally welcomed to London by the United Kingdom Comptroller and Auditor General, Sir John Bourn. This welcome was endorsed by Dr Kovacs, President of the Hungarian State Audit Office and Chairman of the INTOSAI Governing Board and by Mr David Walker, Comptroller General of the United States of America and Goal Liaison.

C Overview of the CBC, work done to date, the terms of reference and composition of committees and sub-committees

2. Dr Ahmed El Midaoui, First President of the Court of Accounts of Morocco and Chairman of the Capacity Building Committee described the work which had been undertaken since INCOSAI in October 2004, explained the proposed structure for the CBC and outlined the terms of reference for the CBC, its Steering Committee and the three Sub-Committees.
3. It was agreed that the Chairs and Vice-Chairs of each of the Sub-Committees would be:
 - Sub-Committee 1 – Promoting increased capacity building activities among SAIs
 - Chair – UK
 - Vice-Chair – Cayman Islands
 - Sub-Committee 2 – Developing advisory and consultant services
 - Chair – Peru
 - Vice-Chair – Kazakhstan

- Sub-Committee 3 – Promoting best practices and quality assurance through voluntary peer reviews
 - Chair – Germany
 - Vice-Chair – Bangladesh
- 4. The membership of the Main Committee, Steering Committee, and the Sub-Committees is attached.
- 5. Mr Walker suggested that the second task of Sub-Committee 1 should be changed from ‘Co-ordinating all SAIs’ capacity-building projects’ to ‘Facilitating SAI Capacity building projects’. This was agreed.
- 6. Mr Kosmo, Auditor General of Norway, confirmed the importance of IDI being more fully integrated into the work of the CBC and pointed out that as part of its new Strategic Plan, IDI is placing an increased emphasis on capacity building.
- 7. Dr Khan, the Auditor General of Pakistan, expressed strong support for the voluntary nature of peer reviews. This idea was supported by the chairman.
- 8. Dr Matute Mejia, Comptroller General of the Peruvian Republic stressed the usefulness of the current terms of reference but felt that they should be seen as a starting point and that sub-committees should be allowed to move beyond them if necessary to achieve the overall goals of the CBC. He also pointed out the importance of keeping IDI and the INTOSAI Secretariat as observers and of entering into discussions with IDI on how its role in relationship to the CBC can be further clarified. This point was echoed by Mr Praat from the Netherlands Audit Office. The chairman insisted on the importance of co-ordination and sharing information between IDI and the CBC in order to avoid overlapping.
- 9. Ms Gunilla Tornqvist from the Swedish National Audit Office urged the CBC to develop close links with the other relevant INTOSAI Committees, for example, the Professional Standards Committee and the Knowledge Sharing Committee. On that point, the chairman emphasized that the CBC is represented on the steering committee of the PSC and vice versa, and that both committees are working together in a shared spirit of co-ordination and co-operation.

10. Ms Lamarque, French Court of Accounts, emphasised the importance of ensuring that the CBC addressed the needs of the main types of SAIs – particularly in the sub-committees where both Chair and Vice-Chair are from a similar type of SAI.
11. Ms Kefi, First President of Tunisian Court of Accounts, was talking on behalf of ARABOSAI and stressed the importance of the link between the regional organisations and the CBC and outlined the work being done within ARABOSAI to strengthen capacity.

Priorities and work plans for each Sub-Committee

Sub-committee 1: Promoting increased capacity building activities among SAIs

12. The Sub-Committee had a wide-ranging discussion around the seven tasks assigned to it by INTOSAI, namely:
 - Strengthening institutional capacities;
 - Co-ordinating all SAIs' capacity building projects (the change from `co-ordinating all` to `facilitating` proposed by the USA will need to be formally approved by the Governing Board);
 - Developing and disseminating best practices on how to develop SAIs through training, technical assistance, and other professional development activities;
 - Collecting and disseminating information on the range of capacity building projects undertaken by SAIs and providing a vehicle for proper coordination of such projects;
 - Developing a bank of generic training material on the key areas of SAI work (already to a large extent undertaken by IDI, but further consideration is needed on areas of development);
 - Identifying opportunities for distance learning;
 - Coordinating complementary and joint actions between INTOSAI and IDI.
13. After discussions the following conclusions were reached:
 - There was a recognition that it was important for all SAIs to identify their own development needs based on their own mandates and audit traditions;

- The role of the sub-committee should not be to duplicate exiting technical activities of other INTOSAI Working Groups but it should concentrate on facilitating the long term sustainable development of SAIs;
- IDI has a great deal of training materials which we should seek to harness and not duplicate. IDI can also play an important role in developing e-learning capabilities but it will be important to be able to access such materials;
- In providing capacity building SAI providers gain as well as the beneficiaries – it is not just one way. All SAIs can benefit from continuous improvement;
- There is a need to identify what capacity building activities have been carried out and what is currently underway;
- There is potential to learn from capacity building in other disciplines – for example OECD has a great deal of experience and materials and scope for identifying key success factors;
- ASOSAI has recent experience in delivering and managing training programmes which could be drawn upon to assist this work; and
- Capacity building is about more than training – typically needs to address cultural and management issues.

14. Following the discussion, the sub-committee agreed a set of outputs and timetable which were presented to the full meeting:

- Activity 1 - Identify and bring together various available tools for identifying development challenges for SAIs, *for example: SAI Maturity model, OECD, SIGMA, World Bank and any others that may be useful (30 June 2006)* and circulate to members for comment together with advice on how they might be used *(31 July 2006)*. Seek comments from those who may have already used them *(30 September 2006)* and draft case studies and summary paper identifying what worked well and what worked less well circulated for comment *(28 February 2007)*. Produce a final paper and case studies by *30 April 2007*;
- Activity 2 – draft a paper to identify key success and major risk factors associated with Capacity Building *(30 November 2006)*, circulate to members for comment *(31 January 2007)*, and produce Final paper *(31 March 2007)*;

- Activity 3 - after delivery of activities 1 and 2, consider developing a survey of SAI's experiences as both recipients and providers of capacity building (*timescale to be specified*); and
- Compile up to date directory of current capacity building projects in SAIs worldwide (31 December 2006 – updated every 6 months.)

Sub-Committee 2 – Developing advisory and consultant services

15. The sub-committee had three areas of responsibility under the terms of reference, namely:

- Developing a database of experts and investigators in public finance field who are available to participate in auditing programs;
- Encouraging joint and coordinated or parallel auditing programs; and
- Encouraging internship and visit programmes.

Developing a database of experts and investigators.

16. The sub-committee discussed and agreed that:

- Key fields would include main service areas and language capacity. Types of service such as general management, audit (financial, performance and compliance) and IT would be further broken down into areas of specific expertise such as HR, strategic planning, environmental auditing. Language skills would be graduated from mother tongue through fluent to conversational;
- Responsibility for the technical managing and maintenance of the database would rest with the hosting SAI. From time to time the host would ask all SAIs for confirmation of existing data plus any additions and deletions. The host would also take a lead in advertising the existence and purpose of the database, details of its location (webpage link or internet address) as well as encouraging all SAIs to use the service. The INTOSAI Journal was suggested as a useful way to communicate to all members whilst the majority could also be part of an e-mail based network;
- Sponsoring SAIs should be responsible for putting forward experts names (both current staff and retirees) and that by putting them forward the SAI was endorsing the quality and capacity of the expert in their field. The sponsoring SAI would also be responsible for keeping the list of its experts current and up-to-date. However it was

recognised that – especially over time – customer SAIs could be in a position to contact individual experts direct based on previous work together or recommendation. It was agreed that sponsoring SAIs should be informed of such contacts and that, in all cases, some facility for feed back at the end of each assignment would be desirable; and

- Their approach would be to develop an open access tool giving high level information on which SAIs have experts to offer, what their broad specialisms are and a central contact point at the SAI. Contact details of individuals as well as further details on their background and expertise will be held by the sponsoring SAI. Interested SAIs will be invited to use the open access data for basic research and then to contact the sponsoring SAI to discuss availability of specific people.
17. The SAI of Peru agreed to lead this activity with the aim of designing the database infrastructure in time to report to the INTOSAI Governing Board meeting in Vienna in November 2006. If possible by then, SAIs would also be invited to start populating it and the group discussed the merits of piloting that first – perhaps on members of the Capacity Building Committee.
18. The SAI of USA (attending part of the meeting as Goal 2 Liaison) agreed to assist the Chair in this work. The GAO already has an internal on-line tool identifying skills and capacity of individual staff as well as having experience of wider-based systems such as AGNet.

Encouraging joint and coordinated or parallel auditing programmes

19. The sub-committee discussed the potential uses of this mechanism and agreed that:
- The first example to come to mind in terms of capacity building would probably be the situation where an experienced SAI would work with a less experienced sister SAI in order to increase the capacity of the latter. However this was not the only model. Colleagues cited benefits to be had from joint audits by SAIs of the same standing and experience on areas of local or regional interest. The opportunity to increase the national impact of a piece of work by comparing situations in different countries was also highlighted as was the potential to make consider regionally based or global insights and recommendations if sufficient SAIs could cooperate on a single, common audit area;

- This was not a new idea and in some regions quite a lot has already been done – for example within EUROSAI under the ongoing European Union enlargement programme; and
- Whilst motivations for this type of work were different, it would be a good thing to recognise commitment and achievements in this area. The sub-committee will consider what forms of incentives, rewards or recognition might be available and appropriate for individuals and for SAIs.

20. After discussion the sub-committee agreed:

- To develop a two part survey to establish what experience colleagues already had of joint audit working and to find out in what areas colleagues were interested to work together for the future;
- That it would be helpful to distinguish joint work under existing INTOSAI or regional Working Groups (such as Privatisation or Environment) from audits in other areas such as taxation or agriculture;
- That the survey would also establish the basis of the cooperation (bilateral/multi-lateral/regional) as well as the output and, where possible, the impact or value of the work; and
- That the main criteria for potential future projects is that they should be concrete, practical audit jobs enabling all participants to be hands-on and to gain and share experience – these are not formal training events.

21. Finally the sub-committee identified an element of knowledge sharing in what they were proposing and wondered how this might be coordinated with the work being carried out by the SAI of India as Goal 3 Liaison.

22. The SAI of Fiji volunteered to develop a draft questionnaire for comment by the rest of the sub-committee members with the aim of having the questionnaire finalised within 2006. The sub-committee also noted that it is by quite some margin the smallest of the three CBC groups and up hoped that other SAIs might also agree to support them in this work.

Encouraging internships and visit programmes

23. The sub-committee started its discussion with a concern about the cost and resourcing of this activity. All joint working has a cost but it can be more difficult for individual SAIs to justify the further the activity strays from direct, core audit work. And visits and internships almost always involve a high overhead cost. The sub-committee was of the unanimous opinion that internships and visits programmes should be included in any list of activities prepared by the Steering Committee as part of its role in developing donor contacts and funding plans.
24. However the sub-committee still felt that they could do some useful preparatory work to establish the potential demand for visits and internships and the extent of possible supply (hosts) amongst SAIs. It was agreed that this information would be important in developing any case for donor funding. It would also be necessary to identify the subjects and areas of most professional interest to colleagues. This data would also give an early indication of the extent of demand likely to be unsatisfied and in what disciplines or subject areas.
25. The sub-committee agreed that:
- Internship and visit programmes was another area where a survey was needed and therefore many of the considerations were the same as those raised in connection with encouraging joint auditing programmes;
 - Demand was likely to fall under the same categories of types of service and specialisms already identified for the database of experts (e.g. general management, performance audit, HR, environmental auditing, and other to act as a final catch-all);
 - A tick box format could be developed for identifying both demand and supply; and
 - The survey needed to capture broad data on the nature, frequency, number and length of the programmes which SAIs might be prepared or able to host (this is focussed on supply not on demand). For example some SAIs might be willing to run three, one week study tours a year for up to twelve people on the financial audit of health whilst another might offer one internship on a performance audit team for a period of up to 6 months.
26. The sub-committee saw merit in linking this survey with the one suggested for the joint auditing programmes and, after discussion, the SAI of Fiji agreed to make the first draft

of both surveys – if possible before the end of 2006. The rest of the sub-committee group undertook to provide active assistance and, again, it is hoped that other SAIs (perhaps from the SPASAI region) might be willing to assist if asked.

Sub-Committee 3 – Promoting best practices and quality assurance through voluntary peer reviews

27. The sub-committee had four areas of responsibility under the terms of reference, namely:
- Assessing and documenting existing peer review arrangements in the INTOSAI community;
 - Fostering an environment in which such voluntary reviews are seen as beneficial to both the SAI undertaking the review and the SAI choosing to undergo it;
 - Developing guidelines on and providing best practices examples of how to undertake voluntary peer reviews and establish global and regional mechanisms for initiating them; and
 - Disseminating the results of peer reviews as agreed by the participating SAIs.
28. The sub-committee discussed different forms and methods of peer review and compared experiences. Across the SAI community, there is already a wide body of experience – both from the perspective of those reviewed as well as the reviewers. In discussion, the group mentioned a wide number of peer groups which had been done or were in the process of being done. Some of these were wide ranging – looking at many aspects of an SAI’s operations whilst others were more narrowly focused examining, for example, an approach to performance or VFM audit.
29. In addition, it was recognised that many other bodies have experience of reviews which while carried out by peers contained examples of good review practices. For example, the work of SIGMA, and the World Bank’s Country Financial Accountability Assessments. Still other reviews are undertaken as part of EU funded twinning projects or by private sector consultants as pre-cursors to donor funded modernisation projects. The group felt that this needed to be captured and used as the basis for the development and promulgation of best practices.
30. Discussions also focused on the practicalities of peer reviews. Practices seem to vary in terms of how they are paid for, how terms of reference are agreed and what happens with final reports. While there seemed to be a consensus among the group that peer reviews

were a good thing there had been little evaluation done to obtain feedback from the SAIs which had opened themselves up to reviews. The group felt that some work needed to be done to ensure that these reviews did not harm the SAIs involved.

31. Further discussion explored the suitability, nature and timing of reviews. In some cases an SAI might want to be reviewed by a similar SAI but equally there may at times be an advantage in being peer reviewed by an SAI coming from a different audit tradition.
32. The discussions also helped the group begin to tease out a set of values which could underpin peer reviews – including the freedom of choice by the beneficiary SAI over whether or not a peer review should be carried out, who to involve in a peer review, and, in accordance with the needs of the SAIs, what are the purposes of the peer review (for example, to review management arrangements, strengthen VFM audit or assess quality assurance arrangements).
33. Over the period leading to the next INTOSAI Congress, the sub-committee intend:
 - Assessing prior experiences of peer reviews through:
 - A survey to address the following:
 - What is understood by a peer review;
 - What kinds of peer reviews exist;
 - What is their purpose(s);
 - What benefits arose for the participating SAIs;
 - Whether they impact on an SAI's independence;
 - How we can ensure that peer reviews are voluntary and not imposed;
 - How the results should be used: and
 - Whether the results should be public.
 - A review of the content, form, focus and recommendations of existing peer reviews.
 - A Symposium to share, identify and develop best practice:
 - Attendees would be those with experience of peer reviews – both reviewers and reviewed and such key partners as the World Bank and Sigma;

- Publication of a good practice guide:
 - The results of the survey and symposium will be used to inform the development of a good practice guide;
 - Draft versions of the guide will be widely distributed for comment;
 - The resulting publication will be presented widely across INTOSAI.

Plenary discussion

Cross-cutting issues emerging for sub-committees

34. Mr Walker highlighted the need to co-ordinate any survey work pointing out that all sub-committees intended to survey members. He felt that there may be some common questions and that the CBC needed to adopt an integrated approach to contacting SAIs.
35. Mr Borge gave a presentation on IDI and how it has developed over time. Mr Matute reiterated the important role that IDI had played, and could continue to play. In particular, he stressed the importance of delivering training in the key language or languages of a region whenever possible. Dr Midaoui added that the work of the CBC in no way challenged the role of IDI but indeed opened up new possibilities for building on IDI's achievements. Given the role that IDI plays in training, he emphasized the importance of developing that role in the framework of a harmonious and co-ordinated strategy.
36. Ms Kefi stressed that it was important the sub-committee 2 work closely with the regions since regional groups are setting up their own expert databases.

Strategic Issues for the CBC

37. Mr Walker reemphasised the importance of INTOSAI presenting a unified approach to global International Organisations – recognising that their funds are limited. Current plans to work through the Finance and Administrative Committee and the General Secretariat of INTOSAI should help. Regions may choose to approach regional funding bodies – but it would be helpful if they kept the CBC aware of such approaches. What individual SAI members do is, of course, outside the purview of the Committee. Mr Bernicot from the European Court of Audit pointed out that this approach should also include reference to IDI and the proportion of its funds which come from international organisations.

38. On communication with external partners, Mr Walker urged that we need first to decide bring together the results of each of the sub-committees and look at the likely costs. Through the Steering Committee they need to be prioritised and likely funding partners identified. The financial requirements of the CBC need then to be considered by the INTOSAI Finance and Administration Committee and the INTOSAI Governing Board alongside requests from other INTOSAI Committees. Once this has been agreed, then it should be possible to disseminate the CBC programme more widely – alongside the activities which will be done by individual CBC members working with their own resources and the resources of their institutions.
39. Mr Walker asked that where possible Steering Committee meetings of the CBC should be in conjunction with other meetings – to limit cost and travel time.

Where next

40. Progress will be supervised by the Chair who will monitor progress and arrange subsequent meetings.

List of attendees:

SAI	Country
General Secretariat of INTOSAI	Austria
Office of the Comptroller & Auditor General of Bangladesh	Bangladesh
Office of the Auditor General of Canada	Canada
Office of the Auditor General	Cayman Islands
National Audit Office of Denmark	Denmark
The State Audit Office	Estonia
Cour des Comptes	France
Bundesrechnungshof	Germany
State Audit Office	Hungary
Director of Strategic Planning	INTOSAI
Board of Supreme Audit	Iraq
Corte Dei Conti	Italy
Board of Audit, Japan	Japan
Accounts Committee for Control over Execution of the Republican Budget	Kazakhstan
Board of Audit and Inspection	Korea
European Court of Auditors	Luxemburg
Cour des Comptes	Morocco
Netherlands Court of Audit	Netherlands
INTOSAI Development Initiative, IDI	Norway
Riksrevisjonen (Office of the Auditor General of Norway)	Norway
Office of the Auditor General of Pakistan	Pakistan
Contraloria General	Peru
General Auditing Bureau	Saudi Arabia
State Audit Institution	Oman
The Swedish National Audit Office (Riksrevisionen)	Sweden
Cour des Comptes	Tunisia
The Accounting Chamber	Ukraine
National Audit Office	United Kingdom
US Government Accountability Office	USA
The Central Organization for Control and Auditing	Yemen

**CAPACITY BUILDING COMMITTEE
MAIN COMMITTEE¹**

1.	MOROCCO (Chair of CBC)
2.	UNITED STATES OF AMERICA (Goal Liaison)
3.	General Secretariat of INTOSAI
4.	AZERBAIJAN
5.	BANGLADESH
6.	BHUTAN
7.	CAYMAN ISLANDS
8.	CANADA
9.	CROATIA
10.	DENMARK
11.	ESTONIA
12.	FIJI ISLANDS
13.	FRANCE
14.	GERMANY
15.	HOLLAND
16.	HUNGARY
17.	IRAN
18.	IRAQ
19.	ITALY
20.	JAPAN
21.	JORDAN
22.	KAZAKHSTAN
23.	SAUDI ARABIA
24.	SOUTH KOREA
25.	SPAIN
26.	WORLD BANK
27.	KYRGYSTAN
28.	KUWAIT
29.	LIBYA
30.	EUROPEAN COURT OF ACCOUNTS
31.	NORWAY
32.	OMAN
33.	PAKISTAN
34.	PERU
35.	UNITED KINGDOM
36.	SLOVENIA
37.	SRI LANKA
38.	SWEDEN
39.	THAILAND
40.	TUNISIA
41.	UKRAINE
42.	YEMEN

¹ This list is subject to expand as other SAIs are expected to become members of CBC.

**CAPACITY BUILDING COMMITTEE
STEERING COMMITTEE**

1	MOROCCO	Member	Chair of CBC
2	UNITED STATES	Member	Goal Liaison
3	UNITED KINGDOM	Member	Chair of Sub-Committee 1
4	FRANCE	Member	EUROSAI
5	GERMANY	Member	Representative designated by EUROSAI Chair of Sub-Committee 3
6	DENMARK	Member	Representative of PSC
7	JAPAN	Member	Representative of ASOSAI
8	SOUTH KOREA	Member	ASOSAI
9	LIBYA	Member	Representative designated by AFROSAI
10	PERU	Member	Representative designated by OLACEFS Chair of Sub-Committee 2
11	YEMEN	Member	Representative designated by ARABOSAI
12	FIJI ISLANDS	Member	Representative designated by SPASAI
13	CAYMAN ISLANDS	Member	Representative designated by CAROSAI
14	SWEDEN	Observer	
15	INTOSAI	Observer	General Secretariat of INTOSAI
16	NORWAY	Observer	Representative of IDI
17	HOLLAND	Observer	
18	WORLD BANK	Observer	

CAPACITY BUILDING COMMITTEE SUBCOMMITTEES		
SUB-COMMITTEE 1	SUB-COMMITTEE 2	SUB-COMMITTEE 3
Promoting increased capacity building activities among INTOSAI members	Developing advisory and consultancy services	Promoting best practices and quality assurance through voluntary peer reviews
Chair: UNITED KINGDOM	Chair: PERU	Chair : GERMANY
Vice-Chair : CAYMAN ISLANDS	Vice-Chair : KAZAKHSTAN	Vice-Chair: BANGLADESH
BANGLADESH	FIJI ISLANDS	ESTONIA
CANADA	MOROCCO	EUROPEAN COURT OF ACCOUNTS
ESTONIA	PAKISTAN	FRANCE
EUROPEAN COURT OF AUDITORS		HUNGARY
GERMANY	SLOVENIA	MOROCCO
HOLLAND		
IRAQ		CROATIA (to be confirmed)
ITALY		
JAPAN		
MOROCCO		
NORWAY		
OMAN		
SAUDI ARABIA		
SOUTH KOREA		
SPAIN		
SWEDEN		
TUNISIA		
UKRAINE		
UNITED STATES		
YEMEN		