

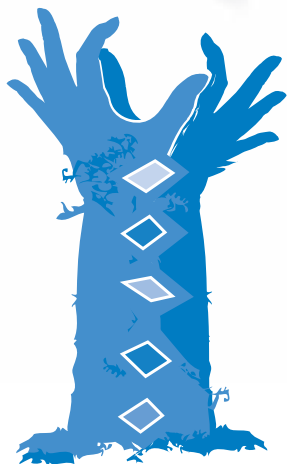
INTOSAI



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SOUTH AFRICA

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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies, or details on audit training programs. Articles that deal primarily with theory would not be appropriate.

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## XX INCOSAI at a Glance



Terence Nombembe, Auditor-General of South Africa and host of the XX INCOSAI, welcomed delegates to South Africa.

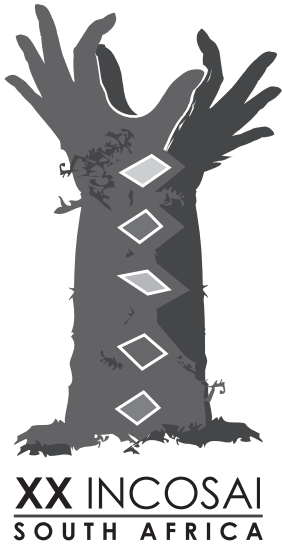


At the opening ceremony, Maite Nkoana-Mashabane, South Africa's Minister of International Relations and Cooperation, welcomed delegates to the congress on behalf of the President of South Africa.

### editor's note

This issue is dedicated to the XX International Congress of Supreme Audit Institutions (INCOSAI), which was hosted by Terence Nombembe and the Office of the Auditor-General of South Africa in Johannesburg, November 22–27, 2010.

- The XX INCOSAI was well-attended with over 500 delegates representing 152 supreme audit institutions (SAI), including 104 heads of SAIs, and 54 observers.
- The Secretary General reported on the implementation of the INTOSAI Strategic Plan 2005–2010 and presented the Strategic Plan 2011–2016, which was approved by the congress. INTOSAI identified the following strategic priorities for the coming years: helping to ensure the independence of SAIs, implementing the International Standards for Supreme Audit Institutions (ISSAI), strengthening SAI capacity building, communicating the value and benefits of SAIs, and fighting corruption.
- The *Johannesburg Accords* were adopted. The accords cover the discussions, conclusions, and recommendations from theme I (the value and benefits of SAIs) and theme II (environmental auditing and sustainable development).
- Progress was made on the Donor Funding Initiative, a key international effort to enhance the capabilities of SAIs in developing countries. In a meeting held days before the start of the congress, the INTOSAI-Donor Steering Committee made short- and long-term working plans to further implement its mandate.



**Congress Logo**

The baobab tree was the inspiration for the XX INCOSAI logo. Known in many parts of Africa as “the tree of life,” the baobab has always been the traditional meeting place for far-off tribes and villagers to come together and share their knowledge. It can be found in several African countries and is a nationally protected tree of great cultural significance.

One of the themes of the XX INCOSAI was Environmental Auditing and Sustainable Development, and the tree embodies the theme of “going green,” as every part of the tree can be used to sustain life: from the bark to the roots, the tree provides sustenance and shelter to the people of Africa.

The branches of the tree in the logo were transformed into intertwining human hands that signify care of the environment. They reach into the sky, showing infinite possibilities relating to the growth of the world’s economic and financial future. This optimistic view links to the other main theme of the congress: the value and benefits of SAIs.

The diamonds within the baobab tree refer to the rich natural resources of South Africa and the African continent and also represent the five official languages of INTOSAI.

- The congress voted to continue the position of Director of Strategic Planning, and Monika Gonzalez from the General Secretariat succeeded Kirsten Astrup in that role.
- The following changes were made to Goal 3 working groups and task forces:
  - A Task Force on SAIs Information Database was established to compile information about the INTOSAI community into one database for use by all members. The Task Force will be chaired by Mexico.
  - The congress approved the INTOSAI Guidelines for Communication, prepared by the Task Force on INTOSAI Communication Strategy. The task force was also dissolved.
  - The congress approved the dissolution of the Working Group on Privatization, Economic Regulation, and Public-Private Partnerships.
- The Jorg Kandutsch Award, which is given to members for exceptional implementation of INTOSAI goals within their regional working groups, was presented to the SAI of South Africa.
- The Elmer B. Staats Award, which is awarded for the best article—as judged by this *Journal’s* Board of Editors—since the last INCOSAI, went to Egbert Jongsmma and Frederique de Graaf from the Netherlands Court of Audit for their article “Using Geographic Information Systems to Audit Efforts to Combat Money Laundering and Terrorism Financing,” published in the July 2008 *Journal*.
- The XXI INCOSAI will be hosted by the Auditor General of China in Beijing in 2013.



The Elmer B. Staats Award for best article as judged by the *Journal’s* Board of Editors went to two auditors from the Netherlands SAI.



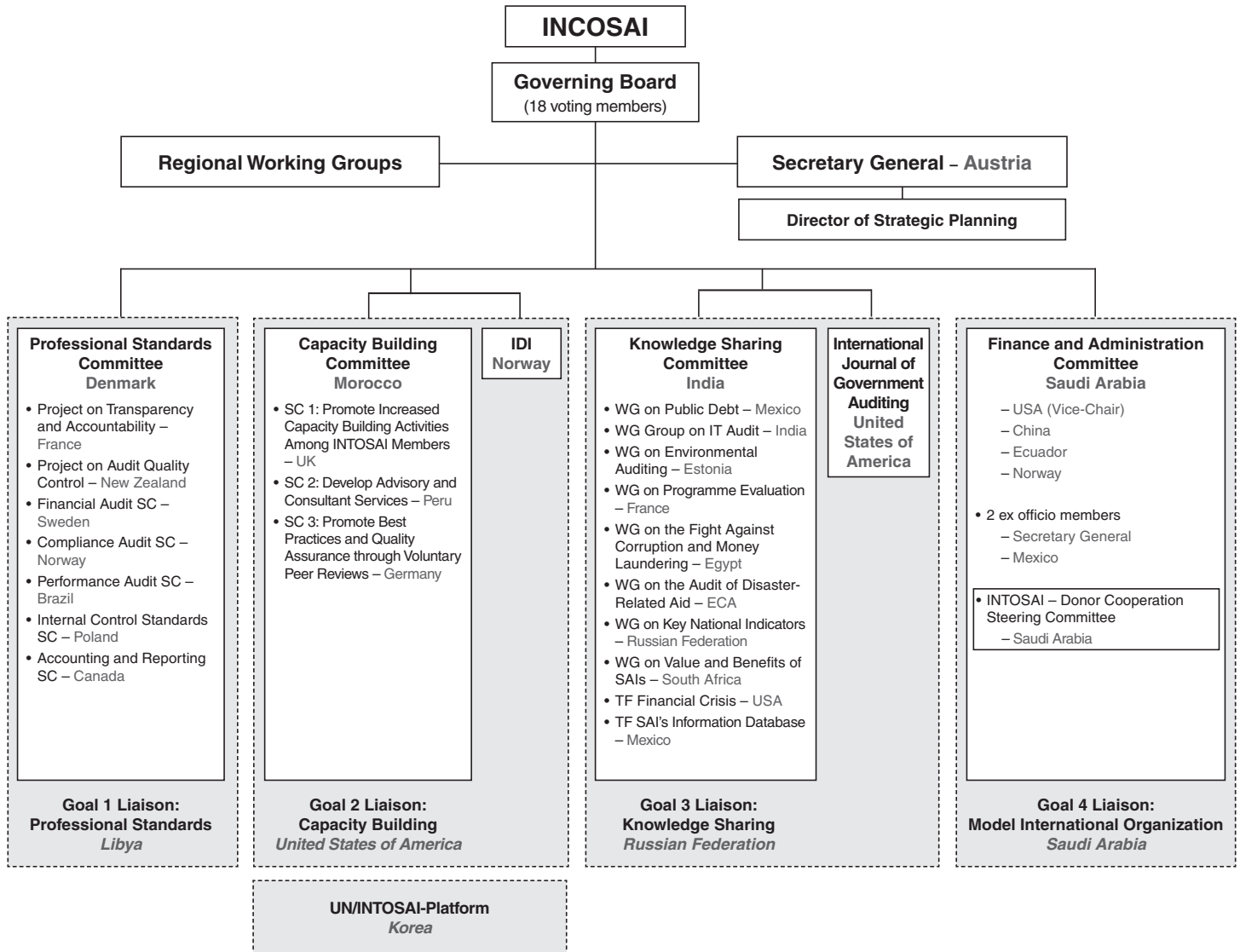
During the congress, Josef Moser (right), INTOSAI General Secretary, presented the Jörg Kandutsch Award to Terence Nombembe (left), Auditor-General of South Africa, in recognition of the South African SAI’s contributions to INTOSAI. Dr. Moser also recognized Juan M. Portal (center), Auditor General of Mexico, for his service as outgoing chair of the INTOSAI Governing Board.



# INTOSAI Organization Chart

The current organization chart for INTOSAI reflects its realignment in accordance with the strategic plan and the changes in structure and staffing that were adopted at the XX INCOSAI.

**LEGEND:**  
 SC = Subcommittee  
 WG = Working Group  
 TF = Task Force





**XX INCOSAI**  
SOUTH AFRICA

## XX INCOSAI, Johannesburg, November 22-27, 2010



# XX INCOSAI

Before the opening ceremony of the congress, delegates and observers gathered for the official congress photo in the Sandton International Convention Center in Johannesburg.



## Documents Endorsed by the XX INCOSAI

The XX INCOSAI endorsed the following documents presented by INTOSAI committees and subcommittees.

Professional Standards Committee	
	<i>The Due Process for INTOSAI Professional Standards–Procedures for developing, revising and withdrawing ISSAIs and INTOSAI GOVs</i>
Project on Transparency and Accountability	
ISSAI 20	<i>Principles of Transparency and Accountability</i>
ISSAI 21	<i>Principles of Transparency and Accountability Good Practices</i>
Project on Quality Control	
ISSAI 40	<i>Quality Control for SAIs</i>
PSC Financial Audit Subcommittee	
ISSAI 1000	<i>General Introduction to the INTOSAI Financial Audit Guidelines</i>
ISSAI 1003	<i>Glossary of Terms to the INTOSAI Financial Audit Guidelines</i>
ISSAI 1200	<i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards of Auditing</i>
ISSAI 1210	<i>Agreeing the Terms of Audit Engagements</i>
ISSAI 1240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>
ISSAI 1250	<i>Considerations of Laws and Regulations in an Audit of Financial Statements</i>
ISSAI 1265	<i>Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</i>
ISSAI 1320	<i>Materiality in Planning and Performing an Audit</i>
ISSAI 1402	<i>Audit Considerations Relating to an Entity Using a Service Organization</i>
ISSAI 1500	<i>Considering the Relevance and Reliability of Audit Evidence</i>
ISSAI 1501	<i>Audit Evidence–Specific Considerations for Selected Items</i>
ISSAI 1505	<i>External Confirmation</i>
ISSAI 1510	<i>Initial Audit Engagements–Opening Balances</i>
ISSAI 1520	<i>Analytical Procedures</i>
ISSAI 1530	<i>Audit Sampling</i>
ISSAI 1540	<i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures</i>
ISSAI 1550	<i>Related Parties</i>
ISSAI 1560	<i>Subsequent Events</i>
ISSAI 1570	<i>Going Concern</i>
ISSAI 1580	<i>Written Representations</i>
ISSAI 1600	<i>Special Considerations–Audits of Group Financial Statements (Including the Work of Component Auditors)</i>
ISSAI 1610	<i>Using the Work of Internal Auditors</i>
ISSAI 1620	<i>Using the Work of an Auditor's Expert</i>
ISSAI 1700	<i>Forming an Opinion and Reporting on Financial Statements</i>
ISSAI 1705	<i>Modifications to the Opinion in the Independent Auditor's Report</i>
ISSAI 1706	<i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>



PSC Financial Audit Subcommittee (continued)	
ISSAI 1710	<i>Comparative Information—Corresponding Figures and Comparative Financial Statements</i>
ISSAI 1720	<i>The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements</i>
PSC Performance Audit Subcommittee	
ISSAI 3100	<i>Performance Audit Guidelines—Key Principles and appendix</i>
PSC Compliance Audit Subcommittee	
ISSAI 4000	<i>General Introduction to Guidelines on Compliance Audit</i>
ISSAI 4100	<i>Compliance Audit Guidelines for Audits Performed Separately from the Audit of Financial Statements</i>
ISSAI 4200	<i>Compliance Audit Guidelines Related to Audit of Financial Statements</i>
Knowledge Sharing Committee	
ISSAI 5411	<i>Debt Indicators</i>
Capacity Building Committee	
ISSAI 5600	<i>Peer Review Guidelines and appendix</i>
PSC Internal Control Standards Subcommittee	
INTOSAI GOV 9140	<i>Internal Audit Independence in the Public Sector</i>
INTOSAI GOV 9150	<i>Cooperation and Coordination between SAIs and Internal Auditors in the Public Sector</i>

Other Documents	
Accounting and Reporting Subcommittee	<i>The importance of an independent standard-setting process</i>
Communication Strategy Task Force	<i>INTOSAI Communication Guideline</i>
Capacity Building Committee	<i>Building Capacity in SAIs—A Guide</i>
Working Group on Program Evaluation	<i>Program Evaluation for SAIs—A Primer</i>

### Legend

ISSAI = International Standard of Supreme Audit Institutions

INTOSAI GOV = INTOSAI Guidance on Good Governance

PSC = Professional Standards Committee

**GOAL 1**

**Professional Standards Committee Denmark**

- Project on Transparency and Accountability – France
- Project on Audit Quality Control – New Zealand
- Financial Audit SC – Sweden
- Compliance Audit SC – Norway
- Performance Audit SC – Brazil
- Internal Control Standards SC – Poland
- Accounting and Reporting SC – Canada

**Goal 1 Liaison:**  
Professional Standards  
*Libya*



## Goal 1 Report: Accountability and Professional Standards

Henrik Otbo, Auditor General of Denmark and Chairman of INTOSAI’s Professional Standards Committee (PSC), presented the PSC report to the Governing Board and the XX INCOSAI in November 2010.

The report affirmed the PSC’s purpose—promoting strong, independent, and multidisciplinary SAIs and encouraging SAIs to lead by example and develop appropriate and effective professional standards. The report also summarized the work of the PSC and its subcommittees for 2007–2010, the PSC’s planned work for 2011–2013, and the list of documents presented to the XX INCOSAI for endorsement. The congress approved the report and endorsed the documents.



During the congress, Henrik Otbo (left), Chair of the Professional Standards Committee and Auditor General of Denmark, and Günther Meggeneder (right), Chairman of the Board of the Institute of Internal Auditors (IIA), signed a memorandum of understanding expanding collaboration between INTOSAI and the IIA.

During the past 3 years, the PSC and its subcommittees focused on developing and promoting the International Standards for Supreme Audit Institutions (ISSAI) and INTOSAI Guidance on Good Governance (INTOSAI GOV) by providing practical guidelines on financial, compliance, and performance audit and other areas of importance to SAIs, including a due process for developing, revising, and withdrawing ISSAIs and INTOSAI GOVs.

Mr. Otbo said that as a result of the hard work of all members, the PSC had fulfilled all the strategic goals it presented in the PSC Progress Report 2007. He also noted that the PSC was especially proud to present 35 ISSAIs and two INTOSAI GOVs for endorsement to the XX INCOSAI, which was one of the major congress achievements. With the endorsement of the new ISSAIs and INTOSAI GOVs, INTOSAI’s framework of professional standards has been developed into a comprehensive set of standards and guidelines. Mr. Otbo reported the PSC’s hope that SAIs around the world will find the ISSAIs useful and supportive in their daily auditing practice. The key documents presented and endorsed at the congress are listed in table 2 and can also be found on the PSC Web site (<http://psc.rigsrevisionen.dk/composite-291.htm>) and the ISSAI Web site ([www.issai.org/composite-368.htm](http://www.issai.org/composite-368.htm)).

The following sections summarize the PSC’s progress in achieving its strategic goals under goal 1 of the INTOSAI strategic plan, the work of the PSC’s subcommittees, and the publications endorsed by the congress.

Another accomplishment of the PSC was the due process for developing, revising, and withdrawing ISSAIs and INTOSAI GOVs. The due process supports the continued professionalization of the work on ISSAIs and INTOSAI GOVs within INTOSAI as well as transparency and accountability. It also clarifies the different roles, duties, and responsibilities of the committees and subcommittees. The PSC also issued *The auditing function of Supreme Audit Institutions: A systematic mapping of the auditing assignments of 37 selected SAIs across the regions of INTOSAI*. This document can be found at the PSC Web site listed above under the link “SAI Mapping Report.”

The PSC consists of five subcommittees: the Financial Audit Subcommittee (FAS), the Subcommittee on Performance Audit (PAS), the Subcommittee on Compliance Audit (CAS), the Subcommittee on Internal Control Standards, and the Subcommittee on Accounting and Reporting. In addition, the PSC has established Project Groups Transparency and Accountability and Audit Quality Control.

The PSC’s 19-member Steering Committee comprises the SAIs of Bahrain, Belgium, Brazil, Cameroon, Canada, China, Denmark, France, India, Italy, Libya, Mexico, Morocco, New Zealand, Norway, South Africa, Sweden, the United States, and Zimbabwe. The Steering Committee has met three times since the XIX INCOSAI in 2007: October 2008 in Beijing, June 2009 in Brasilia, and May 2010 in Copenhagen.

The following sections summarize the PSC’s progress in achieving its strategic goals, the work of the PSC’s subcommittees, the publications endorsed by the congress, and the PSC’s strategic goals for 2011–2013.

## **Development of a Comprehensive Set of ISSAIs and INTOSAI GOVs**

Since the endorsement of the ISSAI framework in 2007 at the XIX INCOSAI, the PSC’s strategic goals have focused on developing a comprehensive set of ISSAIs and INTOSAI GOVs. As a result, the PSC presented 35 ISSAIs and two INTOSAI GOVs to the XX INCOSAI, which endorsed the documents. (See list on pp 6-7.)

In addition, the PSC faced increasing demands from the INTOSAI community and especially the Chairs of subcommittees, working groups, and task forces for a common, universal, and transparent process to be followed when developing, revising, or withdrawing ISSAIs. At the November 2009 INTOSAI Governing Board meeting, the board members asked the PSC to develop a common INTOSAI due process. As a result, the PSC developed *The Due Process for INTOSAI Professional Standards—Procedures for developing, revising and withdrawing ISSAIs and INTOSAI GOVs* in close consultation with the Chairs of goals 2 and 3. The PSC presented this document to the XX INCOSAI, which endorsed it.

This document supports the continued professionalization of work with the ISSAIs and ensures that all ISSAIs and INTOSAI GOVs are subject to the same consultative process and level of scrutiny when they are developed or withdrawn. The due process document describes the different phases and approval processes for an ISSAI, ensures

transparency in work processes, and emphasizes the Governing Board's oversight function in relation to due process. The document has been published on [www.issai.org](http://www.issai.org) and will be included as an annex to the *Handbook for Committees of INTOSAI*.

The congress also officially took note of a *Preamble* (available on the ISSAI Web site at <http://www.issai.org/composite-397.htm>) stating that only the standards and documents elaborated by INTOSAI will be endorsed at an INCOSAI. Consequently, an INCOSAI will not be asked to endorse standards from other standard-setting bodies. Thus, the *Preamble* explains the process for endorsing ISSAIs when they are based on standards from other standard-setting bodies.

## **Subcommittee Accomplishments**

### *Project on Transparency and Accountability (ISSAIs 20 and 21)*

INTOSAI's Strategic Plan 2005–2010 calls accountability and transparency principles to be developed as an integral element of SAI efforts to lead by example. To promote the development of these principles, the PSC established the Project Group Transparency and Accountability, which is currently chaired by the SAI of France and comprises the SAIs of Belgium, Canada, Denmark, Israel, Morocco, Portugal, South Africa, and the United States.

- During two meetings in 2008, the group drafted two documents. The first one defined the concepts of transparency and accountability and presented nine related principles.

The second document (ISSAI 21) shows examples of best practices in the field. Drafts of both ISSAIs in five languages were presented to the XX INCOSAI and endorsed:

- ISSAI 20: *Principles of Transparency and Accountability*
- ISSAI 21: *Principles of Transparency and Accountability Good Practices*

### *Project on Quality Control (ISSAI 40)*

At the PSC Steering Committee meeting in Bahrain in April 2007, the Steering Committee approved the establishment of the Project Group Quality Control under level 2 of the INTOSAI's framework of professional standards, prerequisites for the functioning of SAIs.

The project, chaired by the SAI of New Zealand, was established and given the task of drafting new ISSAIs on audit quality control to be endorsed in 2010. ISSAIs 40–49 were allocated to financial, compliance, and performance auditing and applicable to all types of SAIs (including courts) for auditing and reporting purposes, including yearly audits to issue declarations as well as more extensive audit examinations to issue special reports to Parliament. ISSAI 40: *Quality Control for SAIs* was presented to the XX INCOSAI and endorsed.

Looking forward, the project will consider further guidance on quality control for SAIs to be added to the ISSAI framework to complement ISSAI 40, such as guidance on some or all of the six elements of the system of quality control outlined in ISSAI 40.

### *Financial Audit Subcommittee (ISSAIs 1000–2999)*

The overall strategic objectives of INTOSAI's Financial Audit Subcommittee (FAS) are to (1) maintain and develop further high-quality, globally accepted guidelines for the audit of financial statements in the public sector and (2) make those guidelines known to, accepted by, and available to the INTOSAI community.



(On screen from left to right) FAS Project Director Jonas Hällström, Auditor General of Sweden Claes Norgren, and FAS Chair Gert Jönsson at the launch of the ISSAIs at the congress.

FAS, chaired by the SAI of Sweden, presented a comprehensive set of ISSAIs for financial audit for endorsement by the XX INCOSAI Congress. FAS reported it also contributed to the development of International Standards on Audit (ISA) and corresponding draft Practice Notes to ensure that INTOSAI members will continue to have access to up-to-date Financial Audit Guidelines. Since the last INCOSAI, FAS has drafted 26 new Practice Notes, revised 9 Practice Notes in accordance with the changes made to the ISAs revised by the Clarity Project of the International Auditing and Assurance Standards Board (IAASB), translated all new Practice Notes and ISSAIs into INTOSAI's official languages, and provided public-sector-related support to the IAASB Clarity Project through a designated expert group.

The FAS work plan for 2011–2013 builds on the main tasks the PSC Steering Committee and FAS identified during 2010:

- maintain and continue to develop the ISSAIs on financial audit;
- raise awareness of the standards and guidelines and contribute its expert knowledge on the guidelines to implementation efforts;
- contribute to the consistency of the ISSAI framework;

- explore the advantages and possibilities of including other standards issued by the IAASB as part of the INTOSAI Financial Audit Guidelines
- summarize lessons learnt throughout the process, with the hope that the conclusions will contribute to further improvements of FAS' work as well as be a valuable resource to other INTOSAI bodies; and
- monitor implementation of the guidelines among INTOSAI members.

The XX INCOSAI endorsed the 28 ISSAIs presented by FAS. For a list of the ISSAIs FAS presented, see the list of all the documents endorsed by the XX INCOSAI on pp 6-7.

### *Performance Audit Subcommittee (ISSAIs 3000–3999)*

The Performance Audit Subcommittee (PAS), chaired by the SAI of Brazil, comprises representatives from 19 SAIs in different INTOSAI regions and the European Court of Auditors. Its purpose is to (1) promote implementation guidelines for performance audit and (2) develop and disseminate other guidance that the INTOSAI community may need to finalize the development of INTOSAI performance audit guidelines (ISSAIs 3000–3999).

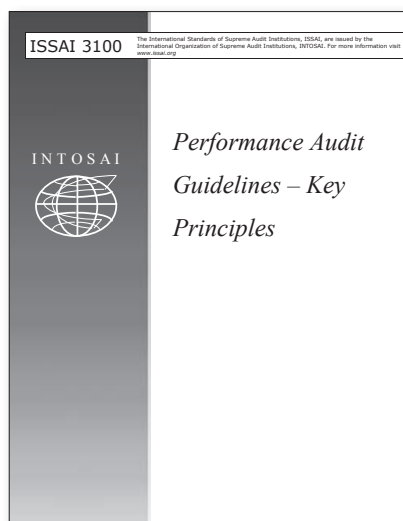
Since the last INCOSAI, the PAS has worked to analyze the results of a performance auditing survey sent to all SAIs and develop ISSAI 3100: *Performance Auditing Guidelines—Key Principles* and its appendix. The PAS also launched a Web site (<http://psc.rigsrevisionen.dk/composite-170.htm>) with links to all survey documents, technical papers, committee documents, and a membership list. ISSAI 3100 gathers guiding principles applicable to different stages of audit work, such as planning, implementation, reporting, and follow-up. The appendix to ISSAI 3100, *Establishing a Sustainable Performance Audit Function: High Level Guidelines*, covers strategic and practical issues related to introducing performance auditing to an SAI and is designed to help SAI management improve institutional capacity to carry out performance auditing.

The future work plan for the PAS focuses on disseminating performance auditing among INTOSAI members and promoting the use of INTOSAI documents on performance auditing (ISSAIs 3000 and 3100). The PAS will also promote the exchange of experiences and information on its Web site, making the site a tool for knowledge sharing.

ISSAI 3100 was presented to and endorsed by the congress.

### *Compliance Audit Subcommittee (ISSAIs 4000–4999)*

At the October 2004 Auditing Standards Committee meeting in Budapest, the Working Group on Compliance Audit was established to develop INTOSAI guidelines for compliance audit. It was renamed the Subcommittee on Compliance Audit (CAS) after the PSC was formed. The CAS, chaired by Norway, has 14 members and

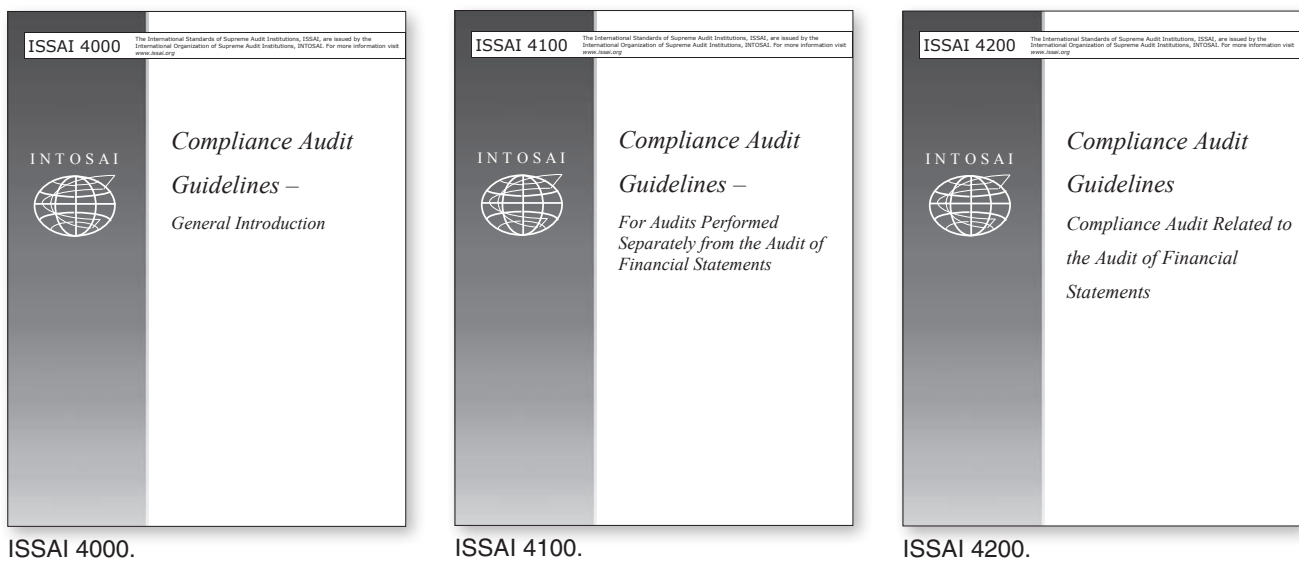


ISSAI 3100.

has worked closely with the Financial Audit Subcommittee. A Compliance Audit Reference Expert Group was set up to ensure consistency between the FAS and the CAS within the PSC structure for developing standards and guidance.

The compliance audit guidelines give practical guidance on planning, executing, and reporting on compliance audits. The guidelines state that the objectives, scope, and nature of a particular compliance audit depend on a number of factors, including the mandate and constitutional role of the SAI and the laws and regulations relevant to the audited entity.

The future work plan of the CAS includes implementing, maintaining, and raising awareness of the existing guidelines. It also includes a possible draft of ISSAI 4300, which will address compliance auditing in a court of accounts environment.



The Congress endorsed the following ISSAIs:

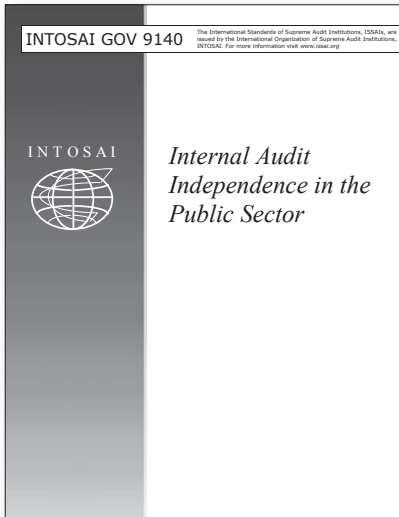
- ISSAI 4000: *General Introduction to Guidelines on Compliance Audit;*
- ISSAI 4100: *Compliance Audit Guidelines for Audits Performed Separately from the Audit of Financial Statements;* and
- ISSAI 4200: *Compliance Audit Guidelines Related to Audit of Financial Statements.*

### *Internal Control Standards Subcommittee (INTOSAI GOVs 9100–9199)*

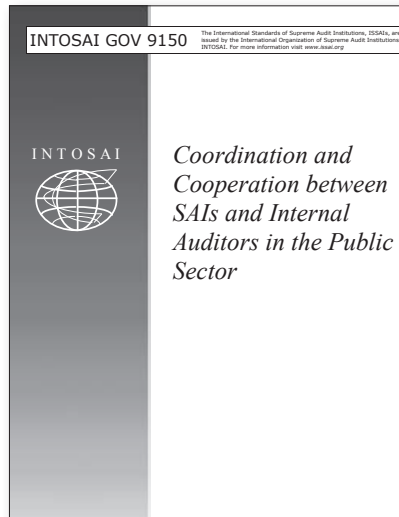
The Internal Control Standards Subcommittee works closely with the Institute of Internal Auditors (IIA) and focuses on the relationship between SAIs and internal auditors and the latter’s independence in the public sector. This work led to a new draft of INTOSAI GOV 9140: *Internal Audit Independence in the Public Sector* and INTOSAI GOV 9150: *Cooperation and Coordination between SAIs and Internal Auditors in the*

*Public Sector*, which had been approved for exposure by the PSC Steering Committee at its June 2009 meeting in Brasilia and were endorsed by the XX INCOSAI. The Belgian Court of Audit, which had chaired the subcommittee since the XVII INCOSAI, handed over the chair to Poland at the XX INCOSAI.

The subcommittee’s future work includes providing examples of internal control measures, actively promoting the integration of the INTOSAI GOV internal control and risk management concepts into the ISSAIs, and preparing a paper concerning reporting on internal control.



ISSAI 9140.



ISSAI 9150.

### *Accounting and Reporting Subcommittee*

Since the XIX INCOSAI, the Subcommittee on Accounting and Reporting has focused on observing and participating in the accounting standard-setting meetings of the International Federations of Accounts’ (IFAC) International Public Sector Accounting Standards Board (IPSASB). This has included continued participation in IPSASB public sector standard-setting activities, preparing periodic reports about current and planned activities for the INTOSAI membership, encouraging INTOSAI members to provide comments directly to the IPSASB on its exposure drafts and similar documents, and facilitating information exchange and knowledge sharing among SAIs.



Sheila Fraser (center), Chair of the Accounting and Reporting Subcommittee and Auditor General of Canada, with members of the Canadian delegation. Canada chairs the subcommittee, which prepared a paper on the importance of an independent standard setting process.



Sheila Fraser, the subcommittee Chair and Auditor General of Canada, participated in a number of IPSASB meetings and contributed to the development of international public sector accounting standards. In 2009, INTOSAI members were surveyed to identify the public sector accounting standards each member country used to report government financial results. The results of this survey have been posted on the PSC Web site under the subcommittee's Web page, which was launched in January 2010. The subcommittee's proposed 2011–2013 work plan will continue to focus on its work as a member of the IFAC–IPSAB.

The XX INCOSAI endorsed the subcommittee's paper *The importance of an independent standard-setting process*.

### **PSC Goals for 2011–2013**

Building on its work over the past 3 years to complete the ISSAI framework—which now comprises a comprehensive set of standards—the PSC has developed three areas of focus for 2011–2013:

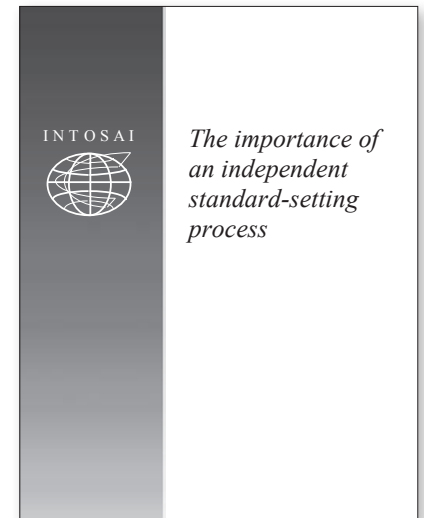
- harmonize the present collection of ISSAIs and thereby ensure the consistency of the ISSAI framework;
- raise awareness of the ISSAI framework and pave the way for implementing the ISSAIs and INTOSAI GOVs in SAIs; and
- continue to develop and maintain the ISSAIs and INTOSAI GOVs, observing INTOSAI's dual-approach standard-setting principle in the process.

#### *Harmonization*

The purpose of the Harmonization Project is to provide a conceptual basis for public sector auditing and ensure consistency in the ISSAI framework. Therefore, the Harmonization Project will focus on revising and developing the fundamental auditing principles on level 3 in the ISSAI framework, which will provide consistency throughout the framework. The numbering and timing of the different draft ISSAIs will be addressed by the project group and agreed upon by the PSC Steering Committee, and the project will be carried out in accordance with the due process for developing, revising, and withdrawing ISSAIs and INTOSAI GOVs.

#### *Raising Awareness*

Broad knowledge of the ISSAI framework among INTOSAI members and external partners and increased SAI application of the ISSAIs and INTOSAI GOVs are criteria of success for the ISSAI framework. Consequently, the PSC considers raising awareness an effective tool to reach these goals. The PSC's aim is to ensure that SAIs and relevant external partners are familiar with the ISSAI framework and the benefits associated with applying auditing standards developed specifically for public sector auditing. The PSC Steering Committee's strategy in this area is available online at [http://psc.rigsrevisionen.dk/media\(1471,1033\)/Final\\_approved\\_PSC\\_Awareness-raising\\_Strategy.pdf](http://psc.rigsrevisionen.dk/media(1471,1033)/Final_approved_PSC_Awareness-raising_Strategy.pdf).



### *Maintenance*

The PSC will focus on ensuring that the ISSAIs and INTOSAI GOVs are updated to preserve the integrity and rigor of the ISSAI framework. Each subcommittee is to review the ISSAIs and INTOSAI GOVs it is responsible for maintaining at fixed intervals. The subcommittee will decide the appropriate frequency for the maintenance review and communicate it on the ISSAI Web site ([www.issai.org](http://www.issai.org)). The PSC will continue partnerships with external standard-setting bodies to facilitate knowledge sharing and cooperation while it develops and maintains the ISSAI framework. The PSC will also continue to work to harmonize public sector auditing internationally by recognizing, using, and building on standards issued by other standard-setting bodies.

The XX INCOSAI took note of the following:

- the mandate and strategic goals of the PSC for 2011–2013, including the Harmonization Project Proposal;
- the subcommittee and project group work plans for 2011–2013; and
- the PSC progress report.



## Goal 2 Report: Institutional Capacity Building

In presenting his report to the congress, Capacity Building Committee (CBC) Chair Ahmed El-Midaoui, First President of the Court of Accounts of Morocco

and goal 2 Chair, noted that capacity building is central to the INTOSAI strategic plan's vision of strengthening SAIs globally. It will allow them, he said, to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the benefit of their populations. To help achieve this, INTOSAI's strategic goal 2 focuses on institutional capacity building. Its objective is to build the capabilities and professional capacities of SAIs through training, technical assistance, developing advisory and consultant services, promoting best professional practices, peer review, developing partnerships with international development organizations, and other development activities.

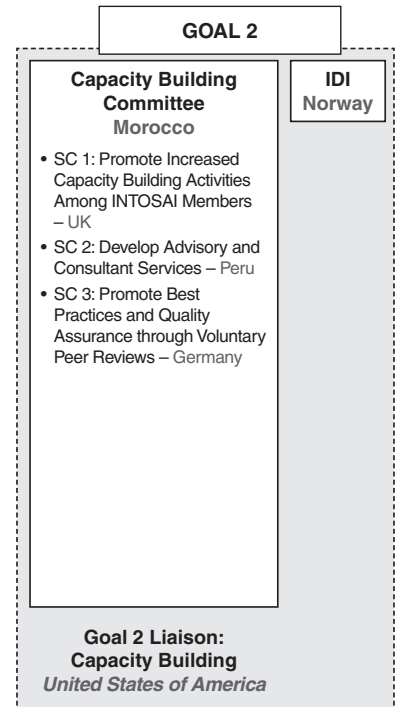
To this end, the CBC established a Steering Committee and three specialized subcommittees chaired by the SAIs of the United Kingdom, Peru, and Germany. Within the CBC's scope, the INTOSAI Development Initiative (IDI), led by the SAI of Norway, has continued to be the training arm of INTOSAI, and a United Nations (UN)/INTOSAI Platform, chaired by the SAI of Korea, has been established to ensure greater cooperation between INTOSAI and the UN.

Dr. El-Midaoui noted the important role the CBC has played in coordinating, with INTOSAI's General Secretariat and goal Chairs, the Memorandum of Understanding (MOU) signed in Brussels in October 2009 between INTOSAI and the donor community. The first Donor-INTOSAI Steering Committee meeting, which took place in Marrakech, Morocco, in February 2010, was an important step toward implementing the MOU and helping establish a common framework that will enable SAIs to reach funding mechanisms for projects to build SAI capacity. This meeting resulted in a new Steering Committee and Secretariat to address implementation of capacity-building projects under the MOU.



Dr. Ahmed El-Midaoui, First President of the Court of Accounts of Morocco, chairs goal 2.

Since its inception, the CBC has developed six guides that can be found on the committee's Web site (<http://cbc.courdescomptes.ma/index.php?id=20>) along with other materials. The CBC has also developed a database on capacity-building projects in SAIs, a database of experts and investigators, and a compilation of peer reviews performed within the INTOSAI community.



Dr. El-Midaoui remarked that after more than 5 years of ongoing collaborative work within the CBC and with other external partners, most of the key targets established for the CBC in the strategic plan have been accomplished. This success will lead to greater expectations. After developing several guides related to capacity building, the CBC will focus on implementing this knowledge on the ground and making effective use of CBC guides, materials, and tools.

### **Subcommittee 1: Promote Increased Capacity-Building Activities among SAIs**

The SAI of the United Kingdom (UK) chairs Subcommittee 1, whose focus is to deliver guides and information resources related to capacity building.

The CBC Steering Committee and full committee have approved the guide *Introducing Professional Qualifications for Audit Staff: A Guide for Supreme Audit Institutions*. It is now available in Arabic and German, and other translations are under way. The UK National Audit Office (NAO) drafted another guide, *How to Increase the Use and Impacts of Audit Reports: A Guide for Supreme Audit Institutions*, which has been approved by the CBC Steering committee and full committee. In addition, *Building Capacity in SAIs—A Guide* was presented to and endorsed by the congress.

Subcommittee 1 is also developing several new guides:

- *Human Resource Management: A Guide for Supreme Audit Institutions* (the SAI of the Netherlands) and
- *Guide on Strategic Considerations Facing SAIs Planning to Implement and Adopt the ISSAIs* (the SAI of Sweden volunteered to lead a task force to draft this guide).

The Swedish SAI has built a directory of capacity-building projects in member SAIs. This directory captures the major capacity-building activities involving an SAI working in partnership with external bodies. This directory is available at [www.cbcdirectory.org](http://www.cbcdirectory.org), and Sweden continues to update it annually.

Other Subcommittee 1 activities include an update of the *INTOSAI Glossary of Auditing Terms* and a paper entitled *Helping SAIs Deal with Emergencies* prepared by the UK NAO. Early feedback indicates the potential need to issue guidance on the development of emergency management and/or business continuity plans.

### **Subcommittee 2: Develop Advisory and Consulting Services**

Subcommittee 2 has focused on three main areas. The first is developing a database of experts and investigators. The SAI of Peru, the subcommittee Chair, developed the database and guidelines for using it. Peru also oversaw the launch of an application for registering and searching consultants and experts who have served member SAIs. To promote this Web application and encourage expert registration among INTOSAI members, the CBC chairman has written to all SAIs inviting them to participate and sent an announcement that appeared in this *Journal*.

In the second area, the subcommittee is encouraging joint auditing programs. A questionnaire was sent to INTOSAI members, and the SAI of Germany developed the *Guide for Cooperative Audit Programs between SAIs*. The final version of this guide is available in English and German and will be translated into the other official INTOSAI languages.

Finally, the subcommittee has encouraged internship and visitor programs. To promote these exchanges, the SAI of Pakistan created *Guidelines for Internship Programs*.

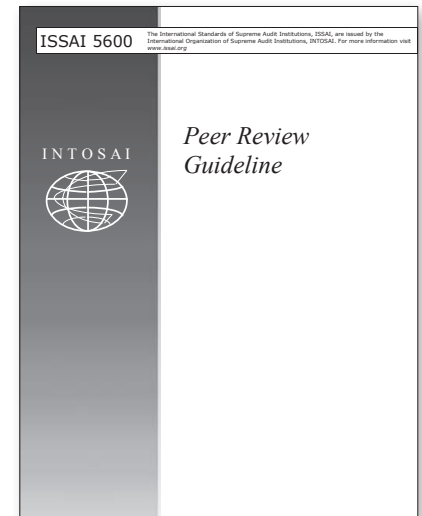
All of the above-mentioned guides are available on the CBC Web site at <http://cbc.courdescomptes.ma>.

### Subcommittee 3: Promote Best Practices and Quality Assurance through Peer Review

Subcommittee 3 has collected papers on about 21 different peer reviews including final reports, MOUs, and executive summaries. This information has served as a source of best practice examples that have been included in the peer review guidelines. The subcommittee also compiled a list with information on peer reviews performed within the INTOSAI community. The next step will be to make this peer review documentation accessible to the whole community of INTOSAI.

By integrating the peer review guide into ISSAI 5600: *Peer Review Guidelines* and its appendix and disseminating information explaining the merits of peer reviews at various INTOSAI events (such as the XX INCOSAI, regional congresses, and seminars), the CBC hopes to promote the practice of voluntary peer reviews within INTOSAI community.

Subcommittee 3 has drafted guidelines on the practical aspects of a peer review, as well as best practice examples and a checklist of issues that may be addressed within a peer review. This peer review guide and checklist were approved at the INCOSAI as part of ISSAI 5600 and can be downloaded from the CBC Web site (<http://cbc.courdescomptes.ma>).



ISSAI 5600.

### INTOSAI Development Initiative

IDI, chaired by Norway, is the training arm of INTOSAI and, according to the INTOSAI strategic plan, is a component of INTOSAI's goal 2 mission.

During the past 3 years, IDI has continued to work—in accordance with its strategic plan—primarily in conjunction with INTOSAI's Regional Working Groups. It has focused on capacity-building needs assessment programs, quality assurance in financial audit, transregional programs on public debt, management development, and train-the-trainer programs.



Magnus Borge, Director General of IDI, reported to the congress on IDI activities.



Delegates staffing the CBC-IDI both in the INCOSAI exhibition area.

At the request of the Donor Steering committee, IDI conducted a global stock taking of SAI capacity-building projects, which it presented to the INTOSAI community at a meeting of the Steering Committee of the Task Force on Donor Funding before the XX INCOSAI.

### **UN/INTOSAI Platform**

The United Nations (UN)/INTOSAI Platform was established during the XIX INCOSAI in Mexico and is chaired by the SAI of Korea. Its purpose is to coordinate the work between INTOSAI and the UN in fields of common interest.

Organizational changes at the UN Department of Economic and Social Affairs (UN DESA) have delayed this work between INTOSAI and the United Nations. However, during the INTOSAI conference on Strengthening External Public Auditing held in Vienna in May 2010, UN DESA affirmed its readiness to resume work through the UN/INTOSAI Platform.

The Committee of Experts on Public Administration (CEPA) of the UN Economic and Social Council (ECOSOC) welcomed the INTOSAI initiative aimed at incorporating the Lima and Mexico Declarations into international law. At its last meeting in April 2010, CEPA prepared a draft resolution for adoption by ECOSOC, which will discuss the initiative during its February 2011 meeting.

The UN/INTOSAI platform will support the General Secretariat in putting the initiative forward and, once the initiative is adopted by ECOSOC, make a detailed plan to support its implementation.



## Goal 3 Report: Knowledge Sharing

Vinod Rai, Comptroller and Auditor General of India and Chair of the Knowledge Sharing Committee (KSC), presented his report to the Governing Board and the XX INCOSAI. According to the INCOSAI strategic plan, the purpose of goal 3 is to “encourage SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including providing benchmarks, conducting best practice studies, and performing research on issues of mutual interest and concern.”

To accomplish this purpose, the committee undertook the following significant and notable actions:

- Established and adopted terms of reference and an action plan for a Steering Committee to guide the activities of member working groups and task forces, similar to the structures for goals 1 and 2. (See the KSC Web site: <http://intosaiksc.cag.gov.in>.)
- Developed the following documents, which were approved by the XX INCOSAI:
  - ISSAI 5411: *Public Debt Indicators*,
  - *Program Evaluation for SAIs—A Primer*,
  - *Guidelines and Principles on the Fight against Corruption and Money Laundering*, and
  - *INTOSAI Communication Guideline*
- Recommended to the XX INCOSAI that the Working Group on Privatization, Economic Regulation, and Public-Private Partnerships and the INTOSAI Communication Strategy Task Force be dissolved. (Both actions were approved.)
- Endorsed extending the mandate of the Working Group on the Accountability for and Audit of Disaster-related Aid until 2013. (This action was approved by the XX INCOSAI.)
- Welcomed the new Task Force on the Global Financial Crisis (chaired by the SAI of the United States) and Working Group on the Value and Benefits of SAIs (chaired by the SAI of South Africa).

In addition to Mr. Rai’s report, the individual working groups and task forces reported on their goals and achievements. The following sections summarize the activities and accomplishments of goal 3 working groups and task forces.



Vinod Rai, Comptroller and Auditor-General of India and Chair of the Knowledge Sharing Committee, presented the committee’s report to the congress.

### GOAL 3

#### Knowledge Sharing Committee India

- WG on Public Debt – Mexico
- WG Group on IT Audit – India
- WG on Environmental Auditing – Estonia
- WG on Programme Evaluation – France
- WG on the Fight Against Corruption and Money Laundering – Egypt
- WG on the Audit of Disaster-Related Aid – ECA
- WG on Key National Indicators – Russian Federation
- WG on Value and Benefits of SAIs – South Africa
- TF Financial Crisis – USA
- TF SAI’s Information Database – Mexico

#### International Journal of Government Auditing United States of America

#### Goal 3 Liaison: Knowledge Sharing Russian Federation

### *Working Group on Public Debt (Chair: the SAI of Mexico)*

The Working Group on Public Debt focuses on providing INTOSAI with valuable knowledge regarding public debt issues, including guidelines and studies that may become ISSAIs.

The working group developed and approved ISSAI 5411: *Public Debt Indicators*, which was presented to and endorsed by the XX INCOSAI.

The working group actively provides advisory assistance to and trainers for the INTOSAI Development Initiative’s transregional capacity building program for the audit of public debt management.

To assist in capacity building for INTOSAI members, the group has also prepared the following:

- a list of experts in public debt auditing available at [http://wgpd.org.mx/Public\\_members.html](http://wgpd.org.mx/Public_members.html) and
- a glossary of public debt auditing terms in INTOSAI’s five official languages, which will be included in the online INTOSAI Glossary of INTOSAI Auditing Terms.

The working group has chosen the following issues for future investigation:

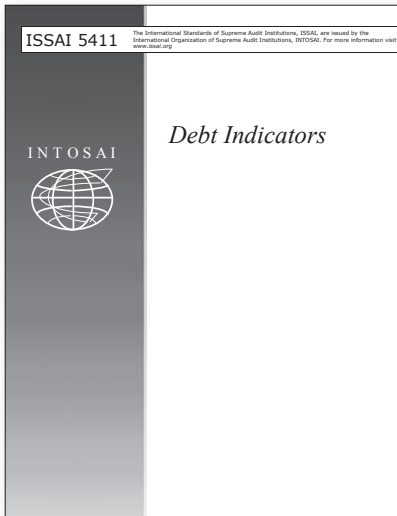
- the impact of the financial crisis on public debt,
- public debt management,
- contingent debt,
- risk assessment and reduction of its probable effects on debt structure and internal control systems of public debt management, and
- an evaluation of information systems related to public debt management.

### *Working Group on Information Technology Audit (Chair: the SAI of India)*

This working group’s mission is to support SAIs in developing knowledge and skills in the use and audit of information technology (IT). The primary platform for information sharing is the working group’s journal *intoIT*, Web site ([www.intosaiitaudit.org](http://www.intosaiitaudit.org)), and triennial performance audit seminars. The latest performance audit seminar focused on performance measures indicating IT project effectiveness and investment success.

Several guidelines for auditing systems development have been developed, and sub-projects on information interchange, knowledge and skill development, and developing and transferring knowledge have been completed. Training modules on IT audit are available on the working group’s Web site.

On the basis of a survey of its membership, the working group has agreed on the following projects for 2011–2013:



ISSAI 5411.



- development of IT performance indicators / an index system about IT performance audit / performance measurement of IT solutions implemented in government organizations (the SAI of China),
- IT audit planning and detailed audit procedures to review IT controls (the SAI of South Africa),
- optimizing IT value in government organizations (the SAI of Canada),
- green IT (the SAI of Norway), and
- cloud computing and virtualization (the SAI of the United States).

### *Working Group on Environmental Auditing (Chair: the SAI of Estonia)*

The Working Group on Environmental Auditing (WGEA), the largest of the INTOSAI working groups, adopted climate change as the central theme for 2008-2010. During that period, the WGEA developed and approved the following documents:

- *Auditing the Government Response to Climate Change* (Norway),
- *Auditing Sustainable Energy* (Czech Republic),
- *Auditing Forests: Guidance for Supreme Audit Institutions* (Indonesia),
- *Auditing Mining: Guidance for Supreme Audit Institutions* (Tanzania),
- *Auditing Sustainable Fisheries Management: Guidance for Supreme Audit Institutions* (South Africa), and
- *Environmental Accounting: Current Status and Options for SAIs* (the United States).

In addition, the group worked with the United Nations Environmental Program (UNEP) to develop a primer for auditors, *Auditing the Implementation of Multilateral Environmental Agreements*.

The SAI of Canada and 14 other SAIs participated in a coordinated audit on climate change that was released at the XX INCOSAI.

The SAIs of Canada and Brazil took the lead in developing a training module on biodiversity and developing a new Web page on that topic (<http://www.environmental-auditing.org/Home/FocusonBiodiversity/tabid/229/Default.aspx>).

Among other activities, the working group also

- adapted and delivered the WGEA-INTOSAI Development Initiative (IDI) environmental auditing training course for AFROSAI-F/CREFIAP (Cameroon),
- published the *Greenlines* newsletter (the United States),
- designed a new WGEA Web site (Estonia),
- completed the sixth survey on environmental auditing and the annual collection of environmental audits worldwide (Estonia), and

- developed formal cooperation principles with external organizations to provide ongoing communication and outreach (Estonia).



The booth of the Working Group on Environmental Auditing in the congress exhibit area.

During the next 3 years, the WGEA plans to conduct five research projects:

- land use / land management practices from an environmental perspective,
- environmental data,
- environmental and sustainability reporting,
- environmental issues associated with infrastructure, and
- wildlife conservation and tourism.

#### *Working Group on the Audit of Privatization, Economic Regulation, and Public-Private Partnerships (Chair: the SAI of the United Kingdom)*

The INTOSAI Working Group on the Audit of Privatization, Economic Regulation, and Public-Private Partnerships, which had been chaired by the United Kingdom (UK) since its inception in 1993, was dissolved at the XX INCOSAI. The group's most significant output was an extensive and comprehensive catalogue of audit products, including four sets of audit guidelines on best practice and 12 case studies providing detailed information on relevant topics. Members have recognized the value in knowledge sharing among SAIs to continuously improve their audit competence and have delivered about 160 papers at 16 meetings of the group. As outgoing chair of the group, the UK National Audit Office will ensure that the group's legacy is preserved and that any responsibilities prescribed by INTOSAI guidelines are discharged.

#### *Working Group on Program Evaluation (Chair: the SAI of France)*

In May 2009, the Working Group on Program Evaluation adopted the final version of the document *Program Evaluation for SAIs—A primer*. This document is designed to provide SAIs with an introduction to evaluation. It defines the components, approaches, and issues surrounding the topic and reviews the main steps of

evaluation, such as planning and conducting studies. The document was translated into INTOSAI's five official languages and was presented to and endorsed by the XX INCOSAI. It is available online at [http://program-evaluation.ccomptes.fr/index.php?option=com\\_content&view=section&layout=blog&id=5&Itemid=4&lang=fr](http://program-evaluation.ccomptes.fr/index.php?option=com_content&view=section&layout=blog&id=5&Itemid=4&lang=fr).

In addition, a subgroup composed of five SAIs developed a questionnaire to collect case studies and practical information on program evaluation methodology and experiences. This questionnaire is being circulated within the group for comment.

The subgroup has also launched a Web site (<http://program-evaluation.ccomptes.fr/>) outlining work group activities. A seminar on program evaluation for SAIs is planned for Paris in 2011.

### ***Working Group on the Fight against Corruption and Money Laundering (Chair: the SAI of Egypt)***

The SAI of Peru led this working group until June 2009, when Egypt assumed the leadership.

The working group developed *Guidelines and Principles on the Fight against Corruption and Money Laundering*, which is currently being translated into INTOSAI's five official languages.

The working group has promoted cooperation between SAIs and other international organizations to combat money laundering. Links to these organizations are available on the group's Web site ([www.wgfacml.cao.gov.eg](http://www.wgfacml.cao.gov.eg)), which also lists materials on anti-money-laundering audit practices.

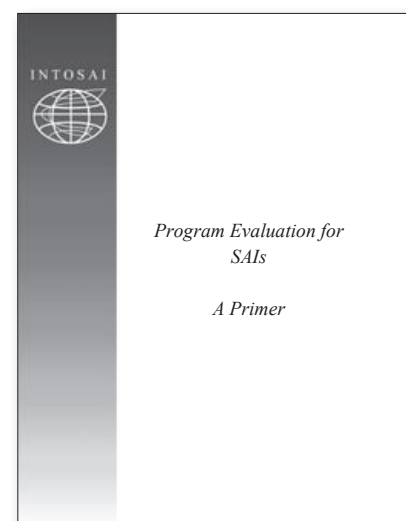
The group also developed and circulated to INTOSAI members a questionnaire designed to identify country regulations, policies, and strategies, as well as programs SAIs can use to detect and prevent corruption and money laundering. Laws and regulations gathered from the respondents are posted on the Web site.

In addition, the working group discussed with IDI the development of useful training on fighting corruption and money laundering.

### ***Working Group on Accountability for and Audit of Disaster-Related Aid***

Maarten Engwirda, Chairman of the Working Group on Accountability for and Audit of Disaster-Related Aid and member of the European Court of Auditors (ECA), gave the progress report for the working group.

The working group has made substantial progress in achieving its objectives, including work focused on geospatial data and GIS (geographic information systems), and has made good progress in developing three draft audit guides. These guides cover the audit of disaster preparedness, the audit of disaster-related aid, and specific risk factors for fraud and corruption linked to humanitarian emergency situations, which has been added as a supplementary practice note to ISSAI 1240. The working group made the draft guidance documents available to SAIs so they could begin using them and also provide feedback on their content.



Program Evaluation Primer.

The working group also sponsored a special session at the congress where various SAIs presented their recent experiences with disaster-related audit. The SAI of Indonesia spoke on tsunami relief auditing, the SAI of Pakistan discussed audits of recent floods in that country, and the SAI of the United States outlined its work to audit relief efforts in Haiti after the earthquake.

It was agreed by the congress to extend the mandate of the working group for 3 years until the XXI INCOSAI in 2013, with Mr. Engwirda noting that he wishes the working group to complete its tasks by that time.

It was also agreed that Lars Heikensten, member of the ECA from Sweden, will succeed Maarten Engwirda as chair of the working group, as Mr. Engwirda is retiring.

### *Working Group on Key National Indicators*

The Working Group on Key National Indicators (KNI) has made progress on numerous efforts it has undertaken since its inception at the XIX INCOSAI. The working group has established and approved Rules of Procedures and Terms of Reference that specify its mission and strategic goals. Over the past 3 years, the group has

- developed a document, *Principles for SAIs' Application of KNI*, which specifies SAI functions for the effective use of KNI and other topical issues, and
- signed a Memorandum of Understanding for cooperation between the Organisation for Economic Co-operation and Development (OECD) and INTOSAI on issues related to measuring social progress.

The working group reported that, using OECD information resources, it is completing the development of an electronic knowledge base on KNI to be available to all INTOSAI members. The tool is expected to facilitate simultaneous work with different sources (such as the OECD, the International Monetary Fund, and the World Bank) to analyze economic processes by periods, countries, regions, and economic activity areas. One of the group's major activities has been preparing a draft white paper on developing and using key national indicators in SAI activities.



As Chair of the Working Group on Key National Indicators, Dr. Sergey Stepashin, Chairman of the Accounts Chamber of the Russian Federation, presented the group's report to the congress.

Looking to the future, the working group will focus on the following activities:

- further development of the white paper;
- operational support and further development of the KNI knowledge base;
- development of technology-based information tools needed to select and assess KNI for socioeconomic development;
- analysis of the possible uses of the working group's results for national economic development comparisons with regard to the mutual monitoring of the balanced sustainable development of G-20 countries;
- use of KNI to evaluate results of international and transnational projects and program audits; and
- further cooperation with international organizations doing research of this kind.

All the working group's information and documents, including the results of its subprojects and draft white paper, are available on the group's Web site ([www.ach.gov.ru/en/intosaikni](http://www.ach.gov.ru/en/intosaikni)).

#### *Working Group on the Value and Benefits of SAIs (Chair: the SAI of South Africa)*

The Working Group on the Value and Benefits of SAIs presented a discussion paper for deliberation under theme I of the XX INCOSAI. The working group had previously distributed a survey among its members, and the survey results provided a basis for amendments to the discussion paper. The paper is available on the official INCOSAI Web site ([www.incosai2010.org](http://www.incosai2010.org)) in INTOSAI's five official languages.

The working group agreed to continue its work through the XXI INCOSAI in 2013 and listed the following as its main areas of focus for 2011–2013:

- support the inclusion of the framework for communicating and promoting the value and benefits of supreme audit institutions as part of the ISSAI framework at level 1;
- encourage INTOSAI members to fully participate in surveys based on the framework for communicating and promoting the value and benefits of SAIs and to analyze the survey results so that a complete analysis is available to inform the focus of INTOSAI, particularly through the INTOSAI Capacity Building Committee and the INTOSAI Development Initiative; and
- develop appropriate instruments and tools for communicating and promoting the value and benefits of SAIs to stakeholders for consideration at the XXI INCOSAI.

#### *Task Force on the Global Financial Crisis*

Gene Dodaro, Comptroller General of the United States, gave the report on the Task Force on the Global Financial Crisis: Challenges to SAIs. The task force was formed at the 58th Governing Board in 2008 and was asked to examine and report on the

causes of the financial crisis and lessons learned, the actions taken by countries to avert or minimize the crises concerning financial systems and the real economy, and the challenges such crises present to SAIs.

The task force has 25 members and during the last 2 years has made significant progress in pursuing its mandate. Mr. Dodaro noted that although there is more stability in the financial system today than there was during the crisis, the effects of the global financial crisis continue to be felt and continue to present many challenges to countries around the world, as well as to SAIs.

Mr. Dodaro shared with the congress some of the task force's preliminary findings, which explore the causes of the crisis; responses by governments, central banks, and SAIs; and some preliminary comments on the role of SAIs in dealing with this and future crises.

The task force will continue its work in the year following the congress and will provide INTOSAI members with detailed reports of its findings. Its main focus will be on regulatory reform efforts, effects of the stimulus programs on financial sectors and the real economy, and SAI methods for interacting with international organizations and sharing information concerning the financial environment.

#### *INTOSAI Communication Strategy Task Force (Chair: the SAI of Austria)*

The Communication Strategy Task Force reported that it had followed through to establish the communication policy mandated by the XIX INCOSAI in 2007. The Chair presented the draft *INTOSAI Communication Guideline*, which incorporated comments from task force members. The guideline—which had been distributed to all INTOSAI members in July 2010 with the deadline for comments by the end of August 2010—was endorsed by the 60th Governing Board and the XX INCOSAI.



INTOSAI General Secretary Josef Moser, Chair of the Communication Strategy Task Force, presented the *INTOSAI Communication Guideline* to the congress.

The task force also presented a SWOT analysis (strengths, weaknesses, opportunities, and threats), which will serve as a working basis for future communication activities. Task force members had identified three items per SWOT category and three concrete contributions or activities they wished to implement in their respective regions. These contributions or activities will serve as the basis for a communication plan. The INTOSAI General Secretariat presented an example for three such items per category along with three communication measures the General Secretariat would be willing to implement to foster strengths, overcome weaknesses, take advantage of

opportunities, and guarantee protection against threats. These results and the communication measures suggested by the task force members formed the basis for elaborating the communication plan. The Communication Plan was further discussed at a Task Force meeting that took place in Johannesburg.

Looking to the future, the task force plans to raise awareness about the Online Collaboration Tool, which is chaired by the SAI of India. During his presentation, the head of the Indian SAI noted that each SAI can request passwords and usernames for several users by emailing the SAI of India at [support@intosaiactool.org](mailto:support@intosaiactool.org). The Collaboration Tool offers a bulletin board, conference capability (but not video), and the ability to exchange documents and simultaneously work on them. Currently, there are 686 users from 133 countries and 67 workspaces for the different INTOSAI bodies (e.g., regional working groups or committees). The workspaces have to be opened by the respective chair, who can define access and the information to be shared. Task force members stressed the importance of having sufficient technical resources to make use of the tool. It was agreed that IDI would promote the use of the Collaboration Tool within its programs, and task force members agreed that the General Secretariats of Regional Working Groups would disseminate the Collaboration Tool at upcoming regional events.



Members of the Indian delegation staffed the booth demonstrating the INTOSAI Collaboration Tool.

### *Task Force on SAIs Information Database*

The Congress approved the creation of a new task force to develop an information database of SAIs, to be chaired by the Auditor General of Mexico, Juan Manuel Portal. This effort will work to systematically gather and store useful information about SAIs in a secure and centralized database, make this information available to INTOSAI members, and keep it updated for future use. It was also agreed the task force should work closely with the Donor Funding Steering Committee to leverage as appropriate the data gathered by the recent stock-taking exercise.

### *Report of the International Journal of Government Auditing*

Gene Dodaro, Comptroller General of the United States and Chairman of the Board of Editors of the *Journal*, presented the annual report of the *International Journal of Government Auditing* to the congress. He noted that the *Journal* had received a clean audit opinion, as it has in past years, and continues to maintain adequate financial reserves, which will be used to, among other things, support an upgrade to the *Journal's* Web site to enhance knowledge sharing and collaboration.

He particularly emphasized the *Journal's* sincere appreciation for the time and effort that INTOSAI regions and members have contributed toward translating the *Journal* into INTOSAI's official languages. In particular, he thanked the four main partners who coordinate translations—the SAIs of Austria, Canada, Venezuela, and Tunisia—as well as the SAIs who have provided additional support, including those of Egypt, Jordan, Iraq, Kuwait, and Germany.

He noted that as INTOSAI has implemented several new projects, such as the donor funding initiative, the *Journal* has continued to play a critical role in fostering global understanding of INTOSAI's work, as well as professional standards and best practices. For example, he said that beginning in its April 2011 issue, the *Journal* will launch a new section focusing on the donor funding initiative.

Mr. Dodaro also announced to the congress that as part of the *Journal's* knowledge sharing mission, all congress attendees had received a CD-ROM and USB flash-drive containing the electronic archives of the *Journal* back to 1999, including available versions in all five official languages.

Mr. Dodaro highlighted recent innovations to the *Journal's* Web site that are an important part of INTOSAI's communication strategy. For example, the *Journal* has added a fully automated electronic subscription form to help maintain a high level of customer service for INTOSAI members and visitors who want to stay up to date on INTOSAI news and events. The subscription sign-up page is at [www.intosaijournal.org/subscribe.html](http://www.intosaijournal.org/subscribe.html).

He also noted that the *Journal* now offers PDF versions of the current *Journal* issue in the international A4 paper format, which greatly improves the ability of readers across the world to print and share the electronic version of the *Journal*, further strengthening the foundations for its global electronic distribution.



Muriel Forster (right) and Stephen Sanford (left) of the *International Journal of Government Auditing* at the *Journal* booth in the congress exhibit area.





## Goal 4 Report: Finance and Administration Committee

Osama Faquih, Chairman of the INTOSAI Finance and Administration Committee, reported on the committee's efforts since the XIX INCOSAI in Mexico. As specified in the strategic plan, the committee's mandate is to help the Chairman of the board and the board itself to "organize and govern INTOSAI in ways that promote economical, efficient and effective working practices, timely decision-making, and effective governance practices, while maintaining due regard for regional autonomy, balance and the different models and approaches of member SAIs."



Osama Faquih, Chair of the Finance and Administration Committee, presented the goal 4 report to the congress.

Mr. Faquih noted that the committee had actively pursued its mandate through meetings held in Washington, D.C., in March 2008 and in Caracas, Venezuela, in April 2010. In addition, the committee used technology tools between meetings to share information and exchange views to finalize documents and formulate recommendations to the board.

Since the XIX INCOSAI, the committee's work has primarily focused on the mandates of the two task forces the congress established under the committee: the Task Force for Updating the Strategic Plan and the Task Force on Donor Funding. Both task forces are chaired by the SAI of the United States.

### Task Force for Updating the Strategic Plan

The strategic planning task force completed the INTOSAI strategic plan update for 2011–2016. This revised plan emphasizes capacity building and implementing the Memorandum of Understanding (MOU) concluded with the donor community in 2009. In addition, the plan focuses on the independence of SAIs, the implementation of the International Standards of Supreme Audit Institutions (ISSAI) framework, the value and benefits of SAIs, fighting corruption, and INTOSAI communication.

The new strategic plan was based on input from goal chairs and multiple reviews by the INTOSAI membership. In an October 2008 meeting, task force members agreed to divide the plan into two separate documents: a platform document, known as the *Report on the Strategic Plan 2005–2010*, which describes the background of the strategic plan, and the revised plan itself, which is known as the *Strategic Plan 2011–2016*.

#### GOAL 4

##### Finance and Administration Committee Saudi Arabia

- USA (Vice-Chair)
- China
- Ecuador
- Norway

- 2 ex officio members
  - Secretary General
  - Mexico

- INTOSAI – Donor Cooperation Steering Committee
  - Saudi Arabia

Goal 4 Liaison:  
Model International Organization  
Saudi Arabia

Particular gratitude was expressed to Kirsten Astrup, the outgoing Director of Strategic Planning, who, under the leadership of the task force, has ensured a comprehensive and inclusive process for the new plan's development. Mr. Faquih also expressed appreciation for the support offered by the Secretary General, the task force Chair from the United States, and the other task force member SAIs from Denmark, Morocco, India, and Norway (the INTOSAI Development Initiative, IDI).

The XX INCOSAI adopted the Strategic Plan 2011–2016. Accordingly, the Governing Board agreed to dissolve the strategic planning task force, its mission having been fulfilled. The strategic planning function, along with the Director of Strategic Planning position, will now reside in the General Secretariat. Monika Gonzalez, of the Secretariat staff, is the new Director of Strategic Planning. The Finance and Administration Committee will retain responsibility for general oversight and follow-up on implementing the strategic plan.



Terence Nombembe, Auditor-General of South Africa and congress host, and INTOSAI General Secretary Josef Moser recognized Kirsten Astrup, outgoing Director of Strategic Planning, for her contributions the INTOSAI strategic planning process.

## Task Force on Donor Funding

The Task Force on Donor Funding has also made great progress since its inception. It was formed to facilitate partnership and collaboration between INTOSAI and the international donor community in their common efforts to promote good governance, enhance transparency, improve performance, ensure accountability, and fight corruption. Its mandate was also to develop a framework with the donor community to provide regular and predictable financial and technical support to the SAIs of the least economically developed countries. Its ultimate goal is to strengthen and develop SAI institutional capacities while ensuring that the full independence of INTOSAI and its members is maintained. The members of the Task Force on Donor Funding include Austria, Canada, Denmark, India, Morocco, Norway, Saudi Arabia, the United Kingdom, and the United States.

Following several meetings, detailed discussions, and intensive consultations, representatives of the international donor community and INTOSAI signed a Memorandum of Understanding (MOU) in Brussels on October 20, 2009. The MOU creates a strategic focus for strengthening SAI capacity in developing countries and facilitating donor funding and support in accordance with donor mandates, priorities, and requirements.

With the MOU signed, the task force moved to the second phase of the donor funding initiative, which included establishing a Steering Committee with representatives from INTOSAI and the donor community to implement the MOU. INTOSAI appointed the Chairman and Vice Chairman of its Finance and Administration Committee as Chair and Vice Chair of the Steering Committee. Currently, those positions are held by the SAIs of Saudi Arabia and United States, respectively. The Steering Committee also includes the Chairs of strategic goals 1, 2, and 3; IDI; the General Secretariat; and representatives from the regional working groups. The donors appointed the World Bank as Chair representing multilateral organizations and the Department for International Development (DFID) of the United Kingdom as Vice Chair representing bilateral organizations.

The Steering Committee's first meeting was held in February 2010 in Marrakech, Morocco. During this meeting, the following roles and responsibilities of the Steering Committee were approved:

- provide strategic guidance and counseling,
- establish and provide leadership for the committee's Secretariat,
- develop and implement a joint work program,
- establish operational guidelines,
- encourage mobilization of financial resource to implement the joint work program,
- monitor and evaluate the partnership, and
- serve as ambassadors for the partnership.

IDI was appointed to host the Secretariat, whose mandate and tenure are defined by the Steering Committee. The following terms of reference for the Secretariat's function were approved:

- administer and facilitate Steering Committee meetings;
- assist the Steering Committee in drafting a joint work program and, possibly, operational guidelines;
- ensure effective communications within the partnership and with stakeholders;
- carry out information- and awareness-raising activities;
- take stock and maintain an overview of
  - country-owned strategic and development action plans,
  - the inventory of capacity-building projects undertaken, and
  - identified funding gaps; and
- assemble examples of good practices of capacity building in the INTOSAI community.

INTOSAI's regional working groups were instrumental in working with IDI to complete a questionnaire to take stock of the needs and funding gaps among SAIs in the months leading up to the XX INCOSAI. As a result of the regional working groups' efforts, an overwhelming 92 percent (172) of INTOSAI's members responded, including a 100 percent response rate from the regional working groups.

The key findings of this stock taking, which was the first global survey of its kind in the global SAI community, include the following:

- SAIs receive a considerable amount of ongoing support from both peer SAIs and other development partners. More than 50 percent of the respondents currently receive some form of support.
- Despite existing support, coordination among donors and levels of support for the SAI community as a whole and SAIs from developing countries in particular need to be significantly increased.
- More than 1,000 concrete capacity-building activities in need of external financing were identified, along with an overall funding gap of about US\$270 million. About US\$229 million of the gap was associated with countries having low and lower-middle income levels.
- A set of good practices for capacity building, which can be of considerable value in the future, was identified.

Before the XX INCOSAI, the Steering Committee held a second meeting to which the Chairs and Secretariats of the regional working groups were invited. At that meeting, the Steering Committee agreed to expand its membership from two to all seven regional working groups. The committee also agreed that the Secretariats General of the regional working groups, who have important capacity-building roles in their respective regions, would serve as regional representatives. At the meeting, an action plan outlining additional steps to implement the MOU was developed and the summary stock taking was discussed. The action plan focuses on short-term, medium-term, and long-term activities and a joint work program.

The Steering Committee agreed that when analyzing activities to support in the short term, considerations would include

- regional and global initiatives with demonstrable short- to medium-term outcomes that can be of benefit to SAIs in low and lower middle income countries,
- assistance to SAIs in developing or updating strategic or development action plans, and
- initiatives anchored in strategic and development action plans.

Considerations for financing medium- to long-term activities would include the above as well as

- assistance to SAIs in implementing the International Standards of Supreme Audit Institutions,

- initiatives that are complementary to or coordinated and aligned with ongoing support, and
- regional and global support that can facilitate capacity development leading to economies of scale and benefits in reaching larger number of SAIs in partner countries.

The Steering Committee agreed on a joint work program for 2011 that includes

- finalizing and approving the stock-taking report,
- proceeding with the action plans,
- creating a databank of all ongoing SAI support,
- exploring options for pooled funding arrangements,
- mapping and possibly developing a performance measurement tool,
- reviewing SAI strategic and development action plans and funding levels, and
- carrying out awareness raising and ongoing communication during INTOSAI and donor forums.

At the conclusion of Mr. Faquih's report, he recommended that the Task Force on Donor Funding be eliminated. The structures the task force has created—the Steering Committee and Secretariat—have taken over the functions the task force previously performed. The XX INCOSAI approved the recommendation.

### **Next Steps for the Finance and Administration Committee**

With changes in the membership of the Governing Board, the board elected the following SAIs to serve on the Finance and Administration Committee for the next 3 years: Saudi Arabia, Chair; United States, Vice-Chair; Norway; Ecuador; and China. The Secretary General and Mexico (as immediate past board Chairs) will serve as ex officio members.

## XX INCOSAI in Pictures



Sandile Ngcobo, the Chief Justice of the Constitutional Court of South Africa, gave the keynote address at the First General Plenary Session.



Members of the Governing Board gathered for an official photo at the board's 60th meeting before the opening of the XX INCOSAI.



Delegates listened intently to presentations on the congress themes.



Delegates from Bhutan at the congress.



The SAI of South Africa, the chair of theme I, led the plenary on the value and benefits of SAIs.



The SAI of China chaired theme II, which focused on environmental auditing and sustainable development.



Sylvie Lemmet, Director at the United Nations Environmental Program, was videoconferenced into the discussion on environmental auditing and sustainable development.



Representatives of INTOSAI and the donor community deliberated during the 2nd INTOSAI-Donor Steering Committee meeting held before the congress.



Interactions between delegates from different countries and regions (in this photo, from Argentina and Bangladesh) enriched discussion during the congress.



At the conclusion of the congress, Terence Nombembe, incoming Chairman of the INTOSAI Governing Board, led the congress through approval and adoption of the Johannesburg Accords.





# The Johannesburg Accords

27 November 2010



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The full text of the *Johannesburg Accords* (including Annexure A, which is not reproduced here) is available on the *Journal* Web site, [www.intosajournal.org](http://www.intosajournal.org).

*editor's note*



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## FOREWORD

“Experientia mutua omnibus prodest” – mutual experience benefits all. INTOSAI members have always committed themselves to a process of sharing knowledge and experience to ensure the strength and growth of public sector external auditing globally. Nowhere else is this commitment more evident than when the INTOSAI community meets once every three years during an INCOSAI event to discuss matters of mutual benefit, report on activities of the past three years and look forward to opportunities that lie ahead.

XX INCOSAI, held in Johannesburg, South Africa in 2010, represents one of these key moments in the history of INTOSAI. The INTOSAI community re-affirms that it exists to **improve the lives of citizens**. The INTOSAI strategies, mechanisms and resources are geared towards fulfilling this ambition.

These accords aim to summarise the key themes and topics deliberated at XX INCOSAI, namely:

- Theme I (The Value and Benefits of Supreme Audit Institutions),
- Theme II (Environmental Auditing and Sustainable Development), and
- The South African Declaration on the International Standards of Supreme Audit Institutions (ISSAIs).

The accords will be supplemented by a detailed congress report.



## **A. INTRODUCTION**

### **INTOSAI STRATEGIC PLAN (2011-2016)**

1. In support of the four strategic goals under which INTOSAI is broadly organized, INTOSAI has identified six strategic priorities to help focus its work in the coming years. As the world's citizens, legislatures, media and members of the international community look to SAIs to help assure the appropriate use of public funds and assets, the strategic priorities listed below will be crucial as INTOSAI and its member SAIs fight against corruption and help promote accountability, transparency and good governance.

#### **Help ensure the independence of SAIs**

2. Consistent with the Declarations of Lima and Mexico, INTOSAI is to promote an appropriate constitutional or legal framework which calls for a comprehensive audit mandate and unlimited access to information and allows for the unrestricted publication of SAI reports. INTOSAI supports SAIs' institutional capacity building to provide organizational and financial independence, because only fully independent and professional SAIs can ensure accountability, transparency, good governance and the sound utilization of public funds as well as efficient efforts against corruption.
3. To help further these principles, the Lima and Mexico Declarations should be included in United Nations documents, as these texts help protect the independence of SAIs in functional, organizational and staffing terms, which is necessary for effective governmental audit and the promotion of good governance.

#### **Implementation of the ISSAI framework**

4. Impressive arrays of standards, guidelines and best practices have been developed under the auspices of the Professional Standards Committee and the Knowledge Sharing Committee. By adopting the ISSAIs at the 2010 INTOSAI Congress, INTOSAI will have an updated and comprehensive set of international standards, guidelines and best practices for public sector auditing that is of considerable value for its members.
5. The implementation of the ISSAI framework will be a demanding task that requires attention at global, regional and country levels. INTOSAI will provide a clear strategy for the implementation of the ISSAI framework and conduct a wide range of activities to facilitate successful implementation.



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6. The South African Declaration on the ISSAIs, as adopted by XX INCOSAI, is attached at the end of this document.

**Strengthen capacity building of SAIs**

7. While the considerable progress that has been made in capacity building efforts throughout INTOSAI is recognized, there is a need for continued progress. The introduction of the ISSAI framework, with its demands of adoption and progressive implementation, highlights the need for sustained capacity building efforts.
8. In October 2009, INTOSAI signed a memorandum of understanding with the donor community to foster capacity building of SAIs in developing countries. Fifteen organizations, including international donor institutions and country development agencies, have signed the agreement. A steering committee has been formed and met in Morocco in February 2009. The second meeting was held in Johannesburg in November 2010 when the Steering Committee adopted the stock-taking report and a short-term action plan. The initiative aims at increasing financial support provided by the donor society for capacity building efforts, and improving the quality of their support through more strategic and harmonized channels.
9. The major focus for this support will be at the country and regional levels and is intended to be a supplement to existing capacity building arrangements. INTOSAI will, during the forthcoming strategic planning period, endeavour to successfully implement cooperation with the donor society aimed at sustained and increased levels of capacity building of SAIs in developing countries. In addition, efforts will focus on moving away from providing capacity building support on a case-by-case basis to a more strategic and coordinated approach to building the capacity of SAIs in developing countries. In terms of the memorandum of understanding, INTOSAI is committed as a community to foster the development of individual country-led strategic plans and development action plans that are comprehensive, realistic and prioritized.
10. There was agreement in principle on the establishment of a pooled fund as a complement to other funding modalities, as well as the establishment and maintenance of a databank with an inventory of ongoing and planned SAI donor support.



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#### **Demonstrate the value and benefits of SAIs**

11. Supreme Audit Institutions serve as important pillars of their national democratic systems and play a pivotal role in enhancing public sector performance, emphasizing the importance of the principles of good governance, transparency and accountability. Taking into account the increased interest from external and internal stakeholders and the widening range of audit services provided by SAIs, INTOSAI recognizes the need to increasingly demonstrate the value and benefits that SAIs provide.
12. This topic has been extensively deliberated under the INCOSAI Theme I discussions (Section B of the Accords)
13. One of the fundamental requirements in the Framework for Communicating and Promoting the Value and Benefits of SAIs lists “responsiveness to changing environments and stakeholder expectations” as a critical factor for SAIs to make a difference to the lives of citizens. A good example of these topical issues that impact on the work of SAIs is the current global prominence of discussions around environmental protection and sustainable development. This specific topic is dealt with in INCOSAI Theme II (Section B of the Accords).

#### **Further the fight against corruption**

14. Corruption is a pervasive, global problem, which threatens public finance, legal order and social prosperity, endangers social security and impedes the reduction of poverty. INTOSAI must lead by example in the fight against corruption and is fulfilling its responsibility to ensure transparency and prevention through several activities and measures.
15. Government audit as exercised by SAIs creates transparency, makes risk visible and builds robust and effective internal controls to contribute specifically to the prevention of corruption in line with the spirit of the United Nations Convention Against Corruption. To prevent and fight corruption, close cooperation is required by INTOSAI, including its regional working groups and SAIs, with international organizations and civil societies in an anti-corruption network and other similar activities, provided that this cooperation fully addresses the independence of INTOSAI and its member SAIs and the objectivity of the auditing work, as well as the national SAIs’ mandates, scope and pertinent legal framework.



#### **Enhance INTOSAI communication**

16. The Communication Policy adopted by XIX INCOSAI in 2007 focuses on the benefits of free flow of information, ideas, experience and knowledge between INTOSAI members, and encourages free communication among themselves. The policy also focuses on the benefits of establishing a clear and coordinated approach for communicating externally to ensure consistency and overall appropriateness. To achieve these ideals, INTOSAI has established five communication objectives as further defined under Goal 3 and developed a strategy to encourage effective INTOSAI communication.
17. Based on the INTOSAI Communication Policy and the INTOSAI Communication Strategy established in the adopted INTOSAI Communication Guidelines, INTOSAI will foster active and effective communication. It will facilitate timely, accurate and transparent internal and external communication to improve government auditing worldwide.

#### **B. XX INCOSAI THEME DISCUSSIONS**

18. During the 58th INTOSAI Governing Board Meeting in November 2008, two technical themes were approved for deliberation at XX INCOSAI. These are Theme I: "The Value and Benefits of SAIs" and Theme II: "Environmental Auditing and Sustainable Development".
19. The relevance of a SAI to the citizens of a democracy reached prominence during the 19<sup>th</sup> United Nations/INTOSAI Symposium, held in Vienna in February 2007, where the focus was on the "value and benefits of government audit in a global environment". These comprehensive discussions were elevated at XIX INCOSAI held in Mexico City in November 2007. This congress approved the establishment of a Working Group on the Value and Benefits of SAIs, to be chaired by the SAI of South Africa, that could further analyze and structure this topic and assist with the development of a final discussion document for Theme I at XX INCOSAI.
20. Environmental protection and sustainable development is one of the most topical issues that face governments in the new millennium. While the INTOSAI community has previously recognised the relevance of this topic through its establishment of a very active Working Group on Environmental Auditing, there was a view that this topic



required further in-depth consideration. Accordingly, the SAI of the People's Republic of China was requested to oversee the theme development process around this topic.

21. In both instances, the theme development processes included:

- the development of specific principal papers, to provide initial views on the themes and to solicit comment from INTOSAI member SAIs;
- commentary on these by the INTOSAI community through country papers and in the case of Theme 1 also a short self-assessment survey; and
- the development of a final discussion paper to consolidate the views of the INTOSAI community, proposing a way forward for consideration at XX INCOSAI.

22. The theme officers that dealt with these topics for XX INCOSAI were as follows:

Theme	Chair and Vice-Chair	Moderator	Rapporteur
Theme I	South Africa	Sweden	Tanzania
	Israel	New Zealand	United Kingdom
Theme II	China	Denmark	Canada
	Poland	Switzerland	Mexico



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## **B.1 SUMMARY AND RECOMMENDATIONS ON THE THEME OF THE VALUE AND BENEFITS OF SUPREME AUDIT INSTITUTIONS**

### **INTRODUCTION**

23. Accountability and transparency is an indispensable part of a democracy.
24. In a democracy structures are created and elected representatives are empowered to implement the will of the people and act on their behalf. An important point of departure in constructing democratic institutions is that the citizens of a country should be able to hold their representatives accountable. The democratically elected representatives can only be held accountable if they, in turn, can hold accountable those who have to implement their decisions. Legislatures therefore need a body in the form of a Supreme Audit Institution (SAI) that can serve as a tool in the checks and balances of public accountability and promote such accountability through the transparency created by making public its audit reports. Such a body has to be independent in order to be trustworthy.
25. The overall objective of independent audits is therefore to make a difference in the lives of citizens by contributing to trust, efficiency and effectiveness. An independent and effective SAI is accordingly a necessary precondition for democracy. This does imply that the mandate of an independent auditor in the public sector goes far beyond the traditional definition of external auditing because it also addresses matters of public interest – the interest of the citizens.
26. Acting in the public interest places a further responsibility on SAIs to be exemplary in responding to the challenges of societies; the changing environments in which audits are conducted; and the needs of different stakeholders in the democratic process, all within the parameters of their independence.
27. To be able to fulfil their functions and ensure their potential value to a democratic society, the SAIs must be seen as trustworthy. The audit institutions can only deserve trust if they themselves are objectively judged as being credible, independent and accountable. In order to make this possible they have to set an example to the rest of the public sector and the auditing profession at large, as leaders in public finance management, related governance and performance management. It is only with such a





solid foundation for their own functioning that SAIs can add value and make a difference in the lives of citizens.

#### HOW INTOSAI ADDRESSED THESE ISSUES

28. The SAI of South Africa convened the Working Group on the Value and Benefits of SAIs arising out of XIX INCOSAI in Mexico City in 2007 and earlier deliberations on the same topic during a joint United Nations / INTOSAI symposium.
29. The working group convened for the first time in South Africa in 2009 to develop a basic framework for defining the value and benefits of SAIs, with emphasis on defining fundamental requirements. It agreed on a process to further develop guiding principles to support the fundamental requirements, provided guidance in the development of a survey to analyse these requirements and principles, and provided guidance on the development of the principal paper for XX INCOSAI Theme I on “The Value and Benefits of SAIs”.
30. This principal paper was then used to solicit comments from INTOSAI members, through submission of country papers and responses to a self-assessment survey. These were consolidated during a second work-session of the Working Group on the Value and Benefits of SAIs in Russia. This led to the Working Group on the Value and Benefits of SAIs introducing to the INTOSAI community a Framework for Communicating and Promoting the Value and Benefits of SAIs<sup>1</sup>, as follows:

#### **Objective 1 – to be recognised as an institution that makes a difference to the lives of citizens**

- Responsiveness to changing environments and stakeholder expectations, without compromising independence.
- Ensuring that government is held accountable for using resources legally and responsibly, for the purpose intended, and economically, efficiently and effectively.
- A credible source of independent and objective insight and guidance to facilitate foresight and continuous improvements in government.

<sup>1</sup>See detailed framework in Annexure A



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- Empowering the public to hold government accountable and responsive through objective information, simplicity and clarity of the message, and convenient access to audit reports and messages in relevant languages.
- Enabling the legislature, one of its commissions, or those charged with governance to discharge their different responsibilities in responding to audit findings and recommendations and taking appropriate corrective action.
- Following up on audit findings, implementing recommendations and providing assurance on the status of implementation of recommendations.

**Objective 2 – to be recognised as an independent model institution**

- Independence
- Transparency and accountability
- Code of ethics
- Service excellence and quality considerations
- Good governance
- Learning and knowledge sharing
- Effective communication

31. It is this framework, as well as a number of recommendations on how to take the use of this framework further, that served at XX INCOSAI as the first discussion theme.



## RESULTS AND FINDINGS

32. The panellists and keynote speakers at XX INCOSAI generally confirmed and supported the importance of the Framework for Communicating and Promoting the Value and Benefits of SAIs. It was mentioned that the role of SAIs is firstly to support democracy and assist parliamentary oversight in ensuring that the money intended for the benefit of the citizens and civil society is well spent. There was a further emphasis on the need for SAIs to be institutionally independent, both financially and in the visible independence of its members, for ensuring proper accountability on the part of all those in leadership and governance roles.<sup>2</sup> It was mentioned that SAIs need to “think globally and act locally”, highlighting the importance of making the framework applicable to individual SAIs, the needs of the citizens and knowledge sharing.<sup>3</sup> Lastly, the role of SAIs in the economic growth of the country was emphasised. This clearly indicated the need for cooperation and working closely with other key stakeholders to ensure that objectives are achieved.<sup>4</sup> It was clear from the guest speakers’ comments that their thinking was in line with the content of the framework.
33. The XX INCOSAI delegates deliberated a number of issues relating to the Framework for Communicating and Promoting the Value and Benefits of SAIs. The outcome of these deliberations by SAIs can be summarised as follows:
- 33.1 There should be a greater emphasis on consideration by the SAIs of the needs of the citizen during the execution of their mandate in order to ensure that the work of the SAI has a positive impact on the quality of life of the citizen.
- 33.2 Acknowledgement of the appropriate readiness level to adopt the framework and the required guidance to ensure successful implementation of the said framework.
- 33.3 The need for refinement of the framework (including the principles) as part of the due process requirements of the INTOSAI Professional Standards Committee (PSC) to

<sup>2</sup>Hon. Sandile Ngcobo, current Chief Justice of the Constitutional Court of South Africa

<sup>3</sup>Advocate Masutha, Chairperson of the Standing Committee on the Auditor-General of South Africa

<sup>4</sup>Mr Anthony Hegarty, Chief Financial Management Officer: World Bank



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build up to inclusion in the International Standards of Supreme Audit Institutions (ISSAIs).

- 33.4 Concern over the utilisation of surveys that are not objective as they contain self-assessment criteria and the need to develop more appropriate measurement tools. Furthermore, SAIs raised the need for clarity on the performance requirements and criteria required to measure their achievements relating to Objective 1. The discussion indicated that tools for evaluating the value and benefits of SAIs will need to be developed by the working group, which are relevant and applicable to the different forms of SAIs.
- 33.5 There was general consensus amongst the SAI community that the framework should be used by the INTOSAI community. This process would assist the SAI to identify weaknesses and gaps that require improvement and hence contribute to an effective strategic document that will provide direction and guidance for development within the SAI. The framework could be used as:
- an internal assessment at operational level;
  - a tool for peer reviews;
  - a strategic planning tool for the individual INTOSAI members.
- 33.6 SAIs indicated a need for simple, clear and precise communication that is focused on the external stakeholder, especially for those that are not financially literate (governance structures and citizens). It was felt that the current focus within the INTOSAI community is too internal. The INTOSAI Communication Guidelines clearly point out the strategy, target groups, roles and responsibilities and communication tools for external communication and should be considered in the need to develop the appropriate instruments and tools to promote effective communication with both internal and external stakeholders.
- 33.7 The SAIs raised a general comment regarding the need for continued effective networking and knowledge sharing processes amongst the INTOSAI community.



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- 33.8 The SAIs commented on the importance of ensuring that proper internal controls and preventive measures are practised to ensure that the SAIs lead by example as a model institution and promote these principles within the institutions audited, thus promoting good governance practices within the SAIs and government.
- 33.9 The SAIs raised concerns with regard to independence under the categories below:
- *Institutional independence:*  
The structure of the SAI within the legal framework of the respective country is such that the independence of the SAI from the government is perceived to be compromised.
  - *Independence in terms of organisational, financial and capacity resources:*  
SAIs raised the concern that the funding of the SAI by the government could have the potential to compromise the independence of the SAI, as the SAI needs organisational, financial and capacity resources to execute its mandate.
- The content of the Lima and Mexico Declarations was confirmed in the framework.
- 33.10 SAIs raised a concern that positive reporting needs to be considered in order to improve the effectiveness of the SAIs' communication.
- 33.11 The SAIs indicated that appropriate sanctions should form part of the recommendations made by SAIs and the implementation of those sanctions should be part of the follow-up process, in line with the relevant mandate of the SAI.
- 33.12 A number of colleagues from various SAIs pointed out that individually and collectively the SAIs do operate on a global stage. The congress is testimony to this relationship between SAIs. It was thus felt that the proposed Framework for Communicating and Promoting the Value and Benefits of SAIs should encapsulate this international dimension of the SAI community and their activities.



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## RECOMMENDATIONS

34. Given the deliberations during XX INCOSAI in Johannesburg, South Africa during November 2010, the INTOSAI members:

- **Welcome** the proposed Framework for Communicating and Promoting the Value and Benefits of Supreme Audit Institutions and note that no material gaps or omissions were identified, but recognise the scope for further refinement of the framework.
- **Support** consideration of the Framework for Communicating and Promoting the Value and Benefits of Supreme Audit Institutions (Annexure A) as part of the ISSAI framework at level 1, once it has been refined and subject to meeting all the INTOSAI due process requirements in consultation with the INTOSAI Professional Standards Steering Committee.
- **Approve** that the Working Group on the Value and Benefits of SAIs develop further credible measurement tools to support evaluations in terms of this framework, in collaboration with the INTOSAI Capacity Building Committee and the INTOSAI Donor Steering Committee, taking cognisance of such tools that are already available at the level of the United Nations and other international organisations, for consideration at XXI INCOSAI in 2013.
- **Approve** that the Working Group on the Value and Benefits of SAIs also develop appropriate instruments and tools for communicating and promoting the value and benefits of Supreme Audit Institutions to all SAI stakeholders, including civil society and citizens, for consideration at XXI INCOSAI in 2013.
- **Recognise** that the Framework for Promoting the Value and Benefits of SAIs could serve as an important tool for the INTOSAI “Database of SAIs” project, which will profile individual SAIs.
- **Encourage** cooperation between SAIs, the judiciary and legislatures in order to promote accountability and impose administrative and/or punitive sanctions where appropriate.
- **Call for** proper coordination and, where appropriate, integration with the range of other initiatives INTOSAI will be taking forward up to XXI INCOSAI.



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- Encourage the use of this Framework for Communicating and Promoting the Value and Benefits of Supreme Audit Institutions as a tool for:
  - internal assessment,
  - peer review, and
  - strategic planning for INTOSAI.
  
- **Recognise** that INTOSAI needs to play a more prominent role in collaboration with other institutions and forums at international and regional levels in order to address issues that transcend national boundaries, affecting the lives of all citizens.



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## **B.2 THEME II – SUMMARY AND RECOMMENDATIONS ON THE THEME OF ENVIRONMENTAL AUDITING AND SUSTAINABLE DEVELOPMENT**

### **INTRODUCTION**

35. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It requires the world to take concerted action in the following three key areas: conservation of natural resources and the environment, economic growth and equity, and social progress.
36. The three pillars of sustainable development are environment, economy and society. The environmental pillar is the fundamental element that supports human subsistence and provides the basis for economic development and social progress. Environmental protection should be regarded as an integral part of the development process, rather than an isolated occurrence. While we are enjoying the planet left by our ancestors, we cannot sacrifice it since future generations depend on it. Therefore, protecting the environment means protecting the planet as well as future generations. Eradicating poverty, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are the overarching objectives of, and essential requirements for, sustainable development.
37. From a financial viewpoint, environmental and sustainable development issues are highly material. This includes direct expenditures by governments on domestic programmes, as well as various mechanisms for the transfer of financial assistance. For this reason it is important that SAIs should ensure that such funds are properly accounted for and expended in a manner consistent with the principles of environmental protection and sustainable development.
38. The expectation that sustainable development and environmental protection should be subject to independent audit by SAIs has grown in the last decades. By exercising the highest values of professionalism, independence, objectivity and transparency, and through effective cooperation with fellow SAIs on environmental issues of common interest, SAIs can make significant contributions toward addressing sustainable development issues that are becoming increasingly regional, and even global, in nature. However, globally environmental degradation and unsustainable development practices remain a challenge, and SAIs have identified several areas that need to be addressed to increase the impact of audits being performed, namely:





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- The role of the SAIs in the audit of sustainable development commitments by governments, and other commitments made through multilateral environmental agreements, and whether that role should be intensified.
- Increased international awareness of environmental auditing.
- The need for developments in environmental accounting and frameworks for reporting on sustainable development.
- Capacity building within SAIs.

#### **HOW INTOSAI ADDRESSED THESE ISSUES**

39. The National Audit Office of the People's Republic of China, as theme chair, compiled a principal paper, after which a total of 52 SAIs prepared country papers that addressed the questions raised in the principal paper. The theme chair analyzed the country papers and summarized and synthesized this information into the discussion paper on Theme II. Taking into account the outcomes of the discussions during XX INCOSAI on the discussion paper, the results and recommendations are reflected in these accords.

40. The discussion paper concentrates on the role of the SAIs in auditing environmental protection and sustainable development. The paper highlights the shared recognition across governments of the importance of sustainable development and environmental protection. The country papers demonstrated that some SAIs have played an important role in improving national sustainable development strategies and relevant international and national laws and policies through environmental audits. The paper also recognises the important contributions already made by some SAIs to the development of environmental auditing, through the work of the Working Group on Environmental Auditing (WGEA).

#### **RESULTS AND FINDINGS**

41. XX INCOSAI acknowledges the significant developments in auditing environmental issues demonstrated by SAIs and the WGEA since the working group's inception. The recommendations of XV INCOSAI, 1995 led to remarkable achievements – both by individual SAIs and through the excellent work of the WGEA. In encouraging knowledge-sharing and cooperative audits, and developing professional guidance, the WGEA has enhanced SAIs' capacity and their impact on better environmental governance, thus providing a strong basis for SAIs to make further progress.



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42. The keynote speakers at XX INCOSAI generally confirmed and supported the importance and relevance of environmental auditing and sustainable development auditing. The first panellist<sup>5</sup> stated that the planet is in crisis and action needs to be taken. The days of “taking, making and wasting” are over and consumption patterns in the world are exceeding the biological capacity of the planet to sustain life. SAIs have an important role to play in terms of auditing sustainable development. The second panellist<sup>6</sup>, amongst other things, supported the need for an integrated view when reporting on the implementation of commitments made by governments.

43. The XX INCOSAI delegates discussed a number of issues relating to environmental auditing and sustainable development extensively. The outcome of these discussions can be summarised as follows:

43.1 SAIs play an important role in auditing national and global environmental and sustainability governance, and in particular numerous comments were made in support of auditing implementation of multilateral environmental agreements and the extent to which governments are meeting their stated commitments. Where possible, SAIs should collaborate and communicate the results of such audits to interested international organisations.

43.2 Many interventions supported the increased use of cooperative audits of environmental and sustainable development issues on a global and regional basis as an effective tool to identify cross-boundary issues, knowledge sharing, capacity building, benchmarking, compliance with agreements, etc.

43.3 Many SAIs provided examples of individual and cooperative audits of environmental and sustainable development issues, highlighting their importance in addressing threats to natural resources and citizens. Such examples include climate change, water, waste management, forestry, protected areas, etc. Several SAIs, such as small island states, highlighted the special challenges they face. In addition, it is important to build consideration of the environment into audits of all government

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<sup>5</sup> Professor Mervyn King – Chair of the King Committee on Corporate Governance  
Chair of the Global Reporting Initiative

<sup>6</sup> Ms Sylvie Lemmet – Director: Division of Technology, Industry and Economics



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sectors. Many SAIs supported the need to follow up on audits in order to improve their impact.

- 43.4 There is a wide range of experience in undertaking audits of environmental and sustainable development issues among SAIs. There is also an ongoing need for capacity building through such means as identification of best practices, sharing of methodologies and audit findings, benchmarking, secondments/exchanges of staff, maintaining and upgrading of skills, and formal training and education.
- 43.5 Strong support was expressed for the role of INTOSAI regional working groups (and where they exist, regional environmental working groups) as a forum for capacity building, facilitating coordinated audits, and accessing financial and human resources.
- 43.6 SAIs highlighted the importance of “walking the talk”; in other words, ensuring that practices within SAIs are consistent with the objectives of environmental protection (for example, paperless meetings).
- 43.7 Many SAIs acknowledged their important role in communicating the results of their work and the importance of the environmental and sustainable development issues. Audiences would include governments, parliamentarians and the public at large.
- 43.8 SAIs should encourage developments in environmental accounting as well as sustainable development reporting. Active engagements with international role players such as the World Bank, United Nations Environment Programme and Global Reporting Initiative also need to take place.
- 43.9 Several SAIs identified the lack of financial resources as a constraint on undertaking audits of environment and sustainable issues and participating in coordinated audits. INTOSAI/IDI should identify means to prioritize the support of coordinated environmental audits.
- 43.10 SAIs supported the need to focus on the reliability and accuracy of governments’ environmental data and information.
- 43.11 SAIs supported the need to put more emphasis on auditing commitments made by the World Summit on Sustainable Development and reporting on areas where:



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- sustainable development strategies need to be established or improved, and
- governance structures and reported information are inadequate.

44. There were a number of individual interventions regarding possible topics for environmental and sustainable development audits as well as issues of methodology. These have been referred to the WGEA for further consideration.

#### RECOMMENDATIONS

Given the deliberations during XX INCOSAI in Johannesburg, South Africa during November 2010, the INTOSAI members recommended the following:

##### 45. Promote auditing, governance and relationships

- **Encourage** SAIs to commit to prioritizing the most relevant environmental and sustainable development issues for their countries and including such issues in audits of all government sectors where they are relevant.
- **Encourage** SAIs, the WGEA and INTOSAI regional working groups to increase awareness of the importance of environmental auditing and natural resource accounting among key international and regional organisations with responsibilities for environmental and sustainability issues, and build working relationships with them.
- **Encourage** the WGEA to prepare a high-level summary of the independent and evidence-based findings from audits by SAIs in relation to key multi-lateral environmental agreements and to make this available to international organisations.

##### 46. Standardisation

- **Encourage** the WGEA to promote and actively participate in the development of sustainability reporting frameworks for the public sector and develop guidance for SAIs on how to audit sustainability reports.

##### 47. Improve impact

- **Encourage** SAIs to focus their audit activities in the following areas:



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- The accuracy, reliability and completeness of environmental and sustainable development information provided by governments to inform decision-making and transparent reporting.
- The implementation of commitments made by governments in multilateral environmental agreements.
- Coordinated audits between SAIs relevant to environmental and sustainable development issues.

#### 48. Improve capacity and methods

- **Encourage** SAIs to increase their capacity and make full use of existing WGEA guidance material and lessons learned. The WGEA should:
  - further improve methodologies and techniques,
  - support knowledge sharing and training, and
  - identify and promote the application of modern information technologies.



### C. THE SOUTH AFRICAN DECLARATION ON THE INTERNATIONAL STANDARDS OF SUPREME AUDIT INSTITUTIONS

In addition to the accords above, the XX<sup>th</sup> Congress of the International Organisation of Supreme Audit Institutions (INTOSAI) in Johannesburg, South Africa considered various aspects of the ISSAIs and wishes to declare as follows:

49. Whereas the International Organization of Supreme Audit Institutions (INTOSAI) has developed and endorsed an ISSAI framework which contains a comprehensive set of International Standards of Supreme Audit Institutions (ISSAIs) and INTOSAI guidance on good governance (INTOSAI GOVs);
50. Whereas the ISSAIs lay down the founding principles, prerequisites for the functioning of SAIs, fundamental auditing principles and auditing guidelines;
51. Whereas the purpose of the INTOSAI GOVs is to encourage good governance in the public sector;
52. Whereas INTOSAI provides to its members and other external partners the ISSAIs, which present the essence of public sector auditing;
53. Whereas it is a key strategic priority for INTOSAI to assist SAIs in implementing the ISSAI framework as successfully as possible; and
54. Whereas keeping the ISSAIs and INTOSAI GOVs up to date, relevant and on the cutting edge of development is of vital importance to their continued relevance to the INTOSAI community and other interested parties;

In line with the Lima and Mexico Declarations and recognizing the independence of each individual INTOSAI member to determine its own approach consistent with national legislation, XX INCOSAI now resolves to call upon its members and other interested parties to:

55. Use the ISSAI framework as a common frame of reference for public sector auditing;
56. Measure their own performance and auditing guidance against the ISSAIs;



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57. Implement the ISSAIs in accordance with their mandate and national legislation and regulations;
58. Raise the awareness of the ISSAIs and INTOSAI GOVs globally, regionally and at the national level; and
59. Share experience, good practice and challenges in implementing the ISSAIs and INTOSAI GOVs with those responsible for developing and revising the ISSAIs and INTOSAI GOVs.



## Congress Concludes with Appreciation to South Africa and Anticipation of China

As the XX INCOSAI came to a close on November 27, delegates unanimously expressed their gratitude and appreciation to Terence Nombembe and the staff of Office of the Auditor-General of South Africa, who worked tirelessly to ensure a successful congress. The planning and management of every aspect of the congress was excellent—as was the warm and generous hospitality offered from the moment delegates arrived in Johannesburg—and contributed significantly to making the congress a milestone event in INTOSAI’s history.



Pramesh Bhana, congress manager, and the staff of the South African SAI ensured a smoothly run and hospitable congress for all participants.



Congress participants enjoyed an evening of traditional South African music and dance.



At the closing ceremony, Terence Nombembe, Auditor-General of South Africa and congress host, and INTOSAI General Secretary Josef Moser exchanged gifts of appreciation.



On Thursday, a visit to Pilanesberg Game Reserve provided a well-earned break from congress deliberations.



## Invitation to XXI INCOSAI

Looking to the future, plans are already under way for INTOSAI's next triennial congress, which will be hosted by the People's Republic of China in 2013. Liu Jiayi, Auditor General of China, extended the formal invitation in the form of a multimedia video. The invitation was accepted unanimously by the XX INCOSAI at its closing plenary session.

In his speech to the congress, Mr. Liu noted that the Chinese government attaches great importance to the XXI INCOSAI; will vigorously support the event in terms of funding, human resources, venues, and security; and will strive to make it as successful, memorable, and fruitful as possible.

Further plans for the 2013 congress, such as the selection of themes and theme officers, will be decided at the November 2011 Governing Board meeting. In 2012, the National Audit Office of the People's Republic of China (CNAO) will host the annual board meeting.

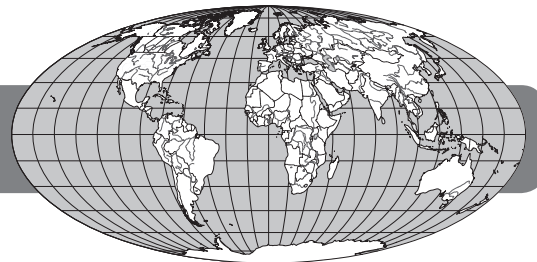


In a multimedia video, Chinese Auditor General Liu Jiayi extended the formal invitation to delegates to attend the XXI INCOSAI in Beijing in 2013.





# INTOSAI 2011 Events



<p><b>January</b></p>	<p><b>February</b></p> <p>2–3 PASAI Governing Board Meeting, Auckland, New Zealand</p> <p>28–March 4 Meeting of the Professional Standards Committee, Copenhagen, Denmark</p>	<p><b>March</b></p> <p>8–11 Meeting of the Working Group on Environmental Auditing, Marrakech, Morocco</p> <p>29-30 EUROSAI-ARABOSAI Conference, Dubai</p>
<p><b>April</b></p> <p>10–13 Conference of Commonwealth Auditors-General, Windhoek, Namibia</p> <p>13–14 Meeting of the Working Group on Key National Indicators, Helsinki, Finland</p> <p>15–17 Meeting of the Working Group on IT Audit, Sun City, South Africa</p>	<p><b>May</b></p> <p>TBD Meeting of the Working Group on Program Evaluation, Paris, France</p> <p>30–June 3 VIII EUROSAI Congress, Lisbon, Portugal</p>	<p><b>June</b></p> <p>22-24 Meeting of the Steering Committee of the Professional Standards Committee, Wellington, New Zealand</p>
<p><b>July</b></p> <p>13–15 UN/INTOSAI Symposium, Vienna, Austria</p> <p>18 Meeting of the Finance and Administration Committee, Washington, D.C., USA</p> <p>19–20 Meeting of the Steering Committee of the Donor Funding Project, Washington, D.C., USA</p>	<p><b>August</b></p>	<p><b>September</b></p>
<p><b>October</b></p> <p>TBD Meeting of the Steering Committee of the Committee on Knowledge Sharing and Knowledge Services, Moscow, Russian Federation</p> <p>27-28 Meeting of the INTOSAI Governing Board, Vienna, Austria</p>	<p><b>November</b></p> <p>7-11 Meeting of the Working Group on Environmental Auditing, Buenos Aires, Argentina</p>	<p><b>December</b></p>

*Editor's Note:* This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.

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