THE IIA- GLOBAL BOARD MEETING

INTOSAI – POSSIBILITIES OF CO-OPERATION WITH THE IIA

Introductory remarks

Ladies and Gentlemen,

I consider it a great honor and privilege to be invited to this board meeting and to have the opportunity to tell you about INTOSAI, the International Organisation of Supreme Audit Institutions.

The IIA – NATURAL PARTNER OF INTOSAI

The IIA and INTOSAI are in a close relationship – they are natural partners because:

Firstly: effective internal audit is a fundamental component of good governance,

Secondly, organizations use internal audit to assess and monitor management practices and the achievement of its objectives and

Thirdly, Supreme Audit Institutions must be able to rely on the work of the internal auditor.

To be a good partner in the audit field, we should share a common language (like standards) and understand respective roles, responsibilities and expectations.

Let me mention some areas where we complement each other:

Internal audit reviews government operations on an ongoing basis and thereby promotes accountability within the public administration.

External audits are ex-post audits which can compare performance across government as a whole. Because of its audit experience, external government audit acts in an advisory function for audit clients and informs Parliament and the public at large.

Internal and external audit both examine the economy, efficiency and effectiveness as well as the regularity of financial operations and identify inefficiencies, irregularities and even manipulation. Both ensure greater transparency and support decision-makers with proposals on how to improve government management. Internal and external auditors closely cooperate in their day-to-day work and complement one another.

Co-operation – MoU; Associate Membership

That is why our two organisations - The Institute of Internal Auditors and the International Organisation of Supreme Audit Institutions – decided to deepen and strengthen their cooperation - not only on an informal, but also on a formal basis and decided to sign a "Memorandum of Understanding" in July 2007 at your International Conference 2007 in Amsterdam.

Incidentally, that was the first time I took part in one of your annual conferences. Following the 2007-Motto "Getting into the flow" I

pointed out the similarities of internal and external audit and how they interact from the public sector's point of view.

Our co-operation is now on an even closer basis as INTOSAI amended its statutes at the Congress held in November 2007 to allow for associate membership status.

Let me stress that the IIA has successfully contributed to INTOSAI in the past and has shared its know-how in a fruitful manner, such as in the INTOSAI Subcommittee on Internal Control.

The Institute of Internal Auditors is universally recognised as the international audit profession's leader in certification, education, research and technological guidance.

That is why support for your application for associate membership status was so strong and why we were so pleased to welcome your organisation to our INTOSAI community in April 2008.

fields of co-operation

MoU

Our Memorandum of Understanding was developed to create a co-operation process that enables INTOSAI and the IIA:

- to benefit from their respective work and involvement,
- to agree on standards and guidelines on an on-going basis and

- to provide each other with additional input, experience and recommendations whenever appropriate.

Therefore the following possibilities of co-operation were created:

Firstly, close co-operation in various Committees:

- An IIA representative can participate as observer in the INTOSAI Professional Standards Steering Committee and in the INTOSAI Subcommitte on Internal Control Standards.

- A representative from the Professional Standards Committee participates as observer in the IIA-Standards Board and other theme related IIA Professional Committees.

Exchange of Newsletters

Secondly – also based on this Memorandum of Understanding, all members of the INTOSAI Professional Standards Committee as well as the INTOSAI Subcommittee on Internal Control Standards will get the GAP news and will be informed of all initiatives of the IIA relating to the public sector.

Subcommittee on Internal Control

Thirdly, the IAA and INTOSAI are also committed to informing each other about the latest developments in the field of internal control.

Current developments

Collaboration between the IIA and INTOSAI is going very well.

On the level of the Subcommittee on Internal Control Standards, the Memorandum of Understanding between INTOSAI and the IIA has resulted in a number of activities:

The IIA and the INTOSAI Subcommittee are working out joint papers on the independence of a internal auditor in the public sector and on the interaction between SAIs and internal auditors in the public sector. These papers will then be be included in INTOSAI's framework of Professional Standards as part of the INTOSAI Guidance of good governance and are to be endorsed by the INTOSAI Congress in 2010.

The IIA and the INTOSAI Subcommittee are also working together to prepare the e-platform of internal control tools and develop aspects of good governance. First results of this project will be presented at the meeting of the INTOSAI Professional Standards Steering Committee in Beijing in October 2008.

The IIA was represented at the task force meeting of the Subcommittee on Internal Control Standards in Brussels, April 2008.

similarities

The **common priority** which INTOSAI and the IIA share as an overarching goal is that they promote their respective professions worldwide, for instance by setting international professional standards, developing technical tools on an ongoing basis, promoting professional

education and training, and by building and maintaining knowledge through international information sharing etc.

The **IIA** has developed **"International Standards for the Professional Practice of Internal Auditing"** which provide guidance for the conduct of internal auditing at both the organisational and individual auditor levels, which is for sure the result of study, consultation, and deliberation about the basic principles for providing internal audit services.

In the field of standardization, INTOSAI has done a lot of work. There are some "general" documents that provide information on basic principles, the position of external government auditing in the constitutional set-up, as well as the nature, tasks, history and future of INTOSAI.

INTERNATIONAL ORGANISATION OF SUPREME AUDIT INSTITUTIONS (INTOSAI)

Based on this information, and following recent developments, I intend to draw your attention to possible fields of intensified co-operation.

INTOSAI – presentation and motto

INTOSAI is established as a permanent institution in order to foster the exchange of ideas and experiences among the Supreme Audit Institutions on government auditing. We operate as an umbrella organisation for the external government audit community and base our understanding of external audit on the **"Declaration of Lima"** which was adopted at the IXth Congress in Peru in 1977. This is the so called "Magna Charta" of external financial control, as it sets out the most significant principles on the aim of control, the independence of the SAIs, relations with parliament, government and administration, their competence, audit methods, audit staff and reporting. 30 years after the Lima Declaration, the adoption of the **Mexico Declaration** on the independence of SAIs at the Congress of the INTOSAI in Mexico in November 2007 was yet another milestone in the world-wide development of Supreme Audit Institutions.

In keeping with INTOSAI's motto, "Experientia mutua omnibus prodest", the exchange of experience among INTOSAI members and the findings and insights which result, are a guarantee that government auditing continuously moves forward.

Strategic Plan of INTOSAI

INTOSAI has adopted a Strategic Plan, which is a central element of its work. It is evolutionary rather than revolutionary, as INTOSAI is seeking to chart a course for its future that builds on the success of its past. Careful consideration has been given to what has worked, what could be improved, and what changes are needed to help members cope with the increasing demands and expectations facing Supreme Audit Institutions in the 21st century.

The **Strategic Plan** of INTOSAI, covering the period 2005 to 2010 proposes three primary mission-related goals for INTOSAI.

Goal 1:

The first goal is to promote strong, independent, and multidisciplinary Supreme Audit Institutions and to develop and adopt effective professional standards.

Goal 2:

The second is to build the professional capabilities and capacities of SAIs through training, technical assistance, and other development activities.

Goal 3:

The third is to promote SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including benchmarking, best practice studies, and research.

Implementation

Implementing its Strategic Plan, INTOSAI has inter alia:

- developed a new communication policy;
- set up a committee for institutional capacity building of Supreme Audit Institutions;
- taken up the issue of peer reviews;
- stepped up contacts with partner organisations; and
- drafted implementing guidelines for the guiding precepts of government audit as laid down in the Lima Declaration as a global standard.

recent developments

Now we are developing the next Strategic Plan for 2011 to 2016 - in close cooperation with the Strategic Director of INTOSAI, Mrs. Kirsten Astrup.

Communicaton strategy

I suggested the establishment of a Task Force to deal with all aspects of INTOSAI's **communication strategy** like goals, target groups, core messages, communication tools, both within the organisation as well as externally.

The following goals were proposed for the communication strategy:

- Raise the knowledge of INTOSAI members to a uniform level by using existing communication tools,
- Support INTOSAI members and promote convergence,
- Convey the concerns of government audit to decision-makers and opinion leaders,
- Strengthen the standing and reputation of SAIs and of INTOSAI,
- Disseminate the benefits of SAIs and of INTOSAI also among partner organisations.

I believe that the IIA – being the international internal audit profession's leader - could support this intention of making the audit profession as a whole better known to the public by publicising our close co-operation and our common intentions.

ISSAI

The IIA has its "International Standards for the Professional Practice of Internal Auditing" which provide guidance for the conduct of internal auditing at both the organisational and individual auditor levels. These are the result of study, consultation, and deliberation about the basic principles of provision of internal audit services.

Similar to the IIA´s concept of review cycles for guidance elements, an INTOSAI Framework for the Classification of International Standards of SAIs (short: ISSAI) has been developed by the INTOSAI Professional Standards Committee, a committee the IIA has supported with a lot of input from the internal audit profession. The framework comprises all documents endorsed by INTOSAI Congresses with the purpose of guiding the professional standards used by SAI's.

All 18 official documents endorsed by the latest INTOSAI Congress in November 2007 are already furnished with ISSAI numbers to be easily identified. They are posted on a separate website (www.issai.org) in all working languages of INTOSAI – namely Arabic, English, French, German and Spanish .

The IIA contributes to INTOSAI by playing an active role in INTOSAI's Professional Standards Committee, and thus I want to mention another field of possible co-operation for both our organisations: The Capacity Building Committee:

Capacity Building Committee

According to the strategic plan of INTOSAI 2005-2010, the main tasks of the Capacity Building Committee are to build the capabilities and professional capacities of SAIs through training, technical assistance and other development activities.

The Capacity Building Steering Committee takes on the coordination role, evaluates whether its tasks are consistent with INTOSAI's objectives. It develops partnerships with international

development organizations, consistent with INTOSAI's independence requirements.

I strongly believe that this could be a further close field of co-operation for our two institutions, as developing and enhancing knowledge through training is of basic interest for any organisation that wants to develop and strengthen itself for the future.

LATEST DEVELOPMENTS

Let me now focus on some specific issues INTOSAI has worked on recently:

Tsunami Initiative / closure of missing links in audit

First, there is the **INTOSAI Tsunami Initiative**, which was formed in the wake of the tsunami disaster in December 2004 by the General Secretariat and the SAI of the Netherlands.

This initiative was favourably received by the SAIs of major donor and recipient countries and international stakeholders and led to the establishment of an **INTOSAI Task Force on Accountability and Audit of Disaster-Related Aid**. It was a unique effort of exchanging information on cross-border funding between the SAIs concerned with the aim of establishing a global audit trail.

At the Congress of INTOSAI in 2007, the Task Force was converted into a **Working Group on Accountability for and Audit of Disaster-related aid**.

The Working Group's aims include:

- Searching for a global audit trail for Tsunami-related aid by conducting pilot studies on aid flows;
- Using geographical information for planning, monitoring and auditing aid flows;
- Formulating guidelines and best practices for SAIs and relevant stakeholders in order to have a potential audit trail before disasters occur;
- Promoting the exchange of information to prepare the ground for a meaningful and effective coordination of audits.

The Working Group is to enhance transparency of flows of funds from donors to recipients, facilitate information from recipients to donors and identify the role of the international organizations. In this respect, it shall develop best practices for national governments, international institutions and NGOs so as to enhance the accountability of disaster-related aid.

Therefore we would appreciate the participation of your organisation – especially because INTOSAI appreciates the IIA´s work in the field of internal audit and wants to foster the co-operation of internal and external audit on the broadest possible base.

A further development in INTOSAI´s work is the idea of a Global Donor Framework:

Global Donor Framework

In March 2008 INTOSAI discussed a draft project on "Partnering for Progress to Fight Corruption, Promote Transparency, Improve Performance and Ensure Accountability."

At a meeting on March 18th with the World Bank, the Secretary General and the President of the INTOSAI Development Initiative agreed to look at possibilities of cooperation between INTOSAI and the **Donor Community**. The goal is to strengthen accountability and transparency through co-operation between Supreme Audit Institutions and the Donor Community based on the intention to support the UN-Millenium Development Goals..

It was agreed, that the donors would take the lead in preparing - together with INTOSAI - a collaboration paper and/or a MoU.

MoU with OECD

INTOSAI is at present working out a Memorandum of Understanding with the **Organisation for Economic Co-Operation and Development** (OECD) in order to further develop performance assessment systems based on key indicators.

This corresponds to the genuine interest of INTOSAI in national key indicators as also expressed by the creation of an INTOSAI working group on the occasion of the XIXth INCOSAI in November 2007

Let me focus your attention on INTOSAI´s long history of cooperation with the United Nations:

Co-operation with the UN

The General Secretariat has organized – in cooperation with the United Nations – 19 interregional UN/INTOSAI seminars in Vienna.

Symposium 2007 and 2009 – invitation to the IIA

The last such symposium was held in 2007 on "Value and Benefits of Government Audit in a Globalised Environment". It was aimed at identifying performance indicators which could be further developed into model indicators for government audit.

This topic offers another possibility of intensifying our co-operation.

The forthcoming **20th UN/INTOSAI Symposium** will be taking place at the Vienna International Centre from February 11 to 13, 2009. The topic

"INTOSAI: Active partner in the international anti-corruption network; Ensuring transparency to promote social security and poverty reduction"

is targeted not only at interested heads of SAIs, but also the anti-corruption community.

Lecturers for this Symposium will be invited from OECD, OLAF,the UN- Department of Economic and Social affairs, judiciary and law enforcement entities and other anti-corruption bodies. My presence here at this board meeting gives me the perfect opportunity to invite

your organisation to support us with the internal auditor´s view on the fight against corruption.

Platform

INTOSAI and UNDESA – the United Nations Department of Economic and Social Affairs- are partners in the achievement of their common goals and objectives including the implementation of the United Nations Millennium Development Goals.

Together with UNDESA, INTOSAI also created a UN/INTOSAI Platform of Public Accountability to intensify their collaboration.

This Platform allows INTOSAI to partner with United Nations entities in pursuit of its mission and at the same time align INTOSAI and its member SAIs on the goals and objectives of the international community.

Primarily, the UN/INTOSAI Platform is to focus on four main areas:

- Value and benefits of SAIs and international organizations in partnership with CSOs;
- Capacity building of SAIs:;
- Follow-up and audit of cross-border funding for disaster-relief; and
- International money laundering and corruption.

Panel 14. Juli – Lima / Mexiko

INTOSAI regards its position as an international organisation enjoying consultative status with the Economic and Social Council of the United Nations (ECOSOC) as a particular distinction.

INTOSAI has an interest in strengthening public accountability and future cooperation in order to be able to support the Millennium Development Goals, which include

- Halving extreme poverty and hunger, and
- developing a global partnership for development

and is prepared to contribute as much as it can towards achieving these goals.

An ECOSOC Panel on the issue of Accountability will take place at UN headquarters next Monday, on 14 July 2008. The goal is to deepen the cooperation between INTOSAI and the UN in order to strengthen public accountability and foster the independence of SAIs, transparency and favourably influence public opinion.

POSSIBLE AREAS OF INTENSIFIED COOPERATION BETWEEN the IIA AND INTOSAI

Although INTOSAI has been active in the past and can be proud of its achievements, it has come to understand that it must take forward and foster cooperation with international partner organisations, in keeping with the goals set out in its Strategic Plan and without compromising INTOSAI´s fundamental values.

We believe that this Strategic Plan and its goals are a mandate for the future which can be accomplished through cooperation with other organisations such as the IIA.

Deepen co-operation in the Professional Standards Committee and the Capacity Building Committee

Therefore I would like to invite your organisation to join INTOSAI in its work.

Firstly, I want to mention the Professional Standards Committee, where our existing close co-operation and the sharing of experience should be strengthened.

Secondly, I would like to invite your organisation to add value in the field of Capacity Building in our effort to build capabilities through training, technical assistance and other development activities.

Participation in UN / INTOSAI Symposium 2009

Thirdly: For INTOSAI and its members it would be a pleasure to welcome a representative of the IIA to address the coming 20th INTOSAI Symposium in February 2009 on the topic "INTOSAI: Active partner in the international anti-corruption network; Ensuring transparency to promote social security and poverty reduction", and explain the IIA's experience and views regarding the fight against corruption on a global basis.

Communication Strategy

Fourthly, the IIA is invited – as every other associate and also full member of INTOSAI – to participate in bringing forward the goals of the communication strategy.

CLOSING REMARKS

Allow me to make some closing observations:

Co-operation between the IIA and INTOSAI is already close – I mentioned INTOSAI´s Strategic Director Mrs. Kirsten Astrup, being a member of your organisation. There is also close cooperation with Mr. Gene Dodaro, Acting Comptroller General at the Government Accountability Office in Washington, who is chairman of the INTOSAI Task Force on Donor Funding, and his predecessor, our highly esteemed colleague David Walker,who has done so much to stregthen the bond between our two institutions..

Internal and external audit must focus on transparency, credibility, and on assessing their own performance. We must actively make the value and benefits of our audit work visible in the interest of policy- makers and society, and ultimately the citizens of our countries.

External audit, on behalf of which I am speaking here today, also relies on the work of internal audit. Effective government audit hinges on the cooperation of external and internal audit as partners, especially with a view to further developing the inherent capabilities and potentials of our counterparts, partners and allies.

Strengthening the cooperation and ties between our respective organisations is highly desirable and should undoubtedly be of benefit to all concerned.

At this point, I would like to thank the IIA for its cooperation in the past and add my sincere hope that we will together attain the goals set out in the Memorandum of Understanding.

Thank you for your attention!

ATTACHMENT

The **Congress** is the supreme organ of INTOSAI and is composed of all members. It meets once every three years.

It offers all INTOSAI members an opportunity to share experiences, discuss issues, and pass resolutions and recommendations to improve government accountability worldwide.

Participants include delegations of member SAIs as well as representative of the United Nations, the World Bank and other international and professional organizations.

The latest Congress, the XIXth, was held in November 2007 in Mexico.

The following topics were discussed:

- Management, accountability and audit of public debt
- Performance evaluation systems based on universally accepted key indicators

The **Governing Board** of INTOSAI is composed of 18 members. As a rule, it meets annually between Congresses. To ensure balanced representation of all member countries, each of INTOSAI's seven regional working groups and the main types of public auditing systems are represented on the Board. The INTOSAI Development Initiative and the International Journal of Government Auditing are also represented

on the INTOSAI Governing Board. The Chairman of the Board is the head of the SAI that hosted the last congress.

Since 1968 (by resolution of the 6th INTOSAI Congress in Tokyo) the **General Secretariat** of INTOSAI is located in Vienna, Austria, at the Court of Audit of the Republic of Austria. It provides central administrative support to INTOSAI, manages the INTOSAI budget, assists the Board and Congresses, facilitates communication among members, and organizes seminars and special studies.

Regional Working Groups promote INTOSAI's goals regionally, thus providing members with opportunities for professional and technical cooperation on a regional basis. The INTOSAI Governing Board has recognized the following seven Regional Working Groups:

- Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS), established in 1965;
- African Organization of Supreme Audit Institutions (AFROSAI), established in 1976;
- Arab Organization of Supreme Audit Institutions (ARABOSAI), established in 1976;
- Asian Organization of Supreme Audit Institutions (ASOSAI), established in 1978;
- South Pacific Association of Supreme Audit Institutions (SPASAI), established in 1987;

- Caribbean Organization of Supreme Audit Institutions (CAROSAI), established in 1988;

- European Organization of Supreme Audit Institutions (EUROSAI), established in 1990.