



**ISSAI**

International Standards of Supreme Audit Institutions

**- INTOSAI's Professional  
Standards**

Steen Bernt Jensen  
Jonas Hällström



## Agenda

- The role and auditing of Supreme Audit Institutions
- The strategy for developing the International Standards of Supreme Audit Institutions (ISSAI)
- The ISSAI Financial Auditing Guidelines based on the ISAs



# What is INTOSAI?

- International Organization of Supreme Audit Institutions
- An autonomous, independent and non-political organisation founded in 1953.
- Over 180 members: The Supreme Audit Institutions of the nations of the world

**Issue the International Standards of Supreme Audit Institutions (ISSAI)**



# What is a SAI?

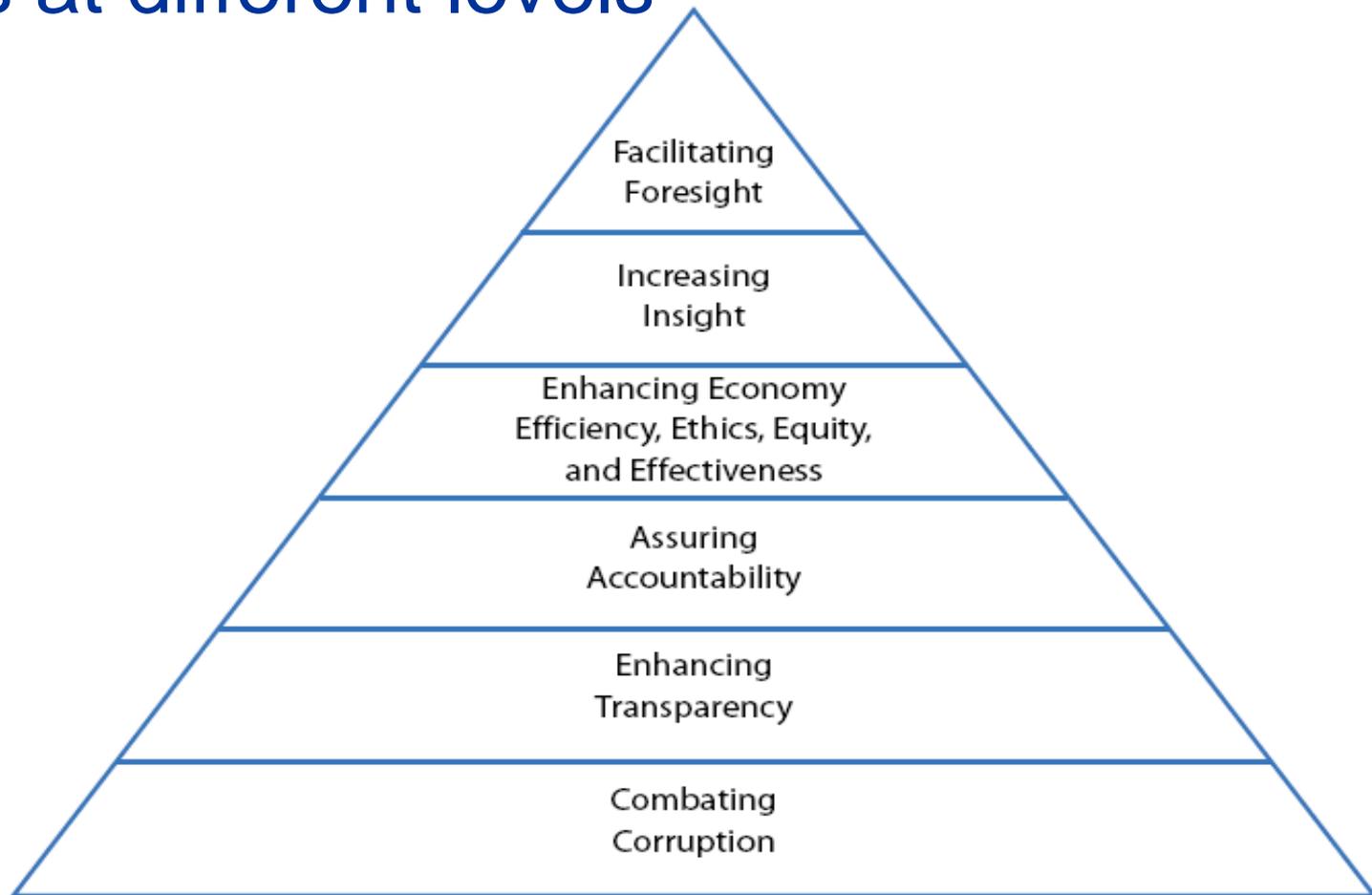
- The “highest national auditing authority within the constitutional system”
- Statutory general responsibility for the auditing of publicly funded activities within a defined area
- Often combined with other functions

## Examples

- Define auditing standards
- Supervision of other Public Auditing Authorities
- Answers to parliamentary committees
- Comptroller General functions
- Authorisation of expenditure
- Legal decisions in individual cases (sanctions)
- Formal decisions in the the yearly cycle of state budgeting and accounting (“descharge”)



# SAs at different levels



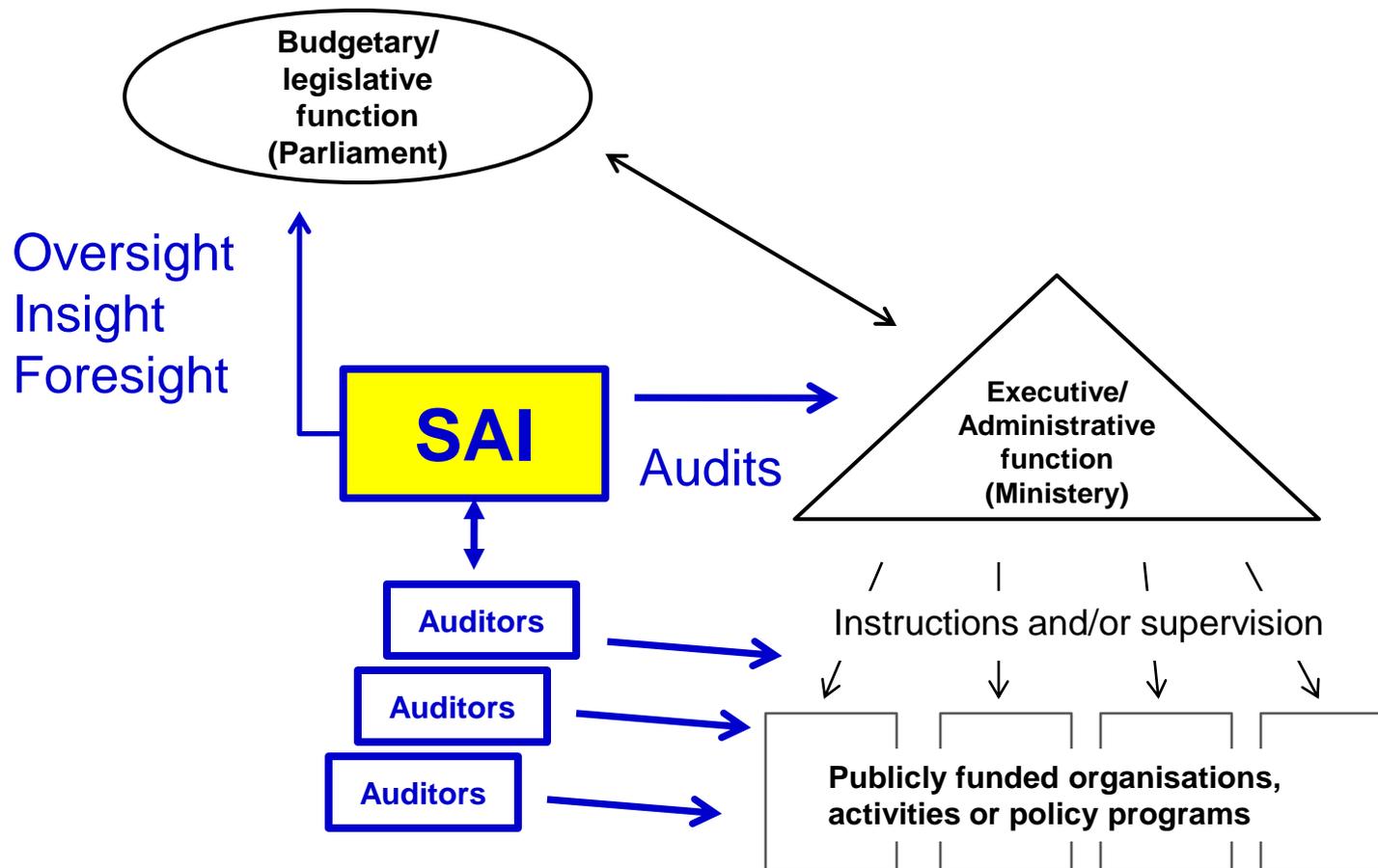
Source: GAO GAO-07-251CG



	Assurance assignments		Assessments	Inquires
	Assertion based	Not assertion based	“Digestion” assessments based on a range of individual (assurance) assignments	Assessments of selected topics
<b>Financial</b> (Is the accounting and reporting of financial information reliable?)				
<b>Compliance</b> (Are funds obtained and spend in accordance with law and propriety?)				
<b>Performance</b> (Are funds used economically, efficiently and effectively?)				



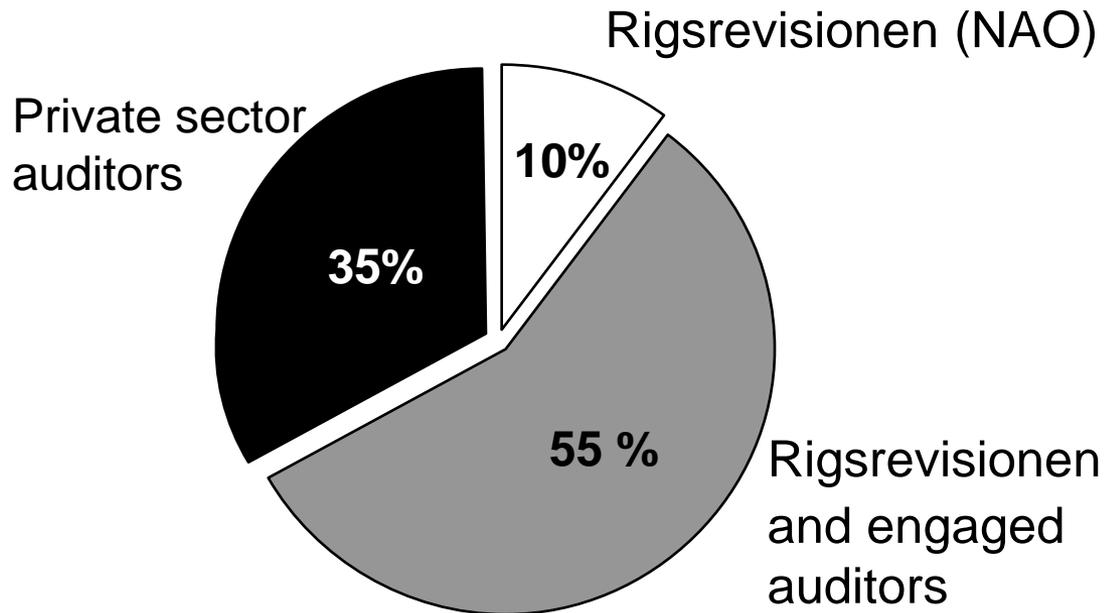
# Using the work of engaged (private sector) auditors





# Audit of public funds in Denmark

■





# Using the work of engaged auditors



## Advantages:

- Effective **financial auditing** of each **entity**
- Allow the SAI to focus on other key functions



## Challenges:

- Quality in relation to the different purpose
- Reporting of the results in a suitable format



## Agenda

- The role and auditing of Supreme Audit Institutions
- ▶ **The strategy for developing the International Standards of Supreme Audit Institutions (ISSAI)**
- The ISSAI Financial Auditing Guidelines based on the ISAs

# International Standards of Supreme Audit Institutions (ISSAI):

- Endorsed by the SAIs of the world
- Systematically numbered
- Comprehensive set by 2010
  - improved consistency by 2013
- Published at [www.issai.org](http://www.issai.org)

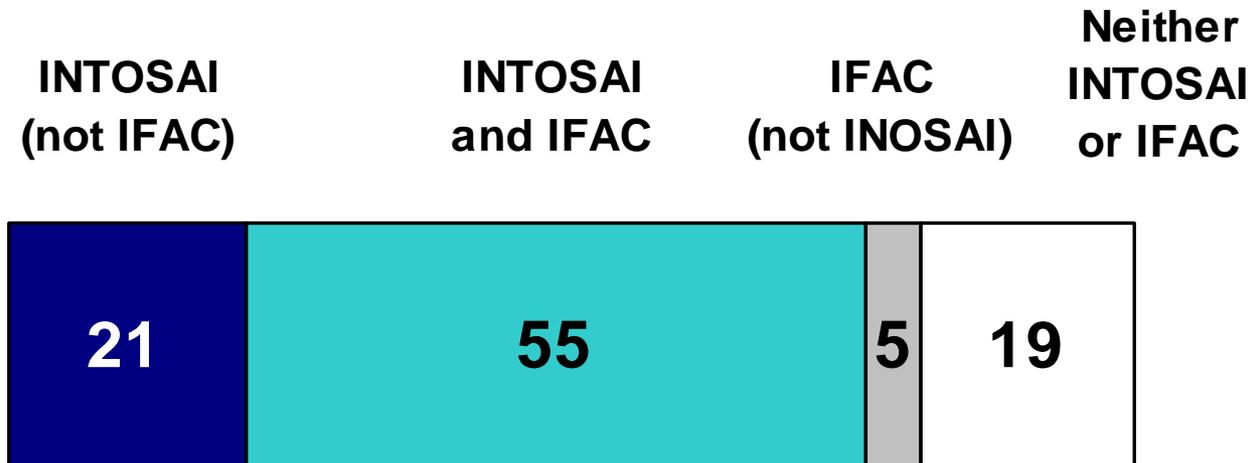


## The INTOSAI Professional Standards Committee

- Representatives of 65 SAI's
- A steering committee and 5 subcommittees:
  - Financial Auditing Guidelines
  - Compliance Auditing Guidelines
  - Performance Auditing Guidelines
  - Internal Control
  - Accounting and Reporting

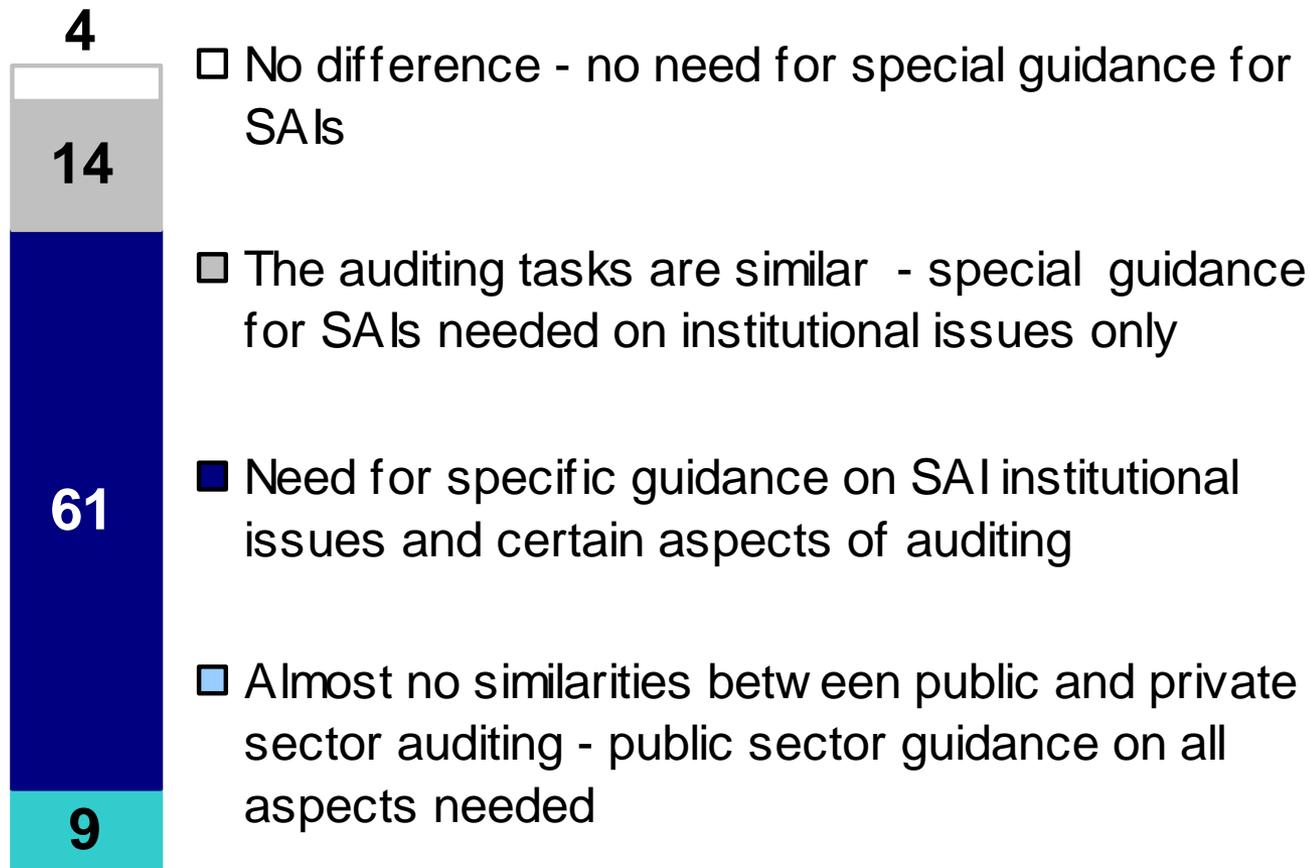


# Which pronouncements on auditing are used by SAIs?





# Are there differences between public auditing and private sector auditing?





## What PSC is striving for...

### ▶ Harmonize public sector audit internationally

Recognizing, utilizing and building on standards issued by other standard setting bodies  
and  
developing supplementary guidance in areas where SAIs have special needs.

### ▶ Ensure clear and user-friendly guidance on the special role of SAI's and public sector auditing

Where the tasks are the same, the standards should be the same, where the tasks differ the standards should differ.



## The ISSAI Framework

**ISSAI 1** Founding Principles

**ISSAI 10-99** Prerequisites for the Functioning

**ISSAI 100-999** Fundamental Auditing Principles

**ISSAI 1000-5999** Auditing Guidelines  
**Implementation guidelines**

Specific guidelines

**INTOSAI GOV** INTOSAI Guidance for Good G  
**9100-9299**

ISSAI 1000-1999

**Financial Auditing Guidelines**  
(Provide Practice notes to ISAs)

**ISSAI 3000-3999 Performance**  
**audit guidelines**

**ISSAI 4000-4999 Compliance**  
**audit guidelines**

ISSAI = International Standards of Supreme Audit Institutions



## Agenda

- The role and auditing of Supreme Audit Institutions
- The strategy for developing the International Standards of Supreme Audit Institutions (ISSAI)
- ▶ **The ISSAI Financial Auditing Guidelines based on the ISAs**



# Financial Audit Guidelines

- INTOSAI is adopting the ISAs as ISSAIs
  - ISA + Practice Note (PN) = ISSAI
  - Practice Notes contains:
    - Statement of applicability in the public sector
    - Additional Guidance of relevance for audits in the public sector



## Financial Audit Guidelines

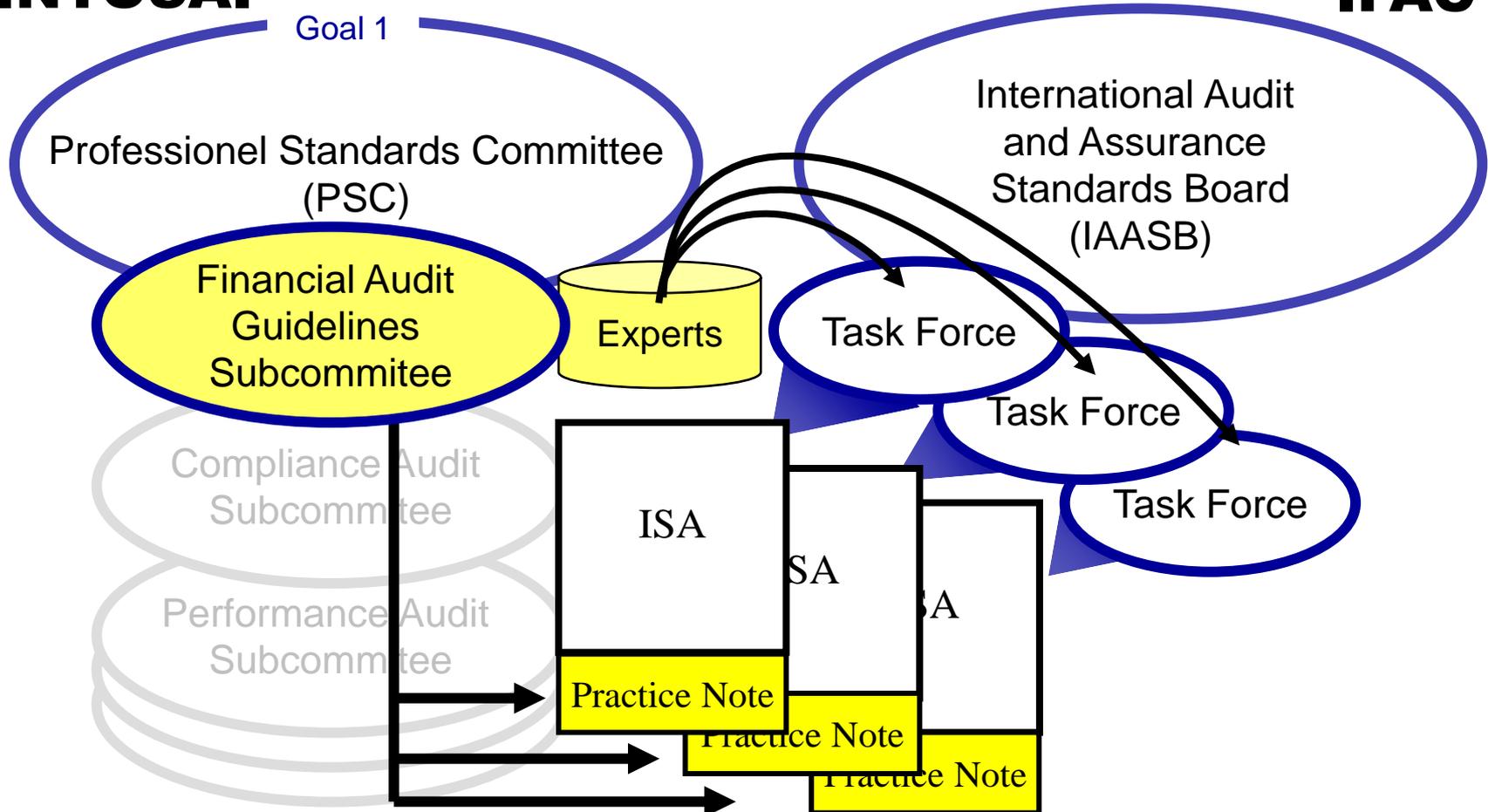
- Full package of ISSAIs for financial audit in November 2010
- Will include an INTOSAI general introduction as well as glossary in addition to ISAs and PNs
- Will not include ISQC1 (INTOSAI is working on a similar standard)



# Financial audit guidelines

**INTOSAI**

**IFAC**





# Financial Audit Guidelines

- Examples of issues reflected in the Practice Notes
  - Broader Mandates;
    - Compliance with regulations
    - Regularity of transactions
  - Audit responsibilities set in Law or regulation;
    - No possibility to make agreements with management or TCWG
  - Materiality
  - Communications
  - Fraud and Corruption