

STRATEGIC PLAN 2005 - 2010

INTOSAI at a Glance

INTOSAI is the professional organization of supreme audit institutions (SAI) in countries that belong to the United Nations or its specialized agencies. SAIs play a major role in auditing government accounts and operations and in promoting sound financial management and overall accountability in their governments. INTOSAI provides a forum in which government auditors from around the world can discuss issues of mutual concern and keep abreast of the latest developments in auditing and other applicable professional standards and best practices. Through triennial congresses, committee meetings, and other recurring communications, INTOSAI focuses on the key issues facing SAIs and helps its members to develop innovative solutions to shared challenges. In keeping with these objectives, INTOSAI's motto is "Mutual Experience Benefits All."

Founded in 1953, INTOSAI has grown from 34 countries to a membership of over 180 SAIs. For many decades, the General Secretariat has been hosted by the Austrian Court of Audit. In 1977, INTOSAI adopted the Lima Declaration of Guidelines on Auditing Precepts, which articulates INTOSAI's basic philosophical and conceptual approach, emphasizing independence and democratic values. As the internationally recognized leader in public sector auditing, INTOSAI issues international guidelines for financial management and other areas, develops related methodologies, provides training, and promotes the exchange of information among members. INTOSAI has five official languages: Arabic, English, French, German and Spanish.

INTOSAI is the recognized international organization representing SAIs, but it is also a voluntary group whose success depends on consistent professional and financial support from its members. As such, INTOSAI recognizes that its strength lies in the cultural, linguistic, and political diversity of its global membership and seeks a balanced representation of regions and auditing systems. INTOSAI's governing board, committees, and task forces are organized to help ensure regional balance and to reflect different SAI models and approaches (for more information on the organization of INTOSAI, see appendixes I and II).

INTOSAI is, at heart, a democratic institution that operates through consultation and consensus. INTOSAI stresses respect for national sovereignty and the equality of its members, regardless of geographic size or economic strength. INTOSAI promotes active discussion and debate that can lead to broad-based agreements. In between congresses, INTOSAI's committees and seven regional working groups play a central role in addressing key issues, fostering communication, and sharing knowledge and experience with the entire INTOSAI community. The organization also partners with other groups, consistent with INTOSAI's own independence standards, to address issues of common interest.

Final authority rests with the SAIs that comprise INTOSAI's membership. Each INTOSAI member country has one vote, and no member has a veto. Reflecting modern governance principles, the Governing Board is accountable to the membership, and the Secretariat supports both the membership and the Governing Board.

OVERVIEW

Mission

INTOSAI is an autonomous, independent, professional, and non-political organization established to provide mutual support; foster the exchange of ideas, knowledge, and experiences; act as a recognized voice of supreme audit institutions (SAIs) within the international community; and promote continuous improvement among diverse member SAIs.

Vision

Promote good government by enabling SAIs 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 peoples.

Core Values

Independence ▪ Integrity ▪ Professionalism ▪ Credibility
Inclusiveness ▪ Cooperation ▪ Innovation

Strategic Goals

Goal 1: Accountability and Professional Standards

Promote strong, independent, and multidisciplinary SAIs by (1) encouraging SAIs to lead by example and (2) contributing to the development and adoption of appropriate and effective professional standards.

Goal 2: Institutional Capacity Building

Build the capabilities and professional capacities of SAIs through training, technical assistance, and other development activities.

Goal 3: Knowledge Sharing and Knowledge Services

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.

Goal 4: Model International Organization

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.

INTRODUCTION

Now that INTOSAI has celebrated its 50 th anniversary, the organization is issuing a strategic plan to guide its operations in the years ahead. The plan proposes three primary mission-related goals for INTOSAI. The first goal is to promote strong, independent, and multidisciplinary SAIs and to develop and adopt effective professional standards. The second is to build the professional capabilities and capacities of SAIs through training, technical assistance, and other development activities. The third is to promote SAI cooperation, collaboration, and continuous improvement through knowledge sharing, including benchmarking, best practice studies, and research.

Given the nature of its membership, INTOSAI believes that it is essential to lead by example and to practice what it preaches. This includes ensuring the economy and effectiveness of its own operations and living within its budget. Toward this end, the strategic plan also proposes a fourth goal for INTOSAI: to become a model international organization.

INTOSAI's strategic plan is evolutionary rather than revolutionary. INTOSAI is seeking to chart a course for its future that builds on the successes 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 SAIs in the 21 st century. All members are invited to implement the strategic plan within the limits of their specific mandates and authorities and according to considerations of national sovereignty.

At this juncture in INTOSAI's history, it is appropriate to emphasize all INTOSAI members' appreciation and gratitude for the immense contributions of the President and staff of the Austrian Court of Audit for their long-term and continuing role as hosts of the General Secretariat and to the effective functioning of INTOSAI.

In summary, the strategic plan includes an updated mission statement, four key goals, and several core values to guide the organization's efforts in the future. Recognizing that INTOSAI has accomplished much since its creation in 1953, the strategic plan seeks to build on those past successes while positioning the organization to meet new challenges in the future. Continuous improvement is the hallmark of any world-class entity, and this plan is a further step toward making INTOSAI a model among international institutions. Goal 1 promotes strong and independent audit institutions and encourages the adoption of effective professional standards. Goal 2 focuses on enhancing the capacity of SAIs to fulfill their missions, by highlighting the importance of best practices, training, and partnerships. Goal 3 underscores the importance of knowledge sharing to continuous improvement . The fourth goal of this plan calls on INTOSAI to strive to become a model international organization. Whereas Goals 1, 2, and 3 apply to specific areas of INTOSAI's operations, Goal 4 is intended to

align the whole of INTOSAI's organization and operations with these goals. While Goal 4 is fundamentally different from Goals 1, 2, and 3 in this regard, the guiding principles that provide a foundation for Goal 4 strategies (see pages 14 – 15) are essential to the achievement of these strategic goals.

GOALS AND STRATEGIES

I. Strategic Goal 1: Accountability and Professional Standards

Promote strong, independent, and multidisciplinary SAIs by (1) encouraging SAIs to lead by example and (2) contributing to the development and adoption of appropriate and effective professional standards.

Existing Strategies and Programs

SAIs should function as role models for public sector institutions and the society at large by setting high standards for their management and products. Meeting these standards will maintain SAIs' integrity and validate SAI recommendations that focus on improving the operations and services of government agencies, increasing the effectiveness of government spending, and enhancing the citizens' trust in their government.

SAIs must perform their duties competently and impartially and apply high professional standards in carrying out their work. Consequently, a fundamental role of INTOSAI is to define and promote professional standards that are relevant to all SAIs and that address core work practices related to audit, internal control, and accounting and performance reporting. To establish these guidelines, INTOSAI should work internally and with external standard-setting organizations.

Over the years, INTOSAI has established a process for issuing standards and guidelines in areas central to public sector financial management and accountability. Since 1977, INTOSAI has adopted, and member SAIs have adapted for their use nationally, products such as (1) the Lima Declaration of Guidance on Auditing precepts, (2) international auditing standards for INTOSAI members based on the Lima Declaration, (3) implementation guidelines for the auditing standards to be taken forward by the Auditing Standards Committee, (4) a code of ethics, (5) a method to monitor the independence of SAIs, and (6) a wide range of best practice guidelines and practices by INTOSAI's working groups and committees. Building on these products and other publications, programs, and activities, the following strategies are proposed for the years 2005 –2010.

Proposed Strategies

- **Develop accountability and transparency principles.** A major challenge for all SAIs is to promote a better understanding of their different roles and tasks in society among the public and the administration. Consistent with their mandates and governing legal frameworks, information about SAIs should therefore be readily accessible and pertinent; its work processes and products should be transparent; it should communicate openly with the media and other interested parties; and it should be visible in the public arena. INTOSAI could do more to encourage transparency by developing a code for SAIs to adapt and apply, as appropriate, and by identifying and publicizing best practice in this area.
- **Review and restructure the current standards committees' arrangements.** Since 1984, INTOSAI's three major standards committees (accounting, audit, and internal control) have issued numerous standards and guidelines. This strategy proposes reviewing the current arrangements and structure in terms of the proposed strategic plan and related strategies, with a view toward aligning all of these committees to the strategic plan and streamlining their operations.
- **Develop partnerships with other international standard setters .** In developing professional standards, and in recognition of the differences between public and private sector auditing, there is a mutual benefit derived when INTOSAI works with other external accountability partners to establish standards and guidelines. The current partnership between the Accounting and Reporting Committee and the Auditing Standards Committee may be a model for further work in this strategic area. This partnership was formed to develop international financial

audit standards with the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), with some funding from the World Bank.

In summary, Goal 1 seeks to ensure that INTOSAI can provide an up-to-date framework of professional standards that is relevant to the needs of its members.

EXPECTED BENEFITS:

- › Capitalizes on INTOSAI's accomplishments to date.
- › Provides greater focus and attention on professional standards.
- › Raises the profile and status of INTOSAI's audit standard-setting process (and participation with other standard-setting organizations) within the broader accountability community.
- › Recognizes and provides the scope for enhanced effectiveness of the work on professional standards without increasing the level of SAI input, by rationalizing the committee structure.
- › Promotes the adoption and application of professional standards consistent with the requirements and authorities of SAIs and national sovereignty.

II. Strategic Goal 2: Institutional Capacity Building

Build the capabilities and professional capacities of SAIs through training, technical assistance, and other development activities.

Existing Strategies and Programs

INTOSAI's role under this objective is to engage in capacity building; that is, fostering the transfer and application of knowledge and skills relating to SAIs' organization and work so that SAIs are able to perform their functions.

All capacity-building efforts must be tailored to INTOSAI's varied membership, which encompasses SAIs that operate in widely different political and administrative contexts and require different skills and experience of their staff. The INTOSAI community includes diverse SAI models in different phases of evolution. Capacity-building efforts should focus on (1) the strategic development of the SAI as an institution and (2) the professional development of SAI staff. Each of INTOSAI's over 180 member SAIs should benefit from the capacity building proposals contained in the plan.

Consistent with its motto, *Mutual Experience Benefits All*, capacity building has been a major priority of INTOSAI since its creation in 1953. While all SAIs are engaged in strengthening their organizations through capacity building and continuous

learning, INTOSAI has a long tradition of focusing on the needs of emerging and developing countries. Through its regional working groups, technical committees, and other bodies, INTOSAI engages in and supports a number of programs that develop the capacity of member SAIs globally, regionally, and locally, including the following:

- The INTOSAI Development Initiative (IDI) and its programs, such as the long-term regional training program, regional satellite and partnership programs, and IDI training courses in the key areas covered by INTOSAI committees and working groups.
- The UN/INTOSAI seminar in Vienna that provides an exchange of subject-specific experiences and information among selected SAI staff from regional working groups in audit areas such as health care, education, and agriculture.
- An increasing number of capacity-building projects where one or more SAIs work to develop the capabilities and professional capacities of an SAI in another country. Frequently, these projects are funded by bilateral or multilateral donors and may be part of a wider, long-term program of assistance to enhance the governance capabilities of the country.
- Voluntary peer review programs, which have identified best practices in improving the quality of SAIs' audits and operations.

Proposed Strategies

- Promote increased capacity-building activities among INTOSAI members through IDI and related efforts. There is no single INTOSAI committee or working group charged with the responsibility to consider development issues involving both recipients and providers of capacity-building work. However, the issue of bilateral and multilateral cooperation among SAIs, which will include capacity-building work, is the subject of Theme I for the 2004 INCOSAI (refer to the organization information in appendix I for a definition of INCOSAI). The formal Congress recommendations on Theme I should be reflected in this Strategic Plan. Recognizing the diversity of statutory frameworks and administrative practices among member countries and in collaboration with IDI and other existing capacity-building programs, the following activities could support Goal 2:
 - a. Develop and disseminate best practices on how to develop SAIs through training, technical assistance, and other professional development activities.*
 - b. Collect and disseminate information on the range of capacity-building projects undertaken by SAIs and provide a vehicle for proper coordination of such projects.*
 - c. Develop a bank of generic training material on the key areas of SAI work (already to a large extent undertaken by IDI, but further consideration is needed on areas of development).*
 - d. Identify opportunities for distance learning.*
 - e. Identify ways through which IDI can formally become an integral part of INTOSAI.*
- **Develop partnerships with international development organizations, consistent with INTOSAI's independence requirements.** Most multilateral organizations, at the global and regional level, share with INTOSAI and its regional counterparts the same objectives of strengthening governance and accountability and fighting

corruption and fraud. These international organizations are vital partners in the work to achieve Goal 2, and the following strategies may enhance INTOSAI's relationships with these entities.

- With consideration and recognition of varying SAI models, INTOSAI should develop an external relations strategy whereby the different elements of INTOSAI could be communicated in a consistent manner to the multilateral organizations and international donor community. This strategy could also promote the important contributions that SAIs can make toward better governance of their countries.
- Foster a closer and continuing dialogue among INTOSAI, its member SAIs, and the multilateral organizations, focusing on both regional and country level development requirements.
- Advisory/consultant services. Practical knowledge and expertise reside in people, and the experience of our own INTOSAI community is one of our most important resources. To maximize this rich resource, INTOSAI should:
- Develop a database of experts and investigators. INTOSAI could maintain an updated and detailed database, with professional experts in government audit and related aspects available to participate in auditing programs. Professionals working today in different SAIs, as well as recently retired SAI staff, may be available to perform consulting and advisory duties.
- Encourage joint auditing programs. This initiative should be promoted not only in the cases where interest is based on common areas, but also as a means to offer support to less developed SAIs. Joint programs are useful to validate methodology, generate guidelines, and improve processes.
- Encourage internship and visit programs: Internships and technical visits could be organized by SAIs known for high achievements. The programs would facilitate the visit of professionals from other SAIs to share or receive current knowledge in innovative audit areas, such as cultural heritage.
- Promote best practices and quality assurance through voluntary peer reviews. Along with other tools, peer reviews serve a number of purposes, including capacity building, knowledge sharing, and increasing cooperation among SAIs. Voluntary peer reviews performed by SAIs will foster the exchange of new ideas and audit methods and provide a positive learning experience for both the SAI undertaking the review and the SAI choosing to undergo it. In addition to providing a good response to the question "who audits the auditor?", SAIs can use the results of these voluntary peer reviews to demonstrate commitment to the need for open and transparent governance in public institutions.

The three types of peer reviews (quality assurance and compliance reviews, management reviews for economy and efficiency, and accountability reviews) serve SAI management by highlighting best practices, facilitating learning, and thus enabling SAIs to lead by example. And those SAIs where a peer review may not be feasible (or who choose not to participate) can benefit from employing a methodology used for peer review preparation.

While a small number of SAIs have submitted their work for review by one or more of their peers, there is no general guidance available on how best to undertake such reviews. Nor is there an open endorsement of the process that would encourage more SAIs to take such a positive step forward. In this regard INTOSAI should:

- Assess and document existing peer review arrangements in the INTOSAI community.

- Foster an environment where such voluntary reviews are seen as beneficial to both the SAI undertaking the review and the SAI choosing to undergo it.
- Develop guidelines on, and provide best practice examples of, how to undertake voluntary peer reviews, and establish global and regional mechanisms for initiating them.
- Disseminate the results of peer reviews as appropriate and as agreed by participating SAIs .

In summary, Goal 2 focuses on institutional capacity-building activities of direct relevance to the majority of INTOSAI's members.

EXPECTED BENEFITS:

- › Builds on the sound foundations established by the INTOSAI Development Initiative, its strong regional development programs, and the increasing volume of bilateral technical cooperative projects.
- › Recognizes the benefits of working closely with international organizations that share the same goals as INTOSAI.
- › Ensures that all SAIs can benefit from collaborative development work.
- › Creates informal networks to share knowledge and experience.
- › Establishes/strengthens quality assurance and internal control frameworks.

III. Strategic Goal 3: Knowledge Sharing/Knowledge Services

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.

Existing Strategies and Programs

Communication, cooperation, and collaboration have been hallmarks of INTOSAI since its inception in 1953. Over the years, these concepts have given life to INTOSAI's motto, "Mutual Experience Benefits All," and INTOSAI supports these concepts in several ways. Specialized committees and working groups have been established to research, develop, and publish methodologies, guidelines, and best practices for SAIs in various disciplines, such as information technology, public debt, environment, privatization, and program evaluation. In addition, specialized task forces have been created to address such issues as audit of international organizations and money laundering.

INTOSAI also disseminates publications, including the *International Journal of Government Auditing* and INTOSAI circulars, and maintains the INTOSAI Web site and other electronic means of sharing information, such as the central IDI training specialists' forum. Informal networks of SAIs also meet to discuss mutual concerns and exchange views and experiences.

INTOSAI's seven regional working groups are essential components of the organization, offering their members many services and publications designed to share knowledge and facilitate collaboration within each region. This plan recognizes the importance of these groups' organizational autonomy within INTOSAI, as well as the enduring benefits they bring to their members. The plan does not infringe upon or in any way limit the autonomy of the regional working groups. Rather, Goal 3 proposes to expand the benefits of the regional working groups by facilitating the additional sharing of the key work, successes, and lessons learned for individual regions with all other regional working groups. In this way, information would be shared horizontally or globally. For example, some regions have developed their own strategic plans, and such plans would be shared with other regions.

Proposed Strategies

The challenges and opportunities of an interdependent world and new technologies suggest a number of ways for INTOSAI to enhance communication and knowledge sharing among its members and other partners. The relatively new discipline of knowledge management (sharing, creating, and applying knowledge or a systematic way of getting the right information to the right people at the right time) supports the free flow of information and knowledge, and can be a powerful tool as INTOSAI undertakes the following activities to achieve Goal 3.

1. Establish new and maintain existing working groups. Working groups are communities of practitioners that share knowledge on common issues to find joint solutions. Such groups play important roles in successful knowledge sharing, and exist within INTOSAI as specialized working groups. Less formal groups are also components. These communities of practitioners could also assist in monitoring and reporting on the implementation of recommendations adopted by INTOSAI congresses. Specific examples of groups that INTOSAI should promote include:

- Existing committees, working groups, and task forces related to a specialized discipline or function.
- Groups formed to follow up on recommendations stemming from Congress themes for a specified period of time.
- The international relations/liaison offices within SAIs are a logical group that, if they came together in a global liaison network, would significantly facilitate communication and coordination of collaborative initiatives.

2. Facilitate best practices studies, consistent with diversity and sovereignty considerations. It can sometimes be difficult for SAIs to make an effective case on the need for additional resources because they lack comparable organizations within Government against which to compare their efficiency. Establishing a process whereby certain elements of an SAI's work could be compared to that of other SAIs could be beneficial and useful way to identify potential areas for development and improvement. The following activities would facilitate a process for these studies by INTOSAI members for those SAIs wishing to participate:

- Identify areas of work performed at an SAI where best practices studies would be beneficial.
- Establish a set of best practice principles.
- Sponsor a range of comparative studies of key elements of SAIs' activities.

3. Develop a Global Communication Policy and Strategy:

- Inventory and assess the various communications mechanisms currently used within the INTOSAI community.

- Develop a coherent and comprehensive communications policy for INTOSAI that builds on existing activities and capitalizes on new technologies, and that addresses communication requirements and approaches both internally (i.e., among SAIs) and externally (i.e., with other accountability partners, especially those cited in Goals 1 and 2). Special attention should be focused on identifying ways that the
- Promote partnerships with academic/research institutions, consistent with INTOSAI's independence requirements. INTOSAI should make efforts to introduce and support an interest in, and related programs in the academic community on, topics such as public sector auditing, accounting, and accountability. INTOSAI could:
 - Create a research competition and invite both professionals of the SAIs and academics from major academic institutions worldwide to participate.
- Promote undergraduate and graduate programs in public sector auditing and at colleges and universities with an international orientation to prepare the multidisciplinary professionals required by the system. Explore the development of exchange programs between universities and SAIs .

In summary, Goal 3 builds on the essential features of openness, sharing, and cooperation that have made INTOSAI such a success.

EXPECTED BENEFITS:

- › Represents an evolving approach to knowledge sharing that builds on current structures and allows for the development of communities of practice in those areas that are supported by the diverse membership.
- › Facilitates better communication both inside and outside INTOSAI in areas of interest to the membership.
- › Generates useful best practice information on areas in which SAIs work for those members who wish to take part in such activities.
- › Fosters informal and professional-to-professional networking.

IV. Strategic Goal 4: Model International Organization

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.

A fundamental part of the strategic planning process, which to this point has focused on enhancing professional standards, building capacity, and facilitating knowledge sharing among members, must be to assess the ability of the organization to achieve these strategic goals.

Given the nature of its membership, INTOSAI believes that it is essential to lead by example. This includes ensuring the economy, efficiency, and effectiveness of its own operations and living within its budget. This commitment is reflected in a fourth strategic goal for INTOSAI: to strive to become a model international organization. Goal 4 differs in substance and nature from the other strategic goals and cannot therefore be addressed in a manner similar to Goals 1, 2, and 3. Whereas Goals 1, 2, and 3 apply to specific areas of INTOSAI's operations, Goal 4 is intended to align the whole of INTOSAI's organization and operations with these goals. Goal 4 is, therefore, fundamental to the achievement of strategic Goals 1, 2, and 3.

Guiding Principles

Under Goal 4, INTOSAI will embark on a program of continuous improvement. Building on the central principle that "Mutual Experience Benefits All," the following principles will guide INTOSAI's future administrative and organizational development:

- There should be a clear focus on the agreed-upon set of strategic goals in all of INTOSAI's work.
- INTOSAI should adopt organizational and administrative practices that encourage the widest possible involvement of member SAIs in its work.
- INTOSAI should have decision-making structures that balance timeliness with the importance of ensuring that key decisions have the broad-based support of INTOSAI's membership.
- There should be a more active engagement by the Governing Board and stronger links among the Governing Board and the committees, working groups and task forces created to carry forward INTOSAI's work.
- INTOSAI should be financed in ways to ensure that it is living within its budget and to promote the effective implementation of this plan and the continued viability of the organization.
- The Secretariat's capacity to support the membership and the Board in implementing the strategic plan should be enhanced.

Proposed Strategies

Building on these guiding principles, this plan considers the extent to which the proposals presented in Goals 1, 2, and 3 might impact the organizational structure of INTOSAI. The plan specifically considers the following factors:

- *Focus* : Whether the current organization and structure provide an appropriate focus or alignment with the revised strategic objectives.
- *Capacity* : Whether INTOSAI has sufficient capacity to handle the strategic actions proposed.
- *Efficiency and Timeliness* : Whether INTOSAI is able to make decisions and respond to issues in an efficient and timely manner.

While it is clear that the many aspects of the current structure have served INTOSAI well, this plan recognizes that a number of organizational issues need to be addressed to ensure the efficient, economical, and effective achievement of the strategic goals. These issues are significant in nature, and the plan incorporates the following provisions, recognizing that (1) they include both short- and long-term proposals; (2) effective dates of their implementation will necessarily vary; (3) the plan, which covers the period 2005-2010, will be phased-in over time within available financial and other resources, which could be reallocated to align them with the plan; and (4) the Governing Board and all of its related organizational entities will continue to conduct appropriate consultation and outreach with responsible parties (e.g., the Secretary General, Regional Working Group Secretariats, committee/working group chairs, etc.) on all major changes after adoption of this plan, or a revised plan, by the 2004 Congress in Budapest. As with the entire plan, the proposals in Goal 4 have

benefited enormously from comments and input from the Governing Board and the entire membership during the exposure draft process. In this regard, the Governing Board will begin to address various implementation issues at its meeting immediately following the Budapest Congress. In addition, it expects to hold a special Governing Board meeting in the spring of 2005, at which time candidates for the proposed position of Director of Strategic Planning will be considered and issues relating to associate members and other matters addressed.

I. Improve organizational focus on INTOSAI's strategic goals.

As might be expected, there is no direct alignment of the existing committees and working groups with Goals 1, 2, and 3 identified in this plan. There are at least four committees and working groups with direct involvement in professional standards; there is no committee specifically tasked with carrying forward capacity, while a number of working groups and committees are involved in some way with knowledge sharing. The plan recognizes the need to (1) rationalize the nomenclature and status of committees and other groups, (2) consider their relationship with the Governing Board, and (3) examine how committees and working groups might best be organized to meet the aims of the strategic plan. (See appendix III for a proposed organization chart that reflects these proposals; for comparative purposes, the current INTOSAI organization chart is also included in appendix II.)

(a) Nomenclature and status of committees.

Committees. Committees of INTOSAI (for example, the auditing standards, accounting and reporting, and internal control committees) are formed by the organization to deal with issues of significant, recurring interest to all members (such as preparing standards and guidelines applicable to the whole of INTOSAI). As such, committees should ideally have a balanced representation of the organization's membership and clear direction from the Governing Board.

Working groups. Working groups have traditionally been formed as a result of INCOSAI themes and recommendations to address SAI's interests in specific topics, (e.g., the current working groups on privatization, environmental audit, public debt, etc.), and their benefits are evident by the number of SAI's taking part and the guidance on best practices they have promulgated. These working groups do not require any direct oversight by the INTOSAI Governing Board, and because members are free to join according to their interests, there is no requirement for them to reflect regional or other representational factors.

Task forces. In addition to committees and working groups, task forces are formed by the Congress or the Governing Board as needed to deal with issues of significant interest to many member SAI's. Task forces operate for a finite period of time and are dissolved by either the Congress or the Governing Board when their assigned tasks (as outlined by the Congress or Governing Board) are complete. Like committees, task forces should ideally have a balanced representation of the organization's membership.

(b) Organization of committees and working groups to meet the aims of the strategic plan.

The plan proposes migrating from the existing committee structure to one that (1) reflects the agreed aims of the organization, (2) establishes an appropriate degree of oversight by the Governing Board, and (3) aligns with strategic Goals 1, 2, and 3 as set forth in this plan. Some of this migration is already in progress, with discussions under way concerning the possible merger of the accounting/reporting and auditing standards committee (Goal 1). In addition, INCOSAI XVIII will discuss capacity building, which could result in the formation of a new committee related to Goal 2.

The chairs of the committees, working groups, and task forces under all four goals (see Proposed Organization Chart) would consult, as appropriate, with the Chairman of the Governing Board, the Secretary General, and the proposed goal liaisons (see Ic) to help ensure that their plans and activities are generally aligned with this overall plan. It is envisioned that committees, working groups, and task force chairs would be invited to Governing Board meetings as rapporteurs/observers and make a report to the Governing Board at least annually on their activities. Alternatively, such chairs could, if they so chose, ask their goal liaisons to present their report to the Governing Board.

This plan includes the creation of a Professional Standards Committee that would encompass the work of the current Committee on Accounting and Reporting and the Committee on Auditing Standards. The Professional Standards Committee could in the future, if all the appropriate parties were to agree, include the functions of the current internal control committee, as well as the work required to carry forward the findings of the Working Group on the Audit of International

Institutions. Specifically, the way in which the work plans of the existing committees would be carried forward would be a matter for the committee chairs to consider in consultation with the Chairman of the Board, with the option to create subcommittees, as appropriate. (See appendix IV for an illustrative example of how the Professional Standards Committee could be structured to provide opportunities for many SAIs of various sizes and capacities to play active roles in committee projects.)

With regard to Goal 2, the plan includes the creation of a committee to address capacity building, given its importance to the majority of INTOSAI's members. This will be the subject of Theme I at INCOSAI XVIII, and will be discussed by all INTOSAI members. This may be an area where further work will be needed to investigate and propose ways such a committee might be formed to balance representation among the membership.

With regard to Goal 3, which consists of a number of working groups and the *International Journal of Government Auditing*, this plan does not envision the need for a new committee with an overarching responsibility for Goal 3.

With regard to Goal 4, this plan redesignates the current finance committee as the Finance and Administration Committee to reflect the scope of the work required, and increases its membership from three to five voting members. The Finance and Administration Committee would be chaired by the second vice chairman of the Board, as this is an appointment voted on by the Governing Board; and the chair would also serve as goal liaison for Goal 4. The committee's five voting members (including the chair) would be elected from within the Governing Board. In addition to the five voting members, the Secretary General would serve as an *ex officio* member of this committee. The Director of Strategic Planning would not be a member, but would be invited to attend the committee's meetings. Further details of suggested terms of reference for the Finance and Administration Committee are described in section II(a) of Goal 4.

(c) Relationship of committees, working groups, and task forces to the Governing Board.

The activities proposed in Goals 1, 2, and 3 will require close cooperation between committees, working groups, task forces, and the Governing Board. This plan recognizes that the Board should help build a closer relationship with these entities, without adding a layer of bureaucracy, by establishing one goal liaison for each strategic goal presented in this plan. Goal liaisons would consult with all chairs of INTOSAI entities within the goal to (1) help facilitate communication and awareness within and among strategic goal areas and across regional working groups, and (2) establish stronger links among the Governing Board, the committees, working groups, and task forces. Goal liaisons would not lead, direct, or intrude on committee, working group, task force, or regional working group functions. Rather, they would serve as facilitators and enablers for continuous improvement.

Committee, working group and task force chairs within goals 1, 2, and 3 should consult with their corresponding members to nominate one or more Governing Board member candidates as goal liaison for their respective goal area. These nominations from the Governing Board should be made to the Chairman of the Governing Board, and the Board will select a goal liaison for each goal from among the nominees. As noted in the discussion of Goal 4 in item (c), the second vice chairman of the Governing Board, nominated by the chairman of the Board and appointed by the Board, would serve as chair of the Finance and Administration Committee, and as goal liaison for Goal 4. Committees, working groups, and task forces would continue to be invited to attend meetings of the Governing Board and present their respective reports. However, as noted previously, these chairs could, at their option, have their relevant goal liaison present the chair's report if the chair does not attend the Board meeting. Prior to the XIX INCOSAI in 2007, the Governing Board would reassess whether the position of goal liaison should be retained or revised, and make a recommendation for action by the membership.

Initial goal liaisons would be nominated (as proposed above) and approved by the Governing Board at its proposed extraordinary meeting in the spring of 2005. These goal liaisons would serve until the Governing Board meeting immediately following the XIX INCOSAI in 2007. From then on, goal liaisons would always be nominated and approved at the Governing Board meeting immediately following each Congress.

II. Strengthen INTOSAI's internal capacity to address the strategic issues identified in this plan.

In addition to organizational focus, this plan raises concerns about the ability of the organization to carry out all the actions proposed in the strategic plan. In particular, the plan takes note of the organization's current financial structure and the added burden the proposed activities would place on INTOSAI and the General Secretariat.

(a) Financing INTOSAI activities.

INTOSAI is funded solely by annual member assessments and is heavily reliant on in-kind contributions from members for the support of its activities. To augment funding, INTOSAI relies on good will and substantial in-kind contributions from the Austrian SAI in its role as the INTOSAI Secretariat and from those SAIs willing to serve as committee, working group, and task force chairs; host meetings; or provide other direct support to the various programs and activities of INTOSAI.

The strategic plan is both desirable and achievable, and does not recommend an increase in member assessments at this time. Much of the plan is achievable within current resource levels, since much more could be achieved by maximizing the economy and efficiency of INTOSAI's operations and considering reallocation of existing resources to align them with the strategic goals. Furthermore, opportunities for revenue enhancement, other than through dues increases, should be explored (e.g., fees from exhibitors). INTOSAI's overall success will depend on the resource efficiencies gained from an assessment of INTOSAI's financial position, as well as the continued generosity of members' in-kind contributions to the organization. This is especially true because the purchasing power of annual member assessments has eroded steadily and significantly, having been outpaced by inflation, since the amounts were set more than 20 years ago. In addition, several member SAIs have significant and ongoing arrearages in assessments. Meanwhile an ever smaller number of members provide a growing share of INTOSAI's financial and nonfinancial resources. Against this background, it is appropriate to study several issues related to the organization's finances and to recommend improvements to the Governing Board.

This plan provides that the Finance and Administration Committee will conduct, with due regard to INTOSAI's current financial rules and regulations and other operating handbooks, a study to:

- Review INTOSAI's financial condition and existing resource commitments and utilization, and identify opportunities for additional economy and efficiency.
- Identify possible additional sources of funding and opportunities for strategic partnerships with external organizations, consistent with INTOSAI's independence standards, potentially including but not limited to:
 - Allowing members a set number of free registrations for congresses and other conferences, and then charging registration fees for additional delegates.
 - Seeking contributions and grants from donor organizations (consistent with INTOSAI's independence standards).
 - Allowing for the sale of INTOSAI publications.
 - Charging fees to exhibitors at congresses and conferences.
 - Imposing consequences on SAIs that are more than 2 years late in paying their assessments.
- Before each Congress, assess whether, and if so to what extent, INTOSAI may require additional resources to implement the strategic plan, which may require an increase in assessments.
- Effective in 2007, the committee would make a recommendation every 3 years to the Governing Board on whether, and if so to what extent, to increase member assessments. Well in advance of each Congress, if the committee determines there is a need to increase the assessments, it would make a specific recommendation to the Governing Board. The Governing Board would then act on the committee's proposal, and any resulting recommendations would be communicated by the General Secretariat to all INTOSAI members at least 3 months before each Congress, for discussion and approval by the Congress. If approved at the XIX INCOSAI in 2007, for example, any increase would take effect at the start of financial year 2009 (January 1, 2009).

- Recommend appropriate assessments structure/levels for the proposed category of associate membership. See Section III for procedures related to initial assessments and fees for associate members.
- Review the INTOSAI budget in terms of its alignment with the strategic plan. For example, determine whether it is appropriate to specify proportionate budget allocations in the financial rules and decide whether the current budgetary allocations among training, the UN/INTOSAI seminar, the *Journal*, the Secretariat, and the host of the Congress make sense in the context of INTOSAI's strategic direction.
- Review the costs (such as interpretation and translation costs) of hosting and conducting INTOSAI events, such as congresses, Governing Board, and committee meetings, with a view to establishing a set of standards and practices to be followed when hosting such events, to reduce or minimize costs and maximize efficiency. Currently, relatively few countries chair or host committees, task forces, and other meetings. Hosting such events requires significant investment of financial and human resources that are increasingly difficult for SAIs to provide.
- Study and recommend, in collaboration with relevant INTOSAI entities, how all INTOSAI bodies can make greater use of modern technology to facilitate decision-making during the time between annual Board meetings and triennial congresses.

(b) Enhancing INTOSAI's ability to achieve the strategic goals.

INTOSAI members recognize with gratitude the long-standing, generous in-kind and financial contributions the Austrian SAI has made to the organization. Members also recognize the significant ongoing contributions made by Norway (in support of IDI), the United States of America (in support of the *International Journal of Government Auditing*), and various SAIs that chair committees, working groups, and task forces; host congresses; and offer other in-kind support. Given this generous support, INTOSAI should not expect a relatively small number of members to bear the greater burden of added responsibilities embedded in the strategic plan without additional support from other members. INTOSAI and the General Secretariat require strengthening to support the additional activities proposed in the strategic plan.

To enhance the capacity of INTOSAI to achieve the strategic goals, the plan:

- Affirms that the Auditor General of Austria retains the post of Secretary General of INTOSAI and that the headquarters of the INTOSAI Secretariat remains in Vienna.
- Encourages potential staff secondments and assignments – based on needs arising from implementation of this strategic plan – from a range of member SAIs to supplement existing Secretariat and other INTOSAI resources. Depending on the nature of the function to be undertaken, seconded staff may remain in their home SAI. However, some staff should be based in Vienna. In all cases, secondments would be arranged through advanced consultation with and approval of the General Secretariat, and all related staff and residency costs would be borne by the sending SAI.
- Includes the creation of the post of Director of Strategic Planning to help ensure continued organizational focus on the strategic goals and effective coordination and implementation of the strategic plan.
- The Director of Strategic Planning will help to ensure continuity by providing sustained attention to implementing the strategic plan over time. For example, the Director of Strategic Planning would also help to ensure the integration of all elements of the strategic plan and – in consultation with the Secretary General – work closely with the Chairman of the Board, goal liaisons, regional Secretariats, and others (e.g., IDI, the International Journal

of Government Auditing) to help ensure that the strategic objectives are being achieved.

- The Director of Strategic Planning will be responsible to the Secretary General and will report directly and regularly to him/her. The Secretary General would then include such reports, as appropriate, in his/her reports to the Governing Board.
- This new and incremental senior staff-level position will be filled with an experienced staff member seconded by a member SAI (including potentially Austria as host of the General Secretariat), either on a full- or substantial part-time basis for a term of up to 3 years. It would be preferable but not required for this person to be based in Vienna. INTOSAI members would nominate candidates for this position for consideration and selection by the Governing Board. Candidates must have senior management experience, along with knowledge of INTOSAI and experience working in public sector auditing. In addition, candidates should be able to communicate effectively in at least two of INTOSAI's five official languages, at least one of which must be one of INTOSAI's widely-used official languages. It is envisioned that candidates for this position will be considered at an extraordinary Governing Board meeting in the spring of 2005.
- At the XIX INCOSAI in 2007, INTOSAI members will reassess whether the position of Director of Strategic Planning should be retained or revised.

The above recommendations in the areas of organizational focus and internal capacity will improve the efficiency and timeliness of decision-making in INTOSAI to the benefit of the organization and its members, permit more timely interaction with other international partners, and advance the goal of becoming a model international organization.

III. Membership

The plan recognizes opportunities to increase partnerships with interested organizations, expand involvement with nonmember accountability organizations, and enhance the INTOSAI knowledge base.

As a result, this plan includes the establishment of two categories of membership:

- **Members:** national and supranational supreme audit institutions that meet specified criteria and would have all membership rights described in the existing statutes.
- **Associate members:** international, professional, and other organizations that share INTOSAI's goals. Associate members would not have voting privileges but could participate in INTOSAI events and programs, benefit from INTOSAI capabilities (e.g., publications and knowledge sharing). They would pay an annual associate member assessment and might also be required to pay additional fees for some events (e.g., attendance at congresses). The initial assessments and fees would be set by the Governing Board based on a recommendation from the Finance and Administration Committee. When such organizations apply to the Board for associate membership, the Board will consult with the SAI representing the country from which the application originates; the Board will solicit and give great weight to the views of such member SAIs in connection with any such application.

This plan provides that SAIs continue to be allowed to join multiple regional working groups provided for by the individual groups, but that SAIs must declare one regional working group to be their "home" group with regard to INTOSAI-level issues such as allocation of Governing Board seats, funding for IDI regional and other training programs, etc.

