

Day 1 - Wednesday 18 April 2018

The 11th annual PAS meeting was hosted by the State Audit Office (SAO) of Hungary and took place in Budapest 18-19 April 2018.

Agenda item 1A: Welcome

The President of the State Audit Office of Hungary, Mr László Domokos, opened the meeting by welcoming members of the Performance Audit Subcommittee to Budapest, and by stressing the importance of the subcommittee's work. In his view, the PAS is a strong and active committee within the INTOSAI community.

The President especially welcomed the presence of distinguished guests Mr Hussam Alangari, President of the General Auditing Bureau of Saudi Arabia, and Mr Benjamin Zymler, Minister of the Brazilian Federal Court of Accounts. The presence of these distinguished guests underlines the importance of the work of the PAS on performance audit. Furthermore, the participation of Mr Geoffrey Simpson from the Professional Standards Committee (PSC) Vice-Chair and European Court of Auditors, and Mr Nicholas Brunner from the INTOSAI Working Group on Evaluation of Public Policies and Programs (WGEPPP) and the French Court of Audit, is of great importance, as close collaboration between subcommittees and the PSC is vital, and the topic of evaluation is of great interest to the subcommittee. The President further commented on the remaining agenda items, which he found interesting and relevant. Mr Domokos stated that in his opinion, the meeting will contribute to further development of the work on performance audit, and he also accentuated the importance of sharing experiences between countries.

Agenda item 1B: Presentation of the agenda

The PAS Chair, Mr Jan Roar Beckstrom, presented the agenda and emphasised the importance of working towards fulfilling the goals agreed upon in the PAS Work Plan 2017-2019, especially related to implementation through projects in the Strategic Development Plan for the INTOSAI Framework of Professional Pronouncements (SDP for the IFPP), and by supporting the implementation efforts of the INTOSAI Development Initiative (IDI). Further, an ongoing process of great importance in INTOSAI

is the work on auditing the UN Strategic Development Goals (SDGs). The PAS is involved through the importance given to performance audit of SDGs in the INTOSAI Strategic Plan, and this issue was included in the PAS Work Plan 2017-2019 accordingly. On data science and on the inclusion of the Working Group on Evaluation of Public Policies and Programs (WGEPPP) in this year's meeting agenda, the Chair emphasised that these are topics of great interest and relevance for the PAS. One indication of such relevance when it comes to evaluation, is that the WGEPPP has some overlapping memberships with the PAS. Furthermore, this topic has been included because it is important that documents from the WGEPPP and the PAS are consistent in terminology and content. Lastly, it is highly useful to share experiences amongst our group on data science. It is also in line with the PAS work plan that we set aside time in meetings to share interesting experiences and developments in performance audit.

Agenda item 1C: Brief introductions by all participants

18 member SAIs, two observers and two additional speakers attended the meeting. Please see participant list for more information.

Agenda item 1D: The relationship between evaluation and performance audit

Introduction by Mr Nicolas Brunner, Cour des Comptes France and Working Group on Evaluation of Public Policies and Programs (WGEPPP): "Evaluation of public policies and programs vs performance audit".

Mr Brunner introduced the similarities and differences between evaluation and performance audit as outlined in the INTOSAI GOV 9400, stressing the notions of *needs, stakeholder involvement, relevance and utility of the policy*, as well as *socio-economic impact* as elements of evaluations, but not part of performance audits.

Mr Brunner emphasised that *impact*, which is part of an evaluation of public policies, is not included in the ISSAI 300 standard. Hence, he believes that impact is a distinctive notion of a public policy evaluation. For example, an evaluator does not look into compliance but checks if regulation is useful for achieving the intended results. The connection with the stakeholder during the whole process is also very specific for evaluations.

Discussion: there were many questions and comments following Mr Brunner`s presentation, and committee members shared their reflections on similarities and differences between policy evaluations and performance audits. One noteworthy element in this discussion was the notion of *utility*. Some SAIs may be prohibited from expressing a view about the merits of a policy in itself, e.g. the government`s expressed intention or expected results. The Chair proposed that the concept of “utility” may be brought up in a future discussion, if considered relevant. Evaluation practices seem to vary between SAIs according to mandate, which in some cases may prevent SAIs from conducting public policy evaluations. It is important to note that for example the Cour des comptes of France has a mandate which indicates a rather sharp division between evaluation and performance audit. However, several PAS members questioned the division between evaluation and performance audit in principle, and the view of some PAS members is that a mandate for conducting performance audit includes evaluation. Some members expressed the view that programme evaluation ought to be done by the internal audit and evaluation function of the government or within a ministry as an aid to continuous improvement by programme management, while the role of the external auditor should be to provide assurance on the implementation of policy to members of the legislature.

Following Mr Brunner`s introduction and the initial discussion the PAS Chair, Mr Jan Roar Beckstrom, introduced some thoughts on the relationship between performance audit and evaluation (title of presentation: “Performance audit & evaluation”). Committee members were asked to comment on potential benefits of establishing a closer dialogue between the WGEPPP and the PAS.

Decisions:

PAS will establish a closer dialogue with the WGEPPP. The first task should be to improve consistency between the ISSAI 3000 series and the INTOSAI GOV 9400. Other suggestions that came up were sharing information and experiences between the groups, alternatively participating as observers in each other`s meetings, and organising meetings to discuss issues that are relevant across the two groups. Another suggestion was to coordinate both groups`s work plans. The chairs of both committees take the responsibility for further cooperation.

Agenda item 1F: The Strategic Development Plan (SDP) for the INTOSAI Framework of Professional Pronouncements (IFPP)

- Presentation by Mr Geoffrey Simpson, Vice-Chair of the Professional Standards Committee (PSC), on: “Process for developing the next Strategic Development Plan for the IFPP”.
- Followed by a presentation by Ms Hege Larsen, PAS Secretariat: “PAS involvement in the Strategic Development Plan for the INTOSAI Framework of Professional Pronouncements (SDP for the IFPP) 2017-2019”.

Topics covered across both presentations and subsequent discussions/comments: procedures, the role of the Forum for INTOSAI Professional Pronouncements (FIPP), SDP revisions 2017, the next SDP 2020-2022.

Decisions:

- *Regarding projects, the subcommittee continues the same procedure as before, where the PAS Secretariat approaches all PAS members or targets specific members according to their expertise, if and when the PSC requests for PAS involvement in SDP projects about to start up, and given that specific projects have performance audit relevance. Involvement will normally be in the form of an advisory role.*
- *In the case of two projects in the current SDP - projects 3.6 and 3.8 - the discussion was somewhat inconclusive as the background for these projects is unknown. Still, the titles of these projects suggest they may be very relevant for the PAS. If these projects start up, the subcommittee will have to discuss our participation again. The Secretariat will request from the PSC and FIPP the rationale for these project proposals.*
- *There was agreement that the ongoing process towards the development of the next SDP should be a top priority. The PAS Secretariat needs to follow this process closely, and will report on developments to PAS members when appropriate.*
- *It was also suggested that PAS member be surveyed to obtain information about what members believe should be included in the next SDP as the committee’s top priorities. These*

need not exclude issues raised elsewhere in INTOSAI but would serve to identify what performance auditors see as most important.

Day 2 - Thursday 19 April 2018

Agenda item 2A: Initiatives in data science

Presentations by 3 member SAIs on data science:

- Mr Dagomar Lima, Federal Court of Accounts, Brazil: “Initiatives in data science”.
- Mr Andy Fisher, NAO United Kingdom: “Data analytics at the National Audit Office (UK)”.
- Mr Frank van den Broek, Netherlands Court of Audit: “Data & analytics at NCA”.

After the presentations, the committee divided into three groups. The following questions were the basis for the group discussions:

1. Is there really a need for more innovative practices/methods in Data Science/Data Analytics?
2. If so, ideas/suggestions how to get started?
3. Is there anything the PAS could/should do as a committee? For example to raise awareness/support initiatives in the broader INTOSAI community?

Conclusions from group discussions:

The group discussions identified opportunities and challenges SAIs are facing when developing practices in data science. Risks include data reliability, different types of data compiled from different sources, internal culture and mindset, the actual relevance of the data collected, and using the data as evidence in audit. There are also issues like identifying the competency level, alternatively raising that level, and how to organize efforts on data science internally. The group exercise identified various organizational solutions taken on by different SAIs towards data science. The need to get buy-in from the management for the importance of the work was also stressed. All three groups shared the view that there is a need for more innovative practices, and a number of suggestions were voiced on how the PAS may get more involved in data science. Among these were exchanging

coding and creating FAQs or a lessons learnt forum to assist others and prevent them from falling into the same pitfalls. Also, it was suggested that the PAS should approach the INTOSAI Working Group on Big Data, chaired by China. PAS members acknowledge that sharing experiences between working groups and the wider INTOSAI community on best practices and lessons learnt is of great value.

Decision:

The Secretariat takes responsibility for sharing material on data science, including methodology, technology, and program code, and for making it available to PAS members and the wider INTOSAI community.

Agenda item 2B: Sustainable Development Goals (SDGs)

- Presentation by Mr Dagomar Lima: “SDGs and Whole of Government Approach - Brazilian experience”.
- Mr Jan Roar Beckstrom: “UN Sustainable Development Goals (SDGs). Performance audit and PAS involvement”. This presentation was about the current plans for PAS involvement in crosscutting priority 2 of the INTOSAI Strategic Plan.

In his presentation, Mr Lima spoke about the operationalization of the Whole of Government approach in the Federal Court of Accounts of Brazil (TCU Brazil). The TCU added elements to existing sustainability concepts, such as components of GAP.

The plan for fulfilling the PAS` obligation to contribute to the INTOSAI Strategic Plan is as follows, and suggested by the Chair:

UNDESA and IDI will publish a cobranded document on lessons learned and audit findings from cooperative audits facilitated by IDI, in time for the UN HLPF 2019. The publication goes under crosscutting priority 1 of the INTOSAI Strategic Plan. Some PAS members expressed some uncertainty about what the term “cooperative audits” was referring to. This needs to be clarified in the final document.

The PAS Chair`s suggestion is that the PAS joins forces with IDI and the UNDESA in producing and securing the quality of this document, and this will be the PAS` contribution towards realizing the INTOSAI Strategic Plan on SDGs in the coming year. Member SAIs which have already been involved in the SDG efforts, like US, Canada and the Netherlands, believe that existing performance audit methodology is entirely suited to auditing the UN SDGs, and that no new methodology is needed for this purpose. The joint project with the IDI/UNDESA will most likely identify in what ways the approach to auditing SDGs may differ, even if this is not related specifically to methodology.

One PAS member should join this project together with the Secretariat. Members are welcome to volunteer their participation, alternatively, find someone in their SAI who is particularly well qualified. The Secretariat will coordinate the project from the PAS` side, thus providing some, however limited, resources. The project idea has been clarified and agreed to by the IDI, although no formal commitment has been made at this point. The suggested project idea comes as a result of close collaboration with the IDI and the INTOSAI Chair of the United Arab Emirates.

Decision:

The PAS supports the proposed project idea.

Agenda item 2C: Collaboration between the PAS and the INTOSAI Development Initiative (IDI) on implementation of the ISSAI 3000 series

- Presentation by Ms Jade Quarrell, IDI: "Collaboration between the PAS and the IDI for supporting ISSAI implementation".
- Presentation by Ms Hege Larsen, PAS Secretariat: "Priorities and the role of the PAS in implementing the ISSAI 3000 series. - PAS and IDI collaboration". The presentation included some slides on implementation of the ISSAIs.

This agenda item was reduced to mostly information about the current collaboration between the IDI and PAS, as well as suggestions on further engagements with reference to the existing Terms of Reference between PSC subcommittees and the IDI on the 3i programme. Due to time constraints for this agenda item, most of the discussion focused on the identified lack of relevant data on implementation, which lead to a suggestion to set up a project to possibly mend this situation.

Decision:

*The discussion on implementation rates and the suggestion to set up a PAS project to get more solid knowledge on implementation of the ISSAIs was inconclusive. The objective of such a project was also not clear. The PAS Secretariat will follow it up, but such a project **will** demand significant resources provided by PAS members outside the Secretariat. The follow-up by the secretariat will include a closer look at what kind of information/data the IDI has on implementation of the ISSAI 3000 standard and the quality of this material. To set up a project with the objective to get reliable information on implementation/compliance with ISSAIs (i.e. beyond management representation) would require a significant commitment of time and resources that is likely beyond the capacity of the PAS. However, PAS members may initiate the setting up of such a project by approaching the Secretariat to volunteer their contribution at any time.*

Additional agenda point: suggestions for priorities for 2018-2019

Referring to the PAS Work Plan 2017-2019, the PAS Chair suggested five priorities for the PAS in the coming year. He invited PAS members to comment upon these in the meeting:

1. Continue the follow-up of the existing SDP, including existing engagements.
2. Continue working with the IDI to secure the quality of IDI-material on implementation.
3. Work with the PSC to get a better strategic basis for the next SDP (for example: securing that projects in the next SDP provide real added value).
4. Participate in the IDI project on SDG lessons learned/audit results.
5. Set up a project group to collect and analyse existing information on implementation of performance audit standards. Results may be made available in a report, if relevant.

Several members stressed the necessity to take the lead in forming PAS involvement in projects for the new SDP. Given that, priority number three above is the most urgent.

Decision:

The committee decided to move forward with the five priorities, but further delineation of the scope of work will have to await the committee members' considerations on how they can contribute to the five priorities suggested. With regard to priority 5, it would be a relatively simple matter to design an audit programme to assess compliance with the ISSAIs but carrying out such work even to get limited assurance on the question, would require a significant investment. We therefore need to ask whether this priority, as it is currently stated, is realistic given the PAS` resources.

The highest priority goes to the development of the next SDP for the IFPP (number 3 above). The Secretariat will work closely with the PSC towards the development of the next SDP, at the same time safeguarding the establishment of a transparent process.

Agenda item 2D: Other business, items:

- Revised (draft) Terms of Reference for the PAS: the PAS Secretariat informed that written comments have been received from two member SAIs: SAI Russia and SAI Peru. In the meeting, Mr Lars Florin (Sweden) suggested a supplementary comment to the mandate of the PAS, which updates the mandate according to current conditions (original mandate was formulated in 2005).
 - **Conclusion**: *the suggested changes will be reviewed and the ToR document will be sent to the PSC for feedback. The final approval should be granted at the INTOSAI Governing Board meeting 2018.*
- Work Plan 2017-2019 and decisions from last meeting: the subcommittee reviewed the PAS Work Plan 2017-2019, which was approved in the 10th PAS meeting in 2017. The work plan will continue to be the authoritative document steering the committee towards the next term and the next work plan.
- Using Teamwork.com: The Chair proposed that the committee starts using the teamwork.com platform for communication, as it is thought to be a suitable instrument for enabling communication among members.

- **Decision:** *The committee will start using the teamwork.com platform for communication within the committee. It will hopefully also contribute to communication between subcommittees, the PSC and FIPP, using the same platform and hosted by the European Court of Auditors (ECA). The PAS Secretariat informed that when committee members change, member SAs have to notify the Secretariat in order for the list of users to be complete at all times. User access will be administered from the ECA.*
- **Evaluation of the agenda:** The Chair praised the State Audit Office of Hungary for their excellent work in carrying out the meeting. The planning process and the collaboration between the Secretariat and the hosts has been running smoothly. Committee members commented that the meeting had been well run, and that facilities and support had been excellent. One suggestion for next year`s meeting is to clearly indicate what the expected outcome should be on each agenda item.
- **Hosting 2019 meeting:** hosts for the 12th annual PAS meeting will hopefully be announced within a couple of months. As soon as dates for the next meeting has been decided upon, the PAS Secretariat will send a save-the-dates email to all members.

Agenda item 2E: Closing remarks

In his closing remarks, the PAS Chair thanked the hosts, the State Audit Office of Hungary, for their excellent efforts in carrying out the meeting. Further, he thanked all participants for constructive contributions and discussions leading to important decisions about the way forward for the PAS.