May 12June 7, 2022   <u>**Project Proposal**</u>   **European Court of Auditors**

This form is used to stand as a record of the proposal from the project team.

PART A: PROJECT IDENTITY

Description	Information
Project number and title as per SDP	**SDP 2017-2019:** Project 2.4 Consolidated and improved guidance on SAI organisational issues. **SDP 2020-2022:** No project number - Define the scope of a project aimed at providing clear, consistent and adequate standards for the organisation of quality control within SAIs taking into account different organisational models, and ensuring consistent use of terminology. x.x – Revision of ISSAI 140
Working title(s) for the new pronouncement(s)	ISSAI 140 (Revised)Quality management for SAIs
Project aim	Develop a standard on quality management for SAIs, which is applicable under the various circumstances of different SAIs Revise the content of ISSAI 140 to bring it in line with ISQM1/ISQM2 (which replace and expand on ISQC1 respectively) and update the presentation of ISSAI 140 in line with the rest of the framework
Project objectives	To update and revise ISSAI 140, containing basic principles and key requirements, keeping in mind that: - it should fit well into the revised INTOSAI framework, which should be clear, useful and accessible for SAIs that seek compliance with the ISSAIs; - its presentation should be consistent with similar level standards (notably endorsement version of ISSAI 150); - its content should be consistent with ISSAI 100; - it should adapt the content of the IAASB quality management standards ISQM1 and ISQM2 for SAIs; - it should be applicable to different SAI organisational models.
Project duration	20.5 months (see Part B below)
Name of the lead WG[1]	Due to the nature of ISSAI 140 this is a joint project involving all sub-committees
Key contacts	Name	Surname	Address	Email	Office Phone	Business Mobile Phone	Organization / Sponsoring SAI

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[1]   For those "type A" projects where an existing working group/subcommittee is considered to have "natural ownership" of the project

Project Group lead	Bogna	Kuczynska	Luxembourg	bogna.kuczynska@eca.europa.eu	+352 4398-473680	+352 691555368	European Court of Auditors (ECA)
Contact person for the goal chair	idem				+		
FIPP liaison officer FIPP shadow liaiso officers	Jane Prachi Einar	Meade Pandey Gørrissen	Australia India Norway	jane.meade@anao.gov.au prachip@cag.gov.in einar.gorrissen@idi.no			SAI Australia SAI India IDI
Other anticipated project team members	Please see the section C.7 below that identifies the anticipated project team members						

PART B: PROJECT MILESTONES

Stage		Due process milestones			
1.	Project proposal	Start Date	End Date	Expected Time in Total	Comments
		March 16, 2022	May 20, 2022	2 months	
		N.B. Allow three months between end date of stage 1 and start date of stage 2 for FIPP approval of the project proposal			
2.	Exposure draft	Start Date	End Date	Expected Time in Total	Comments
		June 15, 2022	~~August~~ September 30~~1~~, 2022	~~3~~2.5 months	
		N.B. Allow three months between end date above and start date below for FIPP approval of the exposure draft			
	Exposure period	Start Date	End Date	Time in Total (not negotiable)	Comments
		January~~December~~ 1, 202~~2~~3	~~February 28~~March 31, 2023	90 Days	
3	Endorsement version	Start Date	End Date	Expected Time in Total	Comments
		April~~March~~ 1, 2023	~~May~~ June 3~~1~~0, 2023	3 months	
		N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval of the endorsement version			
4.	Final pronouncement, including translation into all official INTOSAI languages*	Start Date	End Date	Expected Time in Total	Comments
		~~September~~ October 1, 2023	November 30, 2023	~~3~~2 months	
		"Unless other mechanisms have been established, the working group is responsible for translation of the approved endorsement version into the five official languages." (Due Process, page 9). Time must be allowed to obtain the required translations of the endorsement version(s).			

The IAASB quality management standards become effective as of December 15, 2022. It is therefore urgent for INTOSAI to update its quality management pronouncement, as well as associated content in other pronouncements (conforming amendments). The project team recognise their responsibility for making this happen as soon as possible and will be doing their utmost for the drafting process to be efficient. Likewise, the project team would appreciate FIPP to streamline its own processes as far as possible.

PART C: INITIAL ASSESSMENT AND PROJECT PROPOSAL

N°	Initial assessment - Matters to be covered (Due Process, pages 6 and 7)[2]	
C.1.	Explanation of the need for the project Explanation of the purpose of the project	ISSAI 140 – 'Quality control for SAIs' – which 'adapts' the key principles of ISQC1 for SAIs, was included in INTOSAI's framework of standards in 2010 (then named ISSAI 40). The need for an updating project was first identified in the 2017-2019 Strategic Development Plan (SDP) approved by INCOSAI in December 2016 as part of Project 2.4 Consolidated and improved guidance on SAI organisational issues. The 2020-2022 SDP (approved by the Governing Board in September 2019) reiterated the need to provide clear, consistent and adequate standards for the organisation of the quality management system within SAIs taking into account different organisational models, and ensuring consistent use of terminology. In the meantime, in December 2020, the IAASB issued a new suite of quality management standards (ISQM 1 and ISQM 2) replacing the extant ISQC 1, and revised its ISA 220 standard (quality management of an audit of financial statements). The new standards are effective as of December 15, 2022 (the revised ISA 220 being effective for audits of financial statements for periods beginning on or after December 15, 2022). The changes emphasise that the auditor's objective is about managing quality control and associated procedures in a risk-based and dynamic way in order to achieve the required level of quality, rather than implementing a static set of quality control procedures. These changes and revisions imply that a revision of the associated content of the IFPP, notably ISSAI 140, is needed and with some urgency. We will also consider:

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[2]   Please give detailed explanations in the right-hand column or provide references to annexed supporting material

		o how best to reflect the content of the new ISQM 2 (which gives more detail about one particular aspect of quality management – Engagement Quality Control Review); o the relationship between I~~SS~~SAI 140 and ISSAI 130/150 ~~220/ISSAI 2220 (which has been updated in line with the new standards) and the specific engagement-level material for compliance audit and performance audit, and how the latter needs to be updated~~; and o the conforming amendments that will be needed elsewhere in the framework. The deliverables of this project will be: - a revised ISSAI 140 and amendments to ISSAI 100 on quality management; and possibly - a proposal for conforming amendments to other INTOSAI pronouncements; and - identification of possible supporting material, such as guidance (which would then be developed as part of another project).
C.2.	Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)	Principles of quality management are applicable to all SAIs.
C.3.	Description of different types of SAIs / audit engagements that must be accommodated in the new pronouncement	Principles of quality management are applicable and relevant to all SAIs.
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	ISSAI 140 will provide requirements for SAIs that conduct audits in accordance with the ISSAIs. The project should not give guidance/application material on ISQM-1 but take into consideration that some SAIs will also wish to comply with ISQM-1. SAIs that use national standards based on ISSAI 100 will be covered by amendments in ISSAI 100. The project will aim to make the new ISSAI 140 more understandable, relevant and usable. There may be a need for extensive guidance on implementation as an aid for SAIs. There is no such guidance supporting the extant ISSAI 140 currently in the framework. The project team will assess the demand and potential for a dedicated application support material in the form

		of a GUID to be undertaken as a **distinct project**. This assessment, and any new project, would take as its starting point the IDI guidance on quality management which is in preparation (we are being told that IDI are expecting to have a first draft available towards the end of 2022). The assessment might conclude that the IDI guidance is sufficient and there is no need to duplicate the material in a dedicated GUID.
C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional pronouncement(s)will be ensured	This is in the project scope – see project objectives above.
C.6.	Explanation of the extent to which it will be possible and desirable to build on pronouncements from other internationally recognized, regional or national standard-setters and, if so, the extent to which supplementary pronouncements are needed to provide clarity on new pronouncement	As explained in C1, IAASB has issued a suite of new quality management standards. The ~~and the~~ key objective of this project is to ~~revise ISSAI 140 with principles and requirements aligned with~~ develop a standard on quality management for SAIs, which considers these standards. SAIs may need extensive application guidance on how to implement the updated ISSAI 140 which could be addressed as explained in C4.
Nº	**Project proposal - Matters to be covered (Due Process, page 7)[2]**	
C.7.	Explanation of organisation of the project describing how project group members will be drawn from relevant sub committees/ working groups/ other interested parties	A project team has been formed to undertake the project. The European Court of Auditors (ECA) is leading the project with the support of the UK NAO, and involving representatives of each of the PSC subcommittees. The team is composed of: Lead : Bogna Kuczynska, ECA From PAS: Andy Fisher, NAO, UK Jean-Christophe Potton, SAI France From FAAS: Nicole Lauzon, OAG Canada Andy Harkness, SAI Ireland Ila Singh, SAI India Gurveen Sidhu, SAI India Preet Abrahim, SAI India

		From CAS: Ingvild Gulbrandsen, SAI Norway Eniko Czinder, SAI Hungary Katalin Palyi, SAI Hungary Chanda Pandit, SAI India From ICS: Bart Van De Wielle, SAI Belgium Martin Abbink, SAI the Netherlands Madeeha N. Alsaybani, SAI Oman Faiza AL-Falahi, SAI Oman Cristina Vasilache, SAI Romania Cristian Neagu, SAI Romania Jim Dalkin, SAI USA Michael Bingham, SAI USA Mine Çakir, SAI Turkey Ferhat Aksoy, SAI Turkey Guadalupe Fernández Espinosa, SAI Spain Pablo Rubio Rodríguez, SAI Spain Manuel Sueiras Pascual, SAI Spain. In addition to this wide team, the exposure process will also represent an effective mechanism to obtain feedback from interested stakeholders.
C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	As explained in C1, conforming amendments of varying extent will be necessary to a number of existing pronouncements, eg P 50, ISSAI 100, 200, 300, 400, 2000, 3000, 4000, GUID 3910, 3920. This list is not exhaustive. We aim to identify these amendments as we progress with the work and produce a proposal accordingly.
C.9.	Explain the quality processes that will be applied in the drafting process (see Due Process, page 7 and 8) along with the parties that the project group will consult and engage with at stage 2 of exposure draft.	The project team will adhere to the Due Process for INTOSAI's framework of professional pronouncements. The project team is composed of 25 participants coming from 16 SAIs representing all four sub-committees which allows for a wide range of expertise and different national settings to be represented.

		The project team intends to work as follows: a core drafting team composed of four sub-committee members and the project lead will be tasked with producing a first draft of any deliverable. This first draft will be reviewed by the remaining participants ~~prior to submission to FIPP~~and will also be consulted with the FIPP, PSC, CBC, KSC and the working groups (PAS, FAAS, CAS and ICS). The project team also plans to mirror, in so far as practical, the ISSAI 150 (exposure draft) in order to ensure alignment in terms of structure, level of detail and basic concepts and principles (suggested by FIPP at the February meeting). If required, in addition to the consultation foreseen above, guidance will be requested from the relevant bodies of the PSC, CBC or KSC in order to ensure alignment with INTOSAI's strategic goals and priorities.

PART D: AUTHORITIES

PERSON	NAME	SURNAME	DATE	SIGNATURE
Project leader	Bogna	Kuczynska	~~12/05~~07/06/2022	/…/
Responsible Goal Chair				