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**Report of the
Capacity Building Committee (CBC)**
**Agenda Item 12: Second General Plenary Session,
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Report of the Capacity Building Committee (CBC)

1. Introduction

This report covers the work of the CBC since XXI INCOSAI in Beijing at the end of 2013 when the SAI of South Africa, as Chair, and the SAI of Sweden, as Vice Chair, were appointed to lead INTOSAI's capacity development efforts, building on the solid foundation laid over the previous nine years under the leadership of SAI Morocco.

Recognising that the world of capacity development in INTOSAI had moved on substantially since 2004 when the CBC was originally formed, and with collaboration being the key driver, the CBC developed a concept paper as a first steps in outlining a vision for continuing the next three years of the CBC journey, challenging the CBC to fulfil a clearer strategic role in response to the needs of the broader INTOSAI community.

It was decided that the value-adding role of the CBC should focus on its role as the INTOSAI lead for and custodian of SAI capacity development. Amongst others, and in order to add maximum value, it was agreed to –

- Continue with and intensify the important current work of the CBC and its subcommittees, and further integrate the work of the different bodies of the CBC into a more agile and flexible structure, while involving more CBC members in active work within the committee;
- Support the important role of the INTOSAI regions in capacity development, including supporting the intensification of the capacity building agendas of the individual regions and promoting inter-regional cooperation;
- Create opportunities for all who are interested in the capacity development agenda of INTOSAI to have invigorated and strategic engagements with regard to capacity development opportunities and challenges;
- Build and nurture relationships with other actors in the SAI capacity development arena, inside and outside of INTOSAI, in particular the PSC and the KSC given the need for synergy between these three strategic goal committees; the INTOSAI Development Initiative (IDI) as INTOSAI's primary global implementing body for capacity development, and the INTOSAI-Donor Cooperation (IDC) given the CBC and IDC's mutuality of strategic objectives, and
- Promote coordinated capacity building and prevent duplication of efforts, while recognising and supporting the efforts of individual SAIs and regional organisations to support one another through strategic dialogues, knowledge sharing, capacity development programmes and initiatives, and evaluation of development efforts.

The CBC therefore commenced the journey towards the next INCOSAI by ensuring continuity, building on what had already been achieved, and in a responsible manner evolving and

innovating only where there was a need. It was anticipated that the journey of the next three years was going to be a challenging one, but the CBC knew that it was not alone on this journey and that we could depend on the advice and cooperation of many within INTOSAI because of the spirit of comradery and unity of purpose existing within INTOSAI.

2. Progress report

The CBC is pleased report successful progress during the last three years regarding the committee's work. At the three annual meetings held in Lima (September 2014), Stockholm (September 2015) and Cape Town (October 2016) the work streams were able to report progress in the following key areas of the CBC's work:

2.1 Cooperation within INTOSAI

Immediately following XXI INCOSAI in Beijing, the CBC started a review of the strategic focus of the committee. It was decided that a good starting point was to revise the value chain of processes that are critical to the success of capacity development. Areas that were looked at included the professional standards and guidance available to SAIs and public sector audits to be able to develop the required competencies to execute the SAI mandate; the arrangements and tools within INTOSAI to verify or assess the adherence to standards; the respective roles of INTOSAI's goal committees as well as the regional organisations, and the delivery of capacity development support, including the development and maintenance of global public goods and tools.

The revision of the capacity development value chain truly started to bear fruit, however, when the committee joined forces with the PSC and KSC and together explored opportunities for closer collaboration, realising that much of what we were trying to achieve was going to be difficult without regular joining of efforts. The CBC, PSC and KSC therefore agreed to have closer and more regular cooperation.

This regular cooperation became known as the "joint goal cooperation" and every opportunity was used in the next two years to work together, and throughout – whenever we called upon the INTOSAI General Secretariat – quick and professional advice was always forthcoming testifying of rich experience and insight.

In March 2015 the CBC-PSC-KSC collaboration reached a key milestone when the joint goal cooperation linked up with the fourth INTOSAI strategic goal, the Finance and Administration Committee. At the meeting of the FAC Task Force on Strategic Planning in Vienna, the integration of all four INTOSAI goals was further conceptualised resulting in a complete INTOSAI value circle that is now captured in the new Strategic Plan 2017-22.

This integrated service delivery model enabled the four Strategic Goals to flesh out and align their individual strategic objectives and initiatives for the next six years. This significant progress would not have been possible without the advice and insight of the CBC's Goal Liaison, the US General Accountability Office, especially with regard to the strategic planning processes.

2.2 Relations with the INTOSAI-Donor Cooperation

Following the last Congress, the need for closer cooperation between the CBC and the INTOSAI–Donor Cooperation (IDC) was identified by both committees based on their similarity of purpose.

Since 2015 the CBC has been attending the regular leadership teleconferences of the IDC, and in 2016 the CBC and IDC held a very successful contiguous meeting based on the feedback from members of both committees. The CBC also participated in the two of the working groups of the IDC and will continue to be involved in the roll-out of the initiatives arising from these work groups. The CBC's new focus on the capacity development of SAIs in fragile situations will benefit from close cooperation with the IDC. The CBC greatly appreciates the support of the IDC during the development and finalisation of the SAI Performance Management Framework.

2.3 Subcommittee on Cooperative Audits

The Subcommittee on Cooperative Audits, chaired by SAI Peru, was able to complete its review of ISSAI 5800: *Guide for Cooperative Audit Programs between Supreme Audit Institutions* and will present it to XXII INCOSAI for endorsement.

The INTOSAI Data Base on Experts and Specialists Database was revised, was also made more user-friendly and was re-launched in 2015. The Guideline on Internship Programmes was revised and approved at the 2016 CBC meeting.

In an era where the millennium development goals have been replaced by the United Nation's Agenda 2030 with its new sustainability development goals, the guidance on cooperative audits will enable SAIs to cooperate better and support the quality of the other's work, thereby increasing their ability to positively impact their societies and also contribute the global agenda of a better life for all.

(See also the separate detailed report by the Subcommittees on Cooperative Audits.)

2.4 Subcommittee on Peer Reviews

The Subcommittee in Peer Reviews, chaired by SAI Slovakia, continued to assess and document existing peer review arrangements in the INTOSAI community and continued to foster an environment where voluntary reviews are seen as beneficial to all peer reviewing and reviewed SAIs and establish mechanisms for initiating peer reviews. The Subcommittee finalised its revision of ISSAI 5600: *A Peer Review Guide* as well as the accompanying Peer Review Areas and Questions and will present it to XXII INCOSAI for endorsement.

The Subcommittee agreed to support the INTOSAI Peer Reviews on Independence, a three year project (2015-2017) that is based on seven peer reviews on the subject of SAI independence carried out at seven SAIs worldwide. The Subcommittee will review and evaluate the overall project upon completion.

(See also the separate detailed report by the Subcommittees on Peer Reviews.)

2.5 INTOSAI professional development

Early in 2014 the CBC had realised that it had a role to play in the promote INTOSAI professional development as an anchor for capacity development given the absence of global public sector competency standards and/or guidelines, a critical component for professionalism. Realising the likely magnitude of doing work in this area, the CBC initially flagged this work for later. However, research in connection with the new strategic plan indicated that that was a pressing need within INTOSAI for guidance in this regard, and when a request was received from FAC to investigate competency-based development options for public sector auditors, the CBC agreed to lead a Task Group to investigate development options and other aspects of professional education and assessment.

Given that the CBC had also resolved to partner with those already in the capacity building game, this was an opportunity for the CBC and the INTOSAI Development Initiative to cooperate. With the help of the IDI, and together with the expertise and support of the other Task Group members, significant progress was made and in 2016 a detailed position paper was made available on mechanisms required to facilitate and structure professional development at SAIs. This was accompanied by the first ever competency framework for public sector audit professionals at SAIs, a framework that provides a strong foundation for further work to be carried out within INTOSAI regarding professional development.

As part of the research into competency-based professional development, the CBC had the opportunity to interact with International Federation of Accountants and the Institute of Internal Auditors and this had been very informative. The CBC believes that it will be important for INTOSAI and the Goal Committees to have appropriate relationships with the broader international accounting and auditing profession given the many mutual benefits. INTOSAI should consider mandating its relevant organs that deal with work in education, training and capacity development to engage with such global role players in the interest of mutual sharing of knowledge and experience.

The establishment in 2015 of the Forum for INTOSAI Professional Pronouncements – initially known as the Common Forum – and its identification that there was a definite need for auditor competency standards in INTOSAI’s framework for professional pronouncements is highly encouraging. In 2017 the CBC plans to engage further with the Forum on the best options for addressing auditor competency standards.

2.6 Regional capacity development

During XXI INCOSAI in Beijing in 2013 the CBC was specifically tasked to put particular emphasis on INTOSAI regions and interregional cooperation given that the regional organisations of INTOSAI are all members of the CBC Steering Committee, and seeing that regional organisations are also natural enablers of stronger SAIs across the globe.

At the annual meeting of the CBC in Lima, Peru, in 2014 a first discussion was held on the factors that influenced regional organisations’ support of their members SAIs. In 2015 a first formal meeting of the Regional Forum for Capacity Development was held in Stockholm, Sweden,

during the 2015 CBC annual meeting. The value of well-functioning and professional INTOSAI regional organisations was once again discussed. The wealth of perspectives that became available during the Stockholm Forum discussions enabled the development of a draft Framework for Regional Professionalism, which at the end of 2015 was circulated to all regional organisations and other stakeholders for comment. The many comments received enabled the production of a revised and enhanced draft framework that was adopted at the CBC steering meeting in October 2016, and which has been made available as part of the XXII INCOSAI documentation. The purpose of this framework is to assist regional organisations to attain the highest levels of professionalism by providing a reference guide that they can use as the foundation for their strategic planning.

In recognition of the importance of leveraging and facilitating cooperation among INTOSAI's regional organizations, it has also been decided that the Regional Forum for Capacity Development should become a full-blown work-stream of the CBC dedicated to regular engagements with regional and sub-regional organizations so that information and insight can be shared and regional development issues can be addressed at a cross-regional and strategic level.

2.7 SAI performance measurement

The SAI Performance Measurement Framework (SAI PMF) is an INTOSAI global public good that provides SAIs with a framework for voluntary assessment of their performance against the ISSAIs and other established international good practices. The framework was developed and piloted under the auspices of the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS) following a decision at the XX INTOSAI Congress in 2010, and will be presented to XXII INCOSAI for endorsement.

Seeing that the SAI PMF is a measurement tool developed for use by SAI's, it will be appropriate for the implementation of the SAI PMF to take place under the stewardship of INTOSAI after endorsement at XXII INCOSAI. In order for INTOSAI to be ready and prepared to implement the SAI PMF, a working group was established towards the middle of 2016 on the request of the INTOSAI Goal chairs to develop an implementation strategy for the SAI PMF. The working group comprised of the CBC leadership (SAI South Africa and SAI Sweden), the Chair of the WGVBS (SAI Mexico), the INTOSAI-Donor Secretariat and the IDI to develop a SAI PMF implementation strategy for 2017-19.

The WGVBS provided comment on the draft strategy and in September 2016 it was presented to the Steering Committee of the KSC. The SAI PMF implementation strategy was approved by the CBC steering committee at its 5 October 2016 meeting, and also received the support of the INTOSAI-Donor Steering Committee in that same week.

The SAI PMF Implementation Strategy for 2017-19 clearly vests ownership of the SAI PMF tool and its implementation in the hands of INTOSAI, and provides for the CBC to have the role as INTOSAI strategic governance lead for the SAI PMF and a new SAI PMF Unit within IDI to take on the role of the operation lead for SAI PMF support.

The strategy has been made available as part of the Congress documentation and will be put forward for endorsement by XXII INCOSAI.

2.8 Promoting IntoSAINT in support of SAI integrity

In 2014 the CBC welcomed the IntoSAINT initiative under the leadership of the SAI Netherlands as a work stream under the CBC. The project team have had numerous successes, including having the IntoSAINT principles incorporated in the revised ISSAI 30, into the final SAI-PMF, into the institutional capacity building framework of AFROSAI-E, and IntoSAINT is also incorporated INTOSAI's Strategic Plan for 2017-2022. Regional training as well as some self-assessments have been carried out in ARABOSAI, ASEANSAI, EUROSAI, AFROSAI-E and OLACEFS, and there was a complete roll-out of IntoSAINT in OLACEFS.

After 2016 the project group will be under the leadership of the SAI of Mexico and will continue to promote IntoSAINT as the preferred capacity development and assessment tool in support of improved SAI institutional integrity.

2.9 CBC website and knowledge sharing

At the end of 2014 the CBC launched a new website that was aimed at providing ease of access to an optimum range of capacity development information, trends and best practices.

At present the document library on the website has a total of 189 reference documents, of which the top four documents have been downloaded more than 500 times. The website has issued 39 newsletters and has had 99 new posts.

In 2015 a blog spot was launched on the CBC website that invites members and stakeholders of the INTOSAI community to submit personal reflections on topics of general interest to capacity development to inspire readers, engage discussions and challenge all to learn from others' experiences. The website address is *www.intosaicbc.org*.

2.10 Support capacity development through guides and other publications

Since its inception the CBC has produced an impressive number of guides and occasional papers. During 2014-16, and following the abolishment of the subcommittee responsible for the development of the guides and related resources, this area of work stream was cut back and produced only one guide: *Managing Information Communications Technology*, which is available on the document library of the CBC website. In 2016 the Committee established a small project group to once again look after the development and maintenance of CBC guides, occasional papers and other resources.

2.11 Engagement with development organisations

The CBC and the IDI have been mandated by the INTOSAI Governing Board to take forward INTOSAI's cooperation with the wider development community. During the last three years numerous engagements took place that were aimed at creating understanding for the key role of

independent SAIs in strong national governance systems, and leverage access to capacity development insights and gain support from the development community for the overall benefit of INTOSAI members.

These engagements ranged from high level forums such as the 3rd Financing for Development Conference, the European Commission's International Development Policy Conference, and the UN high level political forum. Various financial management conferences and seminars have been attended and there has also been an ongoing information sessions with numerous development agencies to clarify the important role of SAIs and INTOSAI for national and global good governance.

2.12 SAIs in fragile situations

In 2015 the CBC decided that there is a need to focus attention on SAIs in fragile situations, with particular emphasis on the impact of the 2030 Agenda for Sustainable Development on the capacity development needs of these SAIs.

A project team was established in 2016 and was charged with collecting lessons learned and case studies based on the experiences of SAIs and/or their development partners. Part of the project team's output will be the development of good practice guidance for SAI in fragile situations, their partner organisations, INTOSAI regions, and donors.

3. Way forward and future work

The CBC participated in the development of INTOSAI's Strategic Plan for 2017-22, and is greatly encouraged by the extent to which the new Strategic Plan prioritises the integration of INTOSAI functions and structures and points to the need to deepen cooperation on all fronts. The CBC is committed to working in close collaboration with other INTOSAI goal committees, the General Secretariat, IDI, the INTOSAI-Donor Cooperation, INTOSAI regional organizations, and others to speak and act in unity in the interest of INTOSAI's SAI capacity development efforts. The committee will continue to play an integrating role and while striving towards new capacity development initiatives, will ensure that it complements previous and ongoing efforts.

3.1 Strategic objectives of the CBC for 2017-19

Outlined below are the strategic objectives of the CBC for the following three years:

- Identify capacity development challenges and opportunities in order to facilitate access to solutions including accessing the INTOSAI-Donor Cooperation.
- Strengthen structured INTOSAI professional development as an anchor for professional capacity development and potential INTOSAI auditor professionalization.
- Advocate for and support the development of capacity at both the SAI and regional level and maintain and enhance the usefulness and use of SAI PMF.

- Share capacity development insights and ensure responsiveness to SAI needs through, for example, communities of practice.
- Engage strategically with the wider international development community in the interest of SAI capacity development.

3.2 Key strategies

The various work streams of the CBC will be responsible for driving the following key strategies during the next strategic planning period based on annual work plans that will be available in the CBC website under the individual website pages of the respective work streams at www.intosaicbc.org.

3.2.1 Auditor professionalization

Facilitate the development of standards and guidance related to auditor education, training and capacity development for consideration by the Forum for INTOSAI Professional Pronouncements, and initiate processes and future structures for auditor professionalization (e.g., a core competency framework) based on the outcomes of the work of the Task Group on INTOSAI Auditor Certification.

3.2.2 Regional cooperation

Provide a regional community of practice – the Regional Forum for Capacity Development – to share and address issues relating to regional capacity development and regional professionalism at a cross-regional and strategic level.

3.2.3 Peer reviews

Continue to promote peer reviews and cooperative audits as capacity development tools, and facilitate the exchange of best practices and access to relevant communities of practice. (See also the detailed reports by the CBC Subcommittees on Peer Reviews and Cooperative Audits.)

3.2.4 SAI performance measurement

Provide strategic direction for and oversee the implementation, maintenance, use, and relevance of the SAI PMF as the INTOSAI strategic governance lead for the SAI PMF.

3.2.5 Communication and knowledge sharing

Share knowledge and experiences in the field of capacity development through, for example, the CBC website, the International Journal of Government Auditing, occasional papers, and international conferences.

3.2.6 Strengthening SAI integrity systems (IntoSAINT)

Continue to advocate for and encourage the use of the IntoSAINT integrity tool to support SAIs as models of integrity, transparency and accountability.

3.2.7 SAs in fragile situations

Focus attention on SAs in fragile situations with particular emphasis on the impact of the 2030 Agenda for Sustainable Development on their capacity development needs.

3.2.8 Engagement with development organisations

Continue to strategically engage with the international development community platforms in order to promote the capacity development needs of SAs, while emphasizing SAI benefit and value.

3.2.9 SAI peer-to-peer cooperation

Support and promote medium to long term peer-to-peer cooperation between SAs in support of institutional capacity development.

4. Matters for congress support

The following matters are presented to the Second General Plenary Session requesting —

- 4.1 Support for the SAI PMF Implementation Strategy referred to in paragraph 2.7 above, including the CBC taking on the role as INTOSAI strategic governance lead for the SAI PMF and the SAI PMF Unit within IDI taking on the role of the operation lead for SAI PMF support
- 4.2 Encouraging all heads of SAs to utilise the SAI PMF as a tool to confirm the extent to which a SAI is developing towards appropriate organisational capability, or to actively maintain the SAI's capability with a view to creating an appropriate and fertile environment for professional development at the SAI.
- 4.3 Support for the Regional Forum for Capacity Development as a community of practice to share and address issues relating to regional capacity development and regional professionalism at a cross-regional and strategic level
- 4.4 Support for the Framework for Regional Professionalism as a basis for strategic planning by INTOSAI regional organisations, and encourage its implementation through the use of IDI's Guidance on Strategic Management by INTOSAI Regional Organisations
- 4.5 Support for the continuation of work by the CBC into enabling mechanisms required to facilitate and structure professional development in INTOSAI.
- 4.6 Support for the INTOSAI Competency Framework for Public Sector Audit Professionals at SAs as a basis for further discussion and refinement of the concepts related to professional development in order for INTOSAI to be provided with a set of professional pronouncements on auditor competence in the next three to six years.

5. Conclusion

The CBC is satisfied with the progress made over the last three years. The committee is confident that the spirit of cooperation and support within INTOSAI will continue and intensify, creating an exciting journey from Abu Dhabi onto the milestones of the next three years.

The CBC is committed to play its full part in, together with the rest of INTOSAI, enable SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the benefit of our citizens.

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