



Case: 15_44

File 013.23

**The Foundation INTOSAI Development Initiative (IDI)
Board Meeting on 3 November 2015 –Minutes**

Venue: Office of the Auditor General of Norway, Oslo.

Present:

The IDI Board:

Mr. Per-Kristian Foss, Auditor General of Norway, Chair of the Board
Mr. Per A Engeseth, Director General, Office of the Auditor General of Norway, Deputy Chair of the Board
Ms. Mildred Chiri, Auditor General of Zimbabwe, Board Member
Ms. Margareta Åberg, Auditor General of Sweden, Board Member
Mr. Arno Visser, President of the Netherlands Court of Audit, Board Member
Ms. Berit Mørk, Director General, Office of the Auditor General of Norway, Board Member
Ms. Tora Struve Jarlsby, Deputy Director General, Office of the Auditor General of Norway, Board Member
Mr. David Goldsworthy, International Operations Manager, National Audit Office, United Kingdom, Delegated Representative (for Mr. Amyas Morse, Comptroller and Auditor General, United Kingdom)
Mr. Adriel Gionet, Director, International Relations, Office of the Auditor General of Canada (for Mr. Michael Ferguson, Auditor General Canada through video conference - Agenda Item 9)

Observers:

Dr. Robert Sattler, Head of International Department, INTOSAI General Secretariat, Austria (for Dr. Josef Moser, Secretary General, INTOSAI)
Mr. Magnus Lindell, Deputy Auditor General, Swedish National Audit Office, Vice-Chair INTOSAI Capacity Building Committee (for Mr. Kimi Makwetu, Auditor General of South Africa and Chair INTOSAI Capacity Building Committee)

In Attendance:

Ms. Andrea Connell, Head of International Affairs, Netherlands Court of Audit, the Netherlands
Ms. Johanna Gårdmark, Project Director, Swedish National Audit Office, Sweden and CBC Secretariat
Ms. Michelle Salvail, Principal, Office of the Auditor General of Canada (through video conference - Agenda Item 9)
Mr. Einar Gørissen, Director General, IDI
Mr. Martin Aldcroft, Deputy Director General and Head of INTOSAI-Donor Secretariat, IDI
Mr. Ola Hoem, Deputy Director General and Head of Administration, IDI
Mr. Shourjo Chatterjee, Strategy & Knowledge Manager, IDI

The discussions were taken up as per the following agenda items.

1. Welcome, Opening Remarks.

The Chairman of the IDI Board opened the nineteenth IDI Board Meeting and welcomed the members and delegates. He accorded a special welcome to Mr. David Goldsworthy from the UK National Audit Office who has replaced Mr. Martin Sinclair as the delegated representative of Mr. Amyas Morse, C&AG of UK and Ms. Andrea Connell who has replaced Mr. Andre Van Ommeren as part of the SAI Netherlands delegation. Regarding the items for discussion, he emphasised the statutory Board responsibilities related to approval of the IDI Operational Plan and Budget for 2016-2018, as well as the discussions and decisions related to the future governance structure of the IDI.

2. Tour d'horizon

Einar Gørrissen, Director General (DG) gave the Board an overview of key events and developments affecting the IDI along with the IDI's priorities for the coming years:

- a. **Programme Portfolio:** The IDI will deliver on a portfolio of 16 capacity development programmes including eight new programmes to be launched during 2015-16. The programmes are based on the needs of SAls and cut across areas that are critical to SAI performance, hereunder independence, ISSAI implementation, SAls leading by example and SAI leadership. This portfolio has been well received by development partners, SAls and other stakeholders. Some of the programmes have already been launched, with the remaining to start in 2016.
- b. **Resourcing:** The IDI has in 2015 received record revenues owing to an increased group of donors as also substantial savings brought forward from 2014. New donors like Ministry of Foreign Affairs, France and Department of Foreign Affairs and Trade, Australia have come on board. In addition, the Department of Foreign Affairs, Trade and Development, Canada has returned to IDI as a financial partner, with a substantial annual contribution to the capacity development programme portfolio. While the funding situation also looks positive going forward, the budgets for 2016-2018 show funding gaps. Talks are ongoing to explore the possibility of bringing on board new donors, renew donor contracts coming to an end, as well as increasing in-kind support. In the possible absence of new funding, the IDI will cut costs and/or postpone activities to bring expenditure in line with the revenues.
- c. **INTOSAI-Donor Cooperation:** The 8th INTOSAI-Donor Steering Committee, meeting was held on 6-7 October 2015. The issue of potential perceived conflict of interest in the IDI hosting the INTOSAI-Donor Secretariat and providing capacity development support to SAls has been resolved with the SC concluding that there has been no such conflict to date, and that the governance arrangements remain appropriate. The general discussions were favourable and appreciative of the role of the Cooperation and the work done by the Secretariat. Concern was expressed regarding the instruction to the Secretariat not to develop an INTOSAI-Donor Cooperation Programme document prior to the Steering Committee meeting, as a result of which it is likely to be completed only by the end of the year, and hence funding contracts would not be signed until early 2016 at the earliest.
- d. **SAI follow up on commitments:** MOUs (or similar) are signed between the IDI, participating SAls participating and the INTOSAI regions for all comprehensive programmes. These detail the obligations of the parties involved. While this mostly works well, the DG expressed concern at some SAls not following up on their commitments and the way forward in this regard. He clarified that following up on commitments includes responsibilities in terms of staff getting continued responsibilities in the areas they are trained, the SAls publishing the audit reports originating out of the cooperative audits etc. Not fulfilling these obligations reduces the 'value for money' of the IDI programmes as also the programme impact at the national level. The IDI is exploring with the regions in terms of strengthening the regional follow up of their member SAls in respect of this. He suggested that the issue would be revisited in the March 2016 meeting to discuss the experiences and results of the regional follow up and discussion on potential additional measures.
- e. **Report of IDI Board's Task Force on Governance Review:** The DG thanked the task force for preparing the report that incorporates the important recommendations of the Governance Review. He expressed his general support for the recommendations, which in his view strike a good balance between inclusiveness and preserving the ability of the IDI to react quickly to emerging opportunities and challenges.

The DG also highlighted the IDI contributions to the draft INTOSAI Strategic Plan, and informed about his appointment as member of the Common Forum for the Framework of INTOSAI's Professional Standards.

Decision:

The Board took note of the information.

3. Approval of the Agenda.

Mr. David Goldsworthy proposed that for all IDI Board meetings, members should disclose any conflicts of interest arising out of their participation in the IDI Board meeting. He made the only disclosure in affirmative arising out of the NAO, UK charging the IDI on a cost-recovery basis for his contribution to the eLearning programme for donors. He mentioned that the UK NAO will henceforth not be charging for this.

Decision:

The Board approved the agenda for the meeting. The disclosure of conflicts of interest will be included as a regular and separate agenda item from the next Board meeting.

4. IDI Operational Plan 2016-2018

The DG presented the IDI Operational Plan 2016-2018. It was highlighted that the budget and planning calendar had been changed since 2014 so that the operational plans and budgets are approved before the beginning of the new calendar year. The first operational plan for the current strategic planning period spanning 2014-15 is ending and the new operational plan for 2016-18 will lead the IDI through the remainder of the strategic plan period. The plan covers the next three years at a fairly high level and covers the IDI's capacity development programmes, its role as the host of the INTOSAI-Donor Secretariat and the IDI's internal development. Planning for three years promotes continuity in operations even though there is an element of uncertainty. The contents of the programme document of the INTOSAI-Donor Cooperation, which is under development, will determine the activities of the INTOSAI-Donor Secretariat. The plans for 2017 and 2018 are thus tentative and will be revised annually for Board approval.

The capacity development programme portfolio is however finalised with eight new programmes covering SAI Independence; 3i Phase-II; SAI Strategy, Performance Measurement & Reporting; SAI fighting Corruption; SAI engaging with Stakeholders; Enhancing eLearning Capacity; SAI Young Leaders; and Auditing Sustainable Development Goals. Four of these programmes have already been started. The IDI's eLearning portal has been launched recently. The SAI Independence programme will be offered on a pilot basis to a small group of SAIs which are to be selected. The selection will be done on the basis of a strong SAI leadership, commitment for the programme as well as opportunities in the country political-economy environment. The SAI Young Leaders programme will be initiated towards the end of 2015 with the leadership symposium and a planning meeting. The programme on Auditing SDGs will have a four-fold results framework focusing on the audit of preparedness for implementation of the SDGs.

In terms of gender, the Operational Plan sets forth ambitious targets for female participation. During 2016, IDI will also commission an institutional gender equality audit to evaluate the IDI's operations and programmes in terms of the gender goals, and the IDI will also support an ISSAI based gender audit in CREFIAF.

In 2015, the IDI has had bilateral engagements with the SAIs of Afghanistan and Somalia. The support to SAI Somalia will continue in 2016 along with some residual work for SAI Afghanistan. The portfolio of bilateral programmes will continue at a limited level as per the direction given by the Board. During 2016, limited support will be explored for the SAIs of Sierra Leone and Liberia. The IDI Bilateral Support policy will also be developed during 2016 to guide decisions on future IDI interventions.

The IDI will continue to develop, disseminate and update its Global Public Goods as per the new and previously conducted programmes. Collaboration with the INTOSAI regions on planning and conducting the capacity development programmes will be continued, hereunder annual meetings with the INTOSAI regions. Further work on INTOSAI certification as part of the Task Force of INTOSAI Certification for Auditors has been planned. The INTOSAI-Donor Secretariat will continue to work on the SAI PMF and other core tasks, and serving as a knowledge center on SAI capacity development. A number of internal development activities have also been planned, hereunder the development of the next IDI Strategic Plan and the next Global Survey.

It was clarified that there are some challenges with eLearning solutions in languages other than English, hereunder a limited pool of resource persons and the need for translations, as well as limited internet connectivity in some countries. The Board stressed that with regards to the 3i, the issue of managing expectations remains important. Efforts should be continued to explain SAIs, donors and other stakeholders the complexity and long term nature of ISSAI implementation. On the IDI's portfolio of bilateral programmes, it was clarified that a policy will be developed during 2016 which among others will consider the selection of programmes. The principle of the IDI being the provider of last resort in such cases will be followed.

Besides working on the overall scheme of certification in INTOSAI, the IDI will also, as requested by the Board, work on strengthening its own certification programmes and develop a certification policy. This is likely to lead to a shift from certification based on participation to certification based on competency. In addition, the redelivery of certification programmes by IDI certified facilitators in the regions and sub-regions is being explored with due checks regarding quality assurance by the IDI. The programme on SAIs fighting corruption was also discussed. It was explained that this will include the interface between the SAIs and Anti Corruption Commissions and other central institutions, the audit of Institutional Frameworks to fight corruption and the establishment of SAI-Stakeholder platforms for the fight against corruption. The INTOSAI General Secretariat underlined that the IDI programme portfolio reflects INTOSAI's priorities, hereunder ISSAI implementation, independence and the audit of the SDGs. The INTOSAI General Secretariat further informed the IDI Board about the timetable of the Peer Review Project on Independence

Decision:

The Board approved the IDI Operational Plan 2016-2018 and the corresponding appendix with detailed programme plans. The plan will be translated in all IDI languages and published. The IDI will also, going forward, explore the possibility of presenting country case studies in the Annual Performance and Accountability Report to depict success stories. Alternatively a separate document of external stakeholders with country stories can also be developed. The possibility of providing bilateral support to the SAI of Yemen with regards to ISSAI implementation will be explored. Due to domestic turmoil, the SAI of Yemen has had to withdraw from the ARABOSAI 3i Programme and has requested the IDI for such support.

5. IDI Budget 2016-2018

The DG presented the budget emphasising that the revenue estimates are conservative based on the funding agreements that are currently in place or firm funding commitments. The budget follows the same horizons as the Operational Plan. Despite increased funding levels, there are funding gaps in the budgets for all three years, as a result of the substantially increased programme portfolio. The funding gaps relate both to the capacity development programmes and the INTOSAI-Donor Secretariat. The revenues for the INTOSAI-Donor Secretariat are presently uncertain, as current and prospective donors want a new programme document before committing funding. MFA, France and DFID, UK have indicated that their continuation as donors for the INTOSAI-Donor Secretariat is uncertain, while Switzerland, Austria and Ireland have confirmed continued funding. Having a budget with funding gaps have occurred

also previously in the IDI, but the organization has then , managed to raise the required revenues during the respective years. The IDI Board will be regularly updated regarding the developments regarding additional funding.

Besides additional funding being under discussion with several donors, discussions are ongoing with two SAIs for paid secondment of staff to the IDI. This will be explored through the identification of suitably qualified persons through an open and competitive national recruitment process.

The Secretariat clarified that the final carry forward amount from 2015 to 2016 also will affect the funding gap, and that this will be reported on during the next IDI Board meeting. The in-kind contributions from SAIs remain substantial in terms of the bolstering the IDI's resources, and are estimated at around 25% of the revenues. Some SAIs have also indicated their willingness to host IDI events on a full cost sponsorship basis. On a question from the Board, it was clarified that there is no legal commitment of the IDI to host the INTOSAI-Donor Secretariat in the absence of adequate funding from donors, nor to use the Norwegian Parliamentary funding to fund the INTOSAI-Donor Secretariat. The Secretariat also clarified that the time recording on different projects is being explored on a pilot basis so as to facilitate the costing of staff time for the projects.

If efforts to secure additional funding are unsuccessful, the programme activities will ultimately be downscaled and staffing reduced (most staff in the INTOSAI-Donor Secretariat are on short term contracts and could revert to positions in OAGN) to bring the budget into balance.

Decision:

The Board approved the IDI Budget 2016-2018. The Secretariat and the Board shall monitor the financial position closely and if necessary take actions to align expenses with revenue. No activity should be started before funding and capacity to deliver are in place. The IDI Secretariat will regularly update the Board regarding the covering of the funding gap.

6. Update on the IDI Corporate Risk Register

The Secretariat described the change in the scoring of the controls. This is now done in decimals instead of whole numbers so that the residual risk score is less than the inherent risk score. The comparison over the last period can be done on the basis of color code. The risk regarding in-kind contributions in terms of availability of resource persons from the SAI community has been upgraded owing to the resource crunch experienced with increasing the IDI portfolio. With the new recruitments, the staffing level has improved, and accordingly the risk rating for staffing levels has been downgraded.

The Secretariat also presented some issues of concern where the grading has been left unchanged. Availability of venues in the ARABOSAI region is increasingly becoming an issue owing to terrorist attacks and visa issues for participants in other potential host countries. The IDI follows the Norwegian Ministry of Foreign Affairs' travel advice regarding safe venues. It was pointed out that IDI staff are not physically visiting any of the conflict-ridden countries which are benefitting from IDI bilateral support. In Libya a new SAI, different from the one that signed up for the 3i, is now the member of ARABOSAI and INTOSAI. Since the old SAI has attended the 3i programme till date, they continue with the iCATs and ISSAI Implementation Strategy Workshop. Currently, discussions are underway to create a coalition government in Libya, if they succeed in doing so, the two SAIs may merge. If the merger does not happen by the beginning of 2016, IDI will invite the new SAI for any new programmes.

The Secretariat also addressed the concerns regarding the measures in place for security of IDI staff and participants in IDI programmes. Mention was made about the IDI's arrangements with International SOS and the security training conducted previously. A crisis management plan is also under development and the Board will be updated when it is finalised.

Decision:

The Board noted the updates. The Secretariat should update the risk register at least twice a year in advance of the respective IDI Board meetings. The Secretariat was also requested to conduct a new round of security training given the many new recruitments.

7. Participation of CREFIAF SAIs in the IDI Programmes

The Secretariat informed that AFROSAI has endorsed their letter to INTOSAI in response to the reference from the IDI Board on the issue of participation of competing SAIs in CREFIAF region in the IDI programmes. In its reply AFROSAI has mentioned this as a non issue and that the claims have been made by some organizations in self-interest. Following the discussion on the response in the INTOSAI Finance and Administration Committee, it is clear that INTOSAI will take no further action on the membership issue. It was noted however, that there have been some positive developments in the region, hereunder ongoing dialogue on merging institutions in two of the mentioned countries. It was further discussed that the reference from the IDI Board had resulted in addressing a potential reputational risk to the IDI's operations that had also been indicated by some stakeholders including donors.

Decision:

The Board agreed to maintain status quo in terms of participation in programmes as a general rule, but to deal with any request from non INTOSAI members on a case-by-case basis if such requests are put forward.

8. Update on the INTOSAI-Donor Cooperation

The Secretariat revisited the developments at the recent INTOSAI-Donor Steering Committee meeting. The issue of potential perceived conflict of interest in the IDI hosting the INTOSAI-Donor Secretariat and providing support has been resolved with members concluding that there has been no such conflict to date and that the governance arrangements remain appropriate. The discussions were favourable and appreciative of the role of the Cooperation and the work done by the Secretariat. The contribution of the Secretariat staff at the meeting was also appreciated by attending Board members. Some concern was expressed regarding the SC leadership instruction to the Secretariat not to develop an INTOSAI-Donor Cooperation Programme document prior to the Steering Committee meeting, as a result of which it is likely to be completed only by the end of the year, and hence funding contracts would not be signed until early 2016 at the earliest. This leads to uncertainty in the operations, staffing and budgets of the INTOSAI-Donor Secretariat. However, the operations during 2016 are likely to be at existing levels and any modification will be necessitated only from 2017.

The Secretariat informed that there is substantial interest in the SAI community about SAI PMF with close to 30 SAIs being involved in different stages of the assessment. However it is yet to be decided as to where in INTOSAI the SAI PMF be placed upon its scheduled approval in INCOSAI 2016. The Secretariat is working with relevant stakeholders to develop a SAI PMF Post-2016 strategy, to clarify the future roles and responsibilities for different activities connected to SAI PMF, including maintenance, training, technical support, quality assurance and conduct of assessments. The importance of appropriate segregation of duties between activities such as delivering capacity development support, conducting assessments of SAIs, and undertaking quality assurance of assessments was discussed. The Board recognized the importance of ensuring credibility of these processes to external stakeholders when agreeing the respective roles of IDS, IDI programmes and external bodies.

The Secretariat recognized the dichotomy where the governance of the INTOSAI-Donor Secretariat is under the IDI Board while the task force of the INTOSAI-Donor Steering Committee is working on the work plan. The Board accepted the current work plan, and requested this be tabled at the next Board meeting in the event of significant changes to it.

Decision:

The Board noted the updates.

9. IDI Governance Review

A task force, supported by the IDI Secretariat, comprising the IDI Board members Ms. Mildred Chiri, Ms. Tora Struve Jarlsby and Mr. Martin Sinclair was set up during the IDI Board meeting in March 2015 to make recommendations on the reforms for implementation regarding the IDI Governance Structure based on the findings and recommendations of the IDI Governance Review. A report was prepared and

distributed to the IDI Board on 15 September 2015. Ms. Mildred Chiri and Ms. Tora Struve Jarlsby presented the recommendations.

Decision:

The Board adopted the following recommendations made by the task force:

Composition of the Board and appointment, duration and terms for members

- Membership to the IDI Board will be on a honorary basis
- The Board will remain a non-executive Board. The Board will continue to be a One-Tier Board with no separate parallel body for any of its functions.
- The IDI Board will have ten members including the Chair
- The IDI Board will only have regular members
- Chair of the Norwegian Board of Auditors General will continue to chair the IDI Board
- The Board will appoint one of its members as a vice chair for three years
- The Board will have at least five members from the European Economic Area (EEA) as it is a statutory obligation for a Norwegian foundation to have at least half the Board members from the EEA. This will include two members from OAG Norway in addition to the Chair. At least four members will be from developing countries. The Board will also have at least four members from either gender. These changes will be brought about through the transition plan for changing the Board membership.
- IDI Board members will be appointed primarily from within the INTOSAI community. However Board members may also be recruited externally in case the required competencies are not available in the INTOSAI community. Other technical skills and competencies required for the functioning of the Board can also be based in the IDI Secretariat.
- Appointments to the IDI Board shall be done in a transparent and competitive manner on the recommendation of the IDI Board's Nomination Committee. The committee will also determine the skills and competencies required of the new Board member in the context of the overall skill set of the Board. The Board also noted the indicative list of skills and competencies suggested by the Task Force. The committee will also weigh the requirements of the skill model vs the representational model while recommending new members. The need to consider different models of SAIs while nominating new members will also be decided by the committee.
- The Nomination Committee shall comprise the Chair and two additional members (one from a developing country). The Board elected Ms. Margareta Åberg and Ms. Mildred Chiri as members of the nomination committee.
- IDI Board members will discontinue the use of deputies as their representatives for Board meetings and other related responsibilities. However, Board members may be accompanied by a colleague for assistance at Board meetings.
- All Board members other than the Chair will have a fixed term of three years which may be renewed for another term only
- There will be a formal link with INTOSAI, where INTOSAI will be represented by two members. The Nomination Committee will determine the desired skills, competencies and other requirements in terms of gender and developing country representation for these members, but it is up to INTOSAI to select the representatives. The INTOSAI Governing Board will be requested to take forward the appointment process. The term of the INTOSAI members will be synchronized with the period between INTOSAI Congresses.
- There will not be any permanent/ long term observers to the IDI Board. However observers may be invited to Board meetings for specific issues.

Roles and responsibilities: The Board agreed with the roles and responsibilities for the members recommended by the Task Force in its report. Roles have been recommended for the

- Board as a whole
- Board Members
- Board Chair
- Board Vice-Chair
- Director General

It was clarified that attendance to complete Board meetings through video conference will also be considered as attendance.

IDI Advisory Committee

- The mechanism of the IDI Advisory Committee is to be discontinued
- This will be replaced with a system of consultation with the forum of INTOSAI regions on an annual basis either in connection to the regional forums at the CBC meetings or in conjunction with the annual meeting with the regions hosted by the IDI.

Working Committee of the IDI Board and allocation of individual portfolios

- The Working Committee of the IDI Board is to be disbanded. Allocation of Individual portfolios to the IDI Board members is not considered necessary due to the small size of the organization. The DG can get in touch with any Board member for suggestion and advice. The DG will also update, and seek advice from the Board regularly on issues related to the IDI's governance.

Transition Plan

- The current members will complete their existing terms so that members are phased out and replaced in a staggered manner. Under this scheme, four new members would be appointed in the last quarter of 2016, one in the first quarter of 2017, with four further appointments in the first quarter of 2018 and one in the first quarter of 2019. According to the agreed transition plan, the two current Board members with terms ending by 31 December 2015 (Mr. Ferguson and Ms. Chiri), will be reappointed for a period of one year (till 31.12.2016).

Follow up

- The IDI Statutes will be adjusted to reflect the new structure of the IDI Board and governance arrangements. Ms. Tora Struve Jarlsby along with the IDI Secretariat will develop these. The English version of the statutes will be circulated to the Board members before the next IDI Board meeting in March 2016.
- The IDI Board's Rules of Procedures will be developed by the Task Force on Governance Review with support from the IDI Secretariat. These will be discussed by the IDI Board in its next meeting in March 2016.
- Formulation and adoption of Terms of Reference - for the Board as a whole, Chair, Vice-Chair; members and DG. The Terms of Reference will be developed by the Task Force with support from the IDI Secretariat and will be presented at the next IDI Board meeting in March 2016.
- A Vice Chair to the Board will be appointed at the next Board meeting in March 2016 by the members.
- Communication with INTOSAI on INTOSAI appointments to the IDI Board- The DG will report on the decision at the upcoming INTOSAI Governing Board meeting. This will be followed up by a letter from the Chair of the IDI Board to the Chair of the INTOSAI Governing Board and INTOSAI Secretary General requesting them to take forward the nomination process within INTOSAI.

- Communication with the Norwegian Board of Auditors General will be followed up by the Chairman of the IDI Board.

Other Issues

- The Secretariat will explore the possibility of arranging Liability Insurance for the Board members.

10. Any other business:

Dates for the next IDI Board Meeting

It was proposed that the next meeting will be held in Oslo on 10-11 March 2015. The agenda will determine whether it is for one or two days. Board members were requested to confirm their availability.

11. Closing: The discussions were summarized by the Chair. The meeting was declared closed with thanks to all the participants.


Per-Kristian Foss


Per A. Engeseth

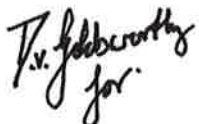

Berit Mørk


Tora S. Jarlsby


Michael Ferguson


Arno Visser

Margareta Åberg


Amyas Morse


Mildred Chiri