



Case: File 013.2

VENUE: Austrian Court of Audit, Vienna

PRESENT:

Name	Position	Board Status
Mr. Per-Kristian Foss	Auditor General, Norway	Chair of the Board
Ms. Lara Taylor-Pearce	Auditor General, Sierra Leone	Vice-Chair of the Board
Ms. Berit Mørk	Director General, Office of the Auditor General of Norway	Board Member
Ms. Tora Struve Jarlsby	Director General, Office of the Auditor General of Norway	Board Member
Ms. Pamela Monroe-Ellis	Auditor General, Jamaica and Chair CAROSAI	Board Member
Dr. Margit Kraker	President of the Court of Audit, Austria and Secretary General, INTOSAI	Board Member
Mr. Kimi Makwetu	Auditor General, South Africa and Chair INTOSAI Capacity Building Committee	Board Member
Ms. Marta Acosta Zuniga	Auditor General, Costa Rica	Board Member
Mr. Kevin Summersgill	Head of International Relations and Technical Cooperation, National Audit Office, United Kingdom	Representing Board member Mr. Amyas Morse, Comptroller and Auditor General, United Kingdom
Mr. Magnus Lindell	Deputy Auditor General, Swedish National Audit Office	Representing Board member Ms. Helena Lindberg, Auditor General, Sweden
Ms. Monika González-Koss	Director, INTOSAI General Secretariat	Accompanying Board Member Dr. Margit Kraker
Mr. Viktor Cypris	Director General, Austrian Court of Audit	Accompanying Board Member Dr. Margit Kraker
Mr. Jan Van Schalkwyk	Executive Director, Office of Auditor General of South Africa	Accompanying Board Member Mr. Kimi Makwetu
Ms. Johanna Gårdmark	Project Director, Swedish National Audit Office and CBC Secretariat	Accompanying representative of Board member Ms. Helena Lindberg
Mr. Einar Gørrissen	Director General, IDI	IDI Secretariat
Ms. Archana Shirsat	Deputy Director General	IDI Secretariat
Mr. Ola Hoem	Deputy Director General	IDI Secretariat
Mr. Ole Schøyen	Deputy Director General	IDI Secretariat
Mr. Martin Aldcroft	Strategic Advisor	IDI Secretariat

The discussions and decisions of the Board meeting are recorded as follows.

1. WELCOME AND OPENING REMARKS

Mr. Foss welcomed the participants and paid thanks to Dr Margit Kraker, President of the Austrian Court of Audit, and her team for hosting the meeting. He accorded a special welcome to Ms. Marta Acosta Zuniga, Auditor General of Costa Rica, attending her first IDI Board meeting as a member of the Board. Mr. Foss also noted that Ms. Helena Lindberg, Auditor General of Sweden, had been appointed as a Board member since the previous meeting, but was unable to attend in person, and was represented by her Deputy Auditor General Mr. Magnus Lindell. In addition, Mr. Amyas Morse had sent his apologies and was represented by Mr. Kevin Summersgill. Mr. Foss recognised it was the last Board meeting of Ms. Jarlsby and Ms. Mørk and thanked them for their continuous efforts.

2. DISCLOSURE OF ANY POTENTIAL CONFLICTS OF INTEREST

The Board members did not express any conflicts of interest.

3. TOUR D'HORIZON FROM THE IDI DIRECTOR GENERAL (DG)

Mr. Gørrissen presented the following issues:

- a) **Follow-up of issues from last Board meeting:** following decisions made at the March Board meeting, IDI has commissioned a review of its remuneration practices, and developed a new protocol for ensuring quality of IDI's Global Public Goods. These will be discussed under agenda items 8 and 12 respectively. In addition, IDI has entered into a contract with KPMG as IDI's new auditors.
- b) **Update on IDI Organisational Review:** Since the March Board meeting, IDI has put in place the new organisational structure as per the broad directions of the Board, and published its revised organisational chart. Working practices reflecting the new structure are being developed and embedded. The DDG posts have all been filled. The Strategic Support Unit (SSU) has been established, and recruitment for the second strategic advisor position is underway. Full implementation of the new structure will continue, with work ongoing in terms of clarifying work processes between the two programme departments, standardizing job titles, developing a staff competency framework, and updating IDI's chart of accounts and budgeting structures.
- c) **IDI Financial Position:** the financial situation has improved significantly, as will be discussed under agenda item 7. A new grant agreement has been signed with the General Audit Bureau of Saudi Arabia, and another is expected to be signed shortly with the Government of Estonia. The original projected deficit for 2017 became a projected surplus with the July budget revision, and our year-end forecast is of a larger surplus. Small deficits are currently forecast for 2018 and 2019, but discussions with potential donors could result in additional revenues that would overcome these deficits. Staffing levels are being increased accordingly, with a number of current recruitment processes taking total staff numbers to 34 by early 2018.

To increase budgeting accuracy, IDI has changed its approach to recognising revenues in the budget. Whereas previously only signed grant agreements were recognised, IDI has moved towards following a matching principle, so that revenues are recognised in the budget if the corresponding expenditure is also recognised. As an example, the proposed budget includes expenditures relating to both the INTOSAI-Donor Secretariat and support for SAIs under the Global Call for Proposals (GCP) Tier 2. Matching income for both activities are also included, even though grant agreements are not yet signed; in such cases, the names of the potential donors are excluded from the budget.

- d) **Other matters for Board attention:** The GCP Tier 2 developed by the INTOSAI-Donor Cooperation looks to scale up long term, strategic support for SAIs in ten of the most challenged environments which are seen as being at risk of being left behind. At the 2017 INTOSAI-Donor Steering Committee, IDI expressed its indicative support for the initiative. In accordance with IDI's bilateral policy, IDI's Operational Plan and Budget 2018-19 includes support in this area. Subject to approval of the Operational Plan by the Board, IDI looks to operate as a broker for an INTOSAI partnership, including AFROSAI-E and CREFIAF, to provide initial support to a number of SAIs under GCP Tier 2. The support would be strategic and needs based, assisting SAIs to develop needs-based strategic plans and related funding proposals behind which other providers could align, and develop SAI capacity to manage and coordinate support. IDI's proposed budget includes recruitment of an additional staff member, as well as budget for a staff member returning from secondment, to support this work. Matched funding from a potential donor is also under discussion, and included in the revenue assumptions.
- e) **Mid-term review of the implementation of IDI's strategic plan 2014-18:** A first draft report was received by IDI on 1st November. While further work is required to finalise the report, the initial draft portrays a positive overall view of IDI's progress, and contains useful input for the next strategic plan. The summary findings will be presented in more detail under agenda item 14.

Responding to a query from the Board, Mr Gørrissen outlined the different contract arrangements for IDI staff, as follows. The DG is on a five year fixed term appointment. The three DDGs, three administrative staff, six coordinators and two manager capacity development are on permanent contracts for as long as IDI is located in Norway. All other staff, including all employees based outside Norway, are on time-bound contracts of 1-3 years renewable; most but not all of these are on secondment or leave from an SAI or donor organisation to whom they have a right to return. All the new positions currently being recruited are offered on time bound contracts, which avoids taking on long-term financial commitments. This is important as a significant portion of IDI funding comes from grants which have a duration of three years or less.

Decision:

The Board members noted the issues raised.

4. APPOINTMENT OF NEW IDI BOARD MEMBERS

Mr Foss summed up the procedure followed by the IDI Board's Nomination Committee in identifying new members to replace the two Norwegian members Ms. Tora Struve Jarlsby and Ms. Berit Mørk

upon expiry of their terms on 31 December 2017. The IDI statutes require at least three Board members (including the Chair of the Board) to be from the Office of the Auditor General of Norway. OAG Norway had provided a list of candidates, from which the nomination committee identified its preferred candidates. The Nomination Committee recommended appointing Ms. Åse Kristin Hemsén and Mr. Helge Strand Østveiten, both of whom have accepted the appointments subject to approval of the Board.

In response to a query from the representative of Mr. Amyas Morse, the DG confirmed that Mr. Morse's term as a Board member would expire on 2 March 2018 and was not renewable. The DG would support the nomination committee to begin a process to identify a new Board member to take the place of Mr. Morse. Both Mr. Morse and the proposed new Board member would be invited to attend the March 2018 Board meeting, as outgoing and incoming Board members respectively¹.

Decision:

The Board members approved the appointment of Ms. Åse Kristin Hemsén and Mr. Helge Strand Østveiten to the IDI Board, for a period from 1 January 2018 to 31 December 2020.

5. APPROVAL OF THE AGENDA

Following a suggestion by Mr Lindell, the Board agreed that IDI staff members, except for the DG, should not be present for the discussions on Agenda Item 8 IDI Remuneration Project.

Decision:

Subject to the above, the Board members approved the agenda.

6. UPDATE OF THE IDI CORPORATE RISK REGISTER

Mr Aldcroft presented the updated IDI risk register. The risk register format has been simplified, without losing essential information. It has been redrafted from the view point of what risks will prevent achievement of the IDI vision and mission. Consequently, the section on 'developmental risks' has been fundamentally reworked, replacing the two risks on 'added value' and 'sustainability' with eight specific risks. These have been developed from a review of the global status of SAI performance and capacity, drawing on the findings of the INTOSAI Global Survey and Global Stocktaking report.

In addition, the risks relating to funding and staffing have been downgraded from amber to green, and red to amber, respectively. This reflects changes to IDI's financial situation, and consequently to its ability to recruit and retain appropriate staff, in terms of quantity and quality.

Board members generally recognized the risks presented, especially the new developmental risks, and noted that responding appropriately to these risks was at the heart of the development of the post-2018 strategic plan. Risks relating to SAI independence, interest of legislatures in SAIs, leave no SAI behind, and sustainability of SAI performance changes, were highlighted as critical risks that IDI needs to respond to. The Board also noted the need for a strategic discussion on where to enter into

¹ The 2016 IDI Board Rules of Procedure (paragraph 5) state that "Board members shall remain in office until new members are elected, even if their terms of office have expired".

contracts and where not to, based on possible reputation risks. The Board suggested inclusion of a risk to IDI's reputation from accepting funding from Governments with a poor reputation on human rights. The Board debated some of the possible risk responses, especially when IDI might terminate a risk (by terminating work in a specific area, and whether this was possible given IDI's vision and mission), and acknowledged that often IDI had to tolerate a risk because it was predominantly outside IDI's control or influence.

Decision:

The Board approved the updated IDI Corporate Risk Register, but noted the need to revisit the risks periodically, and recognise that the development of the next IDI strategic plan will change the way IDI responds to many of the risks.

7. IDI OPERATIONAL PLAN AND BUDGET 2018-19

Mr Gørrissen presented the draft IDI Operational Plan and Budget 2018-19. This includes the last year of the current strategic plan, and indicative figures for the first year of the next strategic plan. As noted in the DG's Tour d'horizon, IDI has strengthened its approach to revenue forecasting in the budget, to ensure revenues are included when matched expenditure is also included. This is to improve the accuracy of budgeting and prevent large underspends when additional grant agreements are signed after the budget has been set. The operational plan is focused on implementing and in some areas expanding the main ten programmes in IDI's current portfolio. Support to SAIs under the GCP Tier 2 will be taken forward as part of IDI's bilateral work, subject to matched funding from a potential donor. The budget shows a small deficit in both 2018 and 2019, which may be covered by additional grants under discussion but not yet included due to uncertainty of the funding.

Responding to Board queries, the DG explained the decline in budget from 2018 to 2019 reflected the end of current grant agreements with USAID, Finland and Hungary, and lower revenues from Canada. The fragile state target of 25 countries includes fragile states from the harmonised list of fragile states that participate in IDI capacity development programmes delivered globally and regionally – it is not all bilateral support.

The Board debated the gender participation target. The DG explained that many IDI programmes require participation of SAI senior management, and the population from which participants can be drawn is heavily male dominated, especially in some regions, which is why the target is 40% and not higher. The DG noted that in programmes such as the SAI Young Leaders programme female participation is expected to be significantly above 50%. -

Mr. Lindell noted that the budgeting practice of not allocating the majority of staff costs to programmes made it difficult to see an overall programmatic picture of where IDI spends its resources, and what its programme priorities were. The Board requested that in future, the budget presentation be altered to provide a more complete view of IDI resource allocation to programmes. This could be through allocation of staff costs across each programme, or through showing indicative staff FTE numbers next to each programme. The Board also requested that in future, the budget document more clearly dealt with reserves, brought forward and carried forward balances, and explained the budgeting assumptions including on revenue.

Decision:

The Board approved the Operational Plan and Budget 2018-19. IDI noted the suggested changes to future budget presentation.

8. IDI REMUNERATION PROJECT

Mr Schøyen presented the rationale for, and results of, the IDI remuneration project conducted by an external consultant. This included a staff survey, job evaluation and benchmarking against other Norwegian organisations. Overall the project showed that IDI has a strong performance culture, but not performance related pay. Base salaries are low compared to comparators, but this is slightly compensated for variable pay for some positions (e.g. travel time) and non-cash benefits (e.g. pensions). Other reward mechanisms are under-utilized. The recommendations were to better define IDI's desired culture, reduce the variable pay component where possible, increase performance based salary adjustments, and examine other means of rewards. IDI should remain on the Norwegian Government pay system, with appropriate local adjustments, but move away from the OAG Norway benchmarks.

Following the presentation, all IDI staff members (but not the DG) left the meeting for the remainder of the agenda item.

Decision:

The Board requested IDI to develop a proposal for a revised remuneration framework, with support of the external service provider as necessary, based on the findings of the review, for discussion and approval at the next Board meeting.

9. FEEDBACK AND ADVICE FROM THE REGIONS

The IDI governance review replaced the triannual IDI Advisory Committee with a mechanism seeking regular advice and feedback from the INTOSAI regions. In recent years' advice has been sought at the IDI-Regions meeting in September, for feedback to the Board at its November meetings. In future this may be replaced by an INTOSAI-Regional platform currently under consideration.

Overall, the regions were satisfied with IDI performance and its improved communications, and welcomed IDI's reorganisation. The regions advised that IDI increase its focus on programme sustainability after programmes have been completed, and consider extending the duration and depth of its programmes. The new bilateral policy was greatly appreciated, though could be shortened or a more concise summary version could be developed. In future, the start of new programmes should be staggered rather than simultaneous. One region suggested IDI could improve its coordination with the regions, especially in development and implementation of audit manuals.

In discussion, the Board raised the need to continually engage with SAI heads to raise awareness of IDI, what it does and how it works (and that it is not primarily a training institute), especially considering turnover among SAI heads.

Decision:

The Board noted the feedback and advice from the regions, to be factored into its future strategic thinking.

10. ENSURING STAFF SAFETY

Mr Schøyen presented a proposal for new routines for ensuring staff safety. This involves using International SOS rather than Norwegian MFA travel advice, following International SOS security recommendations strictly, and requiring consultation with the local SAI for travel to high/extreme safety risk countries.

In discussion, the Board sought and received assurances that the willingness of staff to travel to specific locations is taken into consideration, and that there is a record of staff commitment to the travel on IDI's travel authority forms. Also, that decisions on the hosting of events takes staff safety into consideration to minimise travel to high risk locations.

Decision:

The Board approved the proposed principles for new routines on ensuring staff safety. IDI will develop the appropriate internal routines.

11. DIRECTOR GENERAL'S CONTRACT

All IDI staff, including the DG, DDGs and accompanying persons, left the meeting for discussion on this agenda item.

The DG's contract expires 31 December 2018, and may be extended for one five-year period. The Board discussed the process for considering renewal of the DG's contract.

Decision:

A formal decision on the DG's contract will be taken at the next Board meeting.

12. ENSURING QUALITY IN IDI'S GLOBAL PUBLIC GOODS

Ms. Shirsat presented a draft new protocol for ensuring the quality of IDI's global public goods (GPGs), aligned to that recently developed within INTOSAI. This would ensure the transparency of the development and quality assurance process, ensure expert and user participation, and include a quality assurance statement and maintenance schedule to ensure GPG's remain relevant.

Decision:

The Board approved the proposed protocol for ensuring the quality of IDI's global public goods.

13. DRAFT FINDINGS FROM THE INTOSAI GLOBAL SURVEY 2017

Mr Gørriksen gave a brief presentation of the draft findings from the INTOSAI Global Survey and Stocktaking report. The presentation identified challenges and emerging trends in SAI environment, capacity and performance, and linked these to the risks posed to achievement of IDI's vision and

mission. Key challenges included constraints to SAI independence, transparency, accountability, quality of strategic planning, maintaining stakeholder confidence in the ISSAIs, the sustainability of SAI performance improvements after IDI programmes, SAIs in challenged environments being left behind, access to local solutions for professionalization, demonstrating SAI relevance through engagement with the SDG agenda, and maintaining the interest of legislatures in the work of SAIs.

Decision:

The Board took note of the draft findings from the INTOSAI global survey and stocktaking report, and agreed to discuss this under the following agenda item, in connection to the IDI Strategic Plan.

14. POST 2018 IDI STRATEGIC PLAN AND STRATEGIC DIRECTION OF IDI

a. IDI Strategic Plan: Plan the Plan

Mr. Aldcroft presented the proposed 'Plan the Plan' document for the IDI Strategic Plan, its key decision points, and an IDI environmental analysis. He also presented the draft findings of the mid-term review of the implementation of IDI's strategic plan 2014-18. The report is expected to be finalised by the end of December. Mr. Aldcroft noted that some of the preliminary findings remained subject to agreement and further nuance.

The review was broadly very positive, but noted opportunities for improvement. These include strengthening the link between IDI's programme and overall goals and targets; rigorously applying IDI's system for selection of its portfolio; demonstrating the link to SAI prioritised needs; and involvement of SAI leadership in programme design. It suggested there were quality & delivery risks from too many, too ambitious, and new (bilateral) form of programmes, with too few staff, giving a need to re-examine prioritisation & selection of programmes, and introduce a system for planning & allocating staff time. The review also noted that the shift from core audit programmes to organisational issues required more specialised subject experts, and raised the issue of whether and how IDI should work on none SAI specific areas such as Leadership. Finally, it suggested embedding SAI PMF further into IDI's programme results framework, ensuring SAIs were more engaged in design of programme indicators, baselines and setting more feasible targets.

Decisions: The 'Plan the Plan' will be updated to reflect the following five decisions made against the key decision points.

- 1) The Board agreed on option 2; that the next strategic plan should be for 2019-23 (5 years). Thereafter, the strategic plan would switch to a six-year cycle. This would ensure that all future IDI strategic plans started one year after each INTOSAI strategic plan, and could thus be developed to ensure implementation of INTOSAI strategic priorities.
- 2) The Board agreed that it would request the INTOSAI Governing Board to approve its Strategic Plan at the November 2018 Governing Board meeting. The INTOSAI Congress in late 2019 would then be asked to endorse the strategic plan.
- 3) The Board agreed with the suggested stakeholder groups identified, and suggested the addition of the capacity building committees of the INTOSAI regions.
- 4) The Board endorsed the proposed timetable for development of the strategic plan, subject to ensuring discussion of strategic issues at the March IDI Board meeting.

- 5) The Board welcomed the proposals for stakeholder engagement, and in addition suggested specific engagement with the UN, possibly around a planned event in July 2018 after the High Level Political Forum (HLPF), and trying to increase engagement with legislatures through appropriate global and regional fora and groups.

b. Board Input to Setting IDI's Strategic Direction

The Board worked in groups to identify possible strategic priorities and shifts to IDI's focus areas and delivery approach, and the implications of these for IDI. These were then synthesised in plenary. The following summarises the Board's initial guidance on the strategic direction for IDI, and will be used to frame IDI's stakeholder engagement, identification of strategic options, and eventually development of the IDI strategic plan.

Context: Initially, ongoing IDI programmes will roll forward from the current strategic and operational plan to the next; any strategic shift in focus areas will be incremental. More change is likely in how IDI delivers support. Prioritisation is key: this means being clear what IDI will *not* do in future.

Focus Areas: IDI's current portfolio contains ten core programmes which comprehensively cover all areas of SAI professional and organisational capacity development, and has expanded into institutional development focused on SAI independence. The Board sees a need to focus on the key challenges for SAI capacity development, and have a clearer set of priorities through identifying fewer, broader and more permanent work streams. The Board has made initial suggestions, which could be organised into the following workstreams.

- **Relevant and Inclusive SAIs:** Auditing the Sustainable Development Goals
- **Independent SAIs:** SAI Independence
- **Professional SAIs:** Supporting implementation of the ISSAIs and adopting new audit technologies
- **Well governed SAIs:** Strengthening SAI strategies, performance measurement and reporting
- **SAIs making a difference:** SAI stakeholder engagement to increase the impact of audit reports

Within these areas, cross-cutting priorities could include SAI leadership and change management.

Delivery Approach: IDI's service delivery model continues to evolve, and this is where the Board expects the most change. In the current strategic plan IDI moved from providing only global and regional programmes, to also providing SAI-level support, both bilaterally and within its programmes. IDI's environmental analysis, drawing on the INTOSAI global stocktaking, suggests that SAI capacity development initiatives are not delivering the expected sustainable improvement in SAI performance, especially in low income countries. The Board recognises the need to find an appropriate balance between being the global development arm of INTOSAI (supporting SAIs in all developing countries); deepening its support to SAIs to facilitate sustainable performance improvement and reach the SAIs most in need; and expanding its global role on thought leadership, advocacy, awareness raising, and being a broker of effective capacity development support.

To strengthen IDI's delivery approach, the Board has identified the following possible strategies:

- **Global Role:**
 1. IDI to play a global thought leadership role to enhance SAI capacity development

2. IDI to collect and monitor data on SAI performance, to better identify global, regional and country specific needs
3. Expand IDI global advocacy and awareness raising activities to effect behaviour change
4. Reposition IDI towards being a broker for support to SAIs
- **SAI-support role:**
 5. Link provision of support (in traditional and SAI-level programmes) to data on SAI performance and needs
 6. Maintain some global programmes to fulfil mandate to provide support to all developing countries and retain strong relationships with SAI-partners
 7. Expand SAI-level support (both bilaterally and within programmes), with a focus on learning and sharing lessons
 8. Deepen use of technologies in delivery mechanisms for IDI programmes
 9. Deepen SAI-level engagement (continuity; proximity; implementation support; accountability loops)
 10. Deepen engagement with SAI leadership especially how commitment statements are used
 11. Integrate change management support into IDI delivery approach

In considering the above possible strategies, the IDI Board recognises that other entities including INTOSAI Committees (especially the Capacity Building Committee), INTOSAI-Donor Cooperation, INTOSAI regions, and the INTOSAI General Secretariat operate in a similar space. IDI's service delivery model involves working in partnership with these entities and others, to achieve shared goals.

Implications for IDI: any changes to IDI's focus areas and delivery approach will have implications across IDI, especially its internal systems, structures and required staff numbers and competencies. In the long term, the implications for IDI are not considered to be a binding constraint on any of the above strategies. Therefore, the implications for IDI in terms of implementing any new strategies will be considered after final selection of the strategies.

Decisions:

IDI will take forward development of the IDI Strategic Plan in accordance with the revised 'Plan the Plan', and the above synthesis will be used to frame IDI's stakeholder engagement, identification of strategic options, and eventually development of the IDI strategic plan.

15. ANY OTHER BUSINESS

a. Goodbyes from Long-Serving Board Members

Ms. Tora Struve Jarlsby expressed her thanks for time spent on the IDI Board, on behalf of the two departing Norwegian Board members, and wished the Board and IDI every success in the future.

b. Next IDI Board Meeting

The Board agreed to host its next meeting in Oslo on Tuesday and Wednesday 13-14th March 2018. A possible stakeholder focus group on the IDI strategic plan (as discussed in agenda item 14 above) could then be held on Monday 12th March. The Austrian Court of Audit expressed that it would be happy to host the IDI Board meeting again whenever the Board wished or when it would be convenient to combine it with other INTOSAI meetings.

Decision:

The Board members agreed to the venue and date for the next meeting.

16. CLOSING

Mr. Foss thanked all the members for their participation.



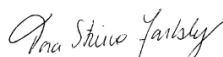
Per-Kristian Foss



Lara Taylor-Pearce



Berit Mørk



Tora S. Jarlsby



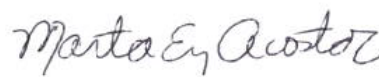
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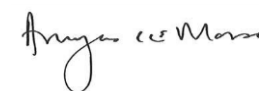
Margit Kraker



Kimi Makwetu



Marta Acosta Zuniga



Amyas Morse



Helena Lindberg