Forum for INTOSAI Professional Pronouncements

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	3.10 Audit of Key National Indicators						
Working title(s) for the new pronouncement(s)	Guidance on audit of the use and development of key national indicators (KNI)						
Project aim	To develop a GUID for Direct Reporting Performance Audits of the subject matter of use and development of key national indicators						
Project objectives	The project is intended to: -provide methodological support to SAIs conducting audits of development and use of key national indicators -enhance SAIs capacities in conducting performance audits of preparedness to implement and monitor implementation of the UN sustainable development goals -support knowledge sharing regarding the audits of development and use of key national indicators among the SAIs worldwide						
Project duration	(see Part B below)						
Name of the lead WG[1]	INTOSAI Working Group on Key National Indicators (WGKNI)						
Key contacts	Name	Surname	Address	Email	Office Phone	Business Mobile Phone	Organization / Sponsoring SAI
Project Group lead	Dmitry	Zaytsev	119991, Moscow, Russia Zubovskaya Sq.,2	Zaitcev_DA@ach.gov.ru	007 495 986 15 55	007 925 400 07 81	SAI Russia
Contact person for the goal chair	Subramanian	Krishnan Sangaran	O/o the CAG of India, 9, Deen Dayal Upadhyay Marg, New Delhi – 110 124	subramanianKS@cag.gov.in; subhu66@gmail.com	0091 11 23237122	0091 705 303 0000	SAI India

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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

FIPP liaison officer	Robert	Cox	Level 1, 100 Molesworth Street, Wellington | PO Box 99, Wellington 6140, New Zealand	Robert.Cox@auditnz.govt.nz	+64 21 222 6107		SAI New Zealand
Other anticipated project team members (list of names and organisations)	**The INTOSAI Working Group on key national indicators members** (SAI Russia - chair)						

PART B: PROJECT MILESTONES

	Stage	Due process milestones			
1.	Project proposal	Start Date	End Date	Expected Time in Total	Comments
		December 2017	**December 2017**	**30 days**	
		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
		March 2018	**June 2018**	**120 days**	
		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
		October 2018	**December 2018**	**90 days**	
3	Endorsement version	Start Date	End Date	Expected Time in Total	Comments
		January 2019	**February 2019**	**60 days**	
		N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval of the project proposal			
4.	Final pronouncement, including translation into all official INTOSAI languages*	Start Date	End Date	Expected Time in Total	Comments
		June 2019	**July 2019**	**60 days**	
		*"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).			

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	Opportunities of data-rich environment provide SAIs with new tools to support and enhance good governance, but they also create new challenges. Agile and strategic government decisions should be based on appropriate and comprehensive monitoring and evaluation framework which ensures both accountability and high-performance. An important part of this framework is the relevant sets of information and indicators of performance reports and indicators used to assess the outcomes of government's undertakings, systems, operations, programmes, etc., which are known as key national indicators (KNI). KNI system enables comprehensive assessment of a progress made by a nation. The indicators may be arranged in hierarchical, inter-related sets which include: • Global indicators (e.g., Sustainable Development Goals), • National indicators (e.g., environmental, health, education, social welfare), • State/public sector indicators, • Entity/government agency indicators, and • Service, program, or policy indicators. As indicated in Mexico Accords (endorsed at the XIX INCOSAI in 2007) SAIs could examine (and use in their performance audits) the indicators at any level as well as the inter-relationships and alignment among levels. For example, as a contribution to the INTOSAI efforts and SAI efforts in supporting implementation of SDGs the INTOSAI Development Initiative, in cooperation with INTOSAI Knowledge Sharing Committee (KSC), launched a programme on 'Auditing Preparedness to implement the Sustainable Development Goals' with the main objective of conducting high quality audits of sustainable development goals by SAIs. SAIs may also be involved in audits of progress made in attainment of strategic goals and policy targets set out at the national level. First, SAIs contribute within their mandates to appropriate use of KNI systems by assessing its adequacy and providing recommendations for strengthening the KNI framework. SAIs also facilitate refinement of KNI systems to ensure appropriateness of	

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

		incentives behind KNI systems in order to enhance good governance and ensure accountability of governments in the process of achieving their goals.
		Second, governments' decisions should be based on comprehensive and reliable data. SAIs, aiming to improve quality of the governance and acting within their mandates, may undertake to assess the reliability of performance information and fitness for use of the KNI sets. Thus, SAIs would draw attention to the data quality by auditing the reliability and credibility of data systems used to calculate values of KNI. SAIs should take into account limitations of indicators such as estimates accuracy and the time lag in data provision. SAIs should ensure that policy-making, policy implementation, and monitoring and evaluation take into account the important properties and characteristics of the KNIs used, allowing for adequate interpretations of indicators values and dynamics.
		Third, SAIs assure governments' transparency and commitment to openness by evaluating the disclosure of KNI methodologies.
		Fourth, building on a basic framework of ISSAI 5130, the guidance aims to support SAIs conducting performance audit by providing a more rigorous framework for development and use of audit criteria for targets and indicators. Justifications of the selection of targets and indicators might require from SAIs complex and comprehensive strategy.
		Audit of the use and development of KNI may require special techniques, methods and skills. SAI's engagement in auditing of the use and development of KNI at all or some stages of the economic policy cycle implies adequate expertise and analysis of information regarding the progress and position of a nation. It also implies that SAIs need to be more informed, aware of deficiencies in policies and programs and proactive by using SAI's unique view to generate knowledge regarding governments' performance and by encouraging governments to continuously improve their performance and expanding sources and ways of public management improvement.
		SAIs play a distinct and active role in assessment of government's performance information system. Thus, the purpose of the guidance is to support the SAIs efforts to ensure that relevant and reliable information is available and properly applied throughout the strategic decision-making process
C.2.	Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)	The system of KNI may be defined as an organized effort to assemble and disseminate a group of indicators that together tell a story about the position and progress of a nation.
		The typical questions regarding the use of KNIs are "is the set of KNIs adequate to assess whether the objectives are met and intended results achieved" and "are the actual outcomes delivered consistent with the plans in terms of quantity, quality and timing". Such

		questions form an important part of the study of whether principles of efficiency and effectiveness are adhered to.
		Being a part of SAIs efforts to assess whether the government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness, the audit of the use and development of KNI forms a part of performance auditing.
C.3.	Description of different types of SAIs / audit engagements that must be accommodated in the new pronouncement	The recommendations within the guidance are intended to be generic, i.e., acceptable for all the SAIs regardless of the SAI's types, levels of socio-economic development and models of progress employed by their countries.
		The intended type of audit is direct reporting performance audit.
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	Audit of the use and development of KNI may require special techniques, methods and skills. SAI's engagement in auditing of the use and development of KNI at all or some stages of the economic policy cycle implies adequate expertise and analysis of information regarding the progress and position of a nation. It also implies that SAIs need to be more informed, aware of deficiencies in policies and programs and proactive by using SAI's unique view to generate knowledge regarding governments' performance and by encouraging governments to continuously improve their performance and expanding sources and ways of public management improvement.
		Since every country in the process of development faces various socio-economic problems, each country's development goals require individually-designed KNI. In the process of KNI development, it is necessary to take into account not only development strategies, but also the possible risks of their implementation and deficiencies of their monitoring.
		SAIs' use of KNI has to be within their mandates and should respect their independence. Direct participation in the construction and improvement of KNI is not in accordance with SAIs' prerequisite of independence. However, SAIs may participate in improving KNI by giving recommendations.
		A SAI should promote the use of KNI at all the stages of the strategic goals attainment from goal setting through budgetary processes, programming and planning to implementation, evaluation and management of such programs and plans to the final assessment of the results achieved.
C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional pronouncement(s)will be ensured	The draft guidance is to be developed in line with the INTOSAI Core Principles and the fundamental principles of public sector auditing (ISSAI 100).

		With the audit of the use and development of KNIs being part of SAIs efforts to ensure efficient and effective allocation of resources, the draft guidance is to be closely connected to the INTOSAI pronouncements in the sphere of performance audit:
		• Fundamental principles of performance auditing (ISSAI 300),
		• Standards for performance auditing (ISSAI 3000), Guidelines on central concepts for performance auditing (ISSAI 3100) and Guidelines for the performance auditing process (ISSAI 3200).
		It would also take into account different other INTOSAI pronouncements, including but not limiting to:
		• Sustainable Development: The Role of Supreme Audit Institutions (ISSAI 5130),
		• Guidelines on the evaluation of public policies (INTOSAI GOV 9400),
		• Auditing Preparedness for Implementation of Sustainable Development Goals: Guidance for Supreme Audit Institutions,
		• Due Process for the INTOSAI Framework of Professional Pronouncements.
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	There is no document issued by international organizations directly regulating the audit of the use and development of KNI. On the other hand, there are several pronouncements of international organization on the matter of development and use of indicators sets that may be interpreted as KNI. Such documents would be taken into account while preparing a draft guidance are briefly outlined below.
		The United Nations efforts in organizing the Sustainable Development Goals attainment set a benchmark in development and use of KNI at international and national levels. An SDG Indicators Framework was agreed upon at the 48th session of the United Nations Statistical Commission held in March 2017.
		A substantial progress in development of methodology for measuring the progress of societies and peoples well-being was achieved within the Organization's for Economic Co-Operation and Development Well-Being Initiative. The key concepts are outlined in:
		• A Framework to Measure the Progress of Societies, OECD, 2010;
		• Handbook on Constructing Composite Indicators. Methodology and User Guide, OECD, 2008;
		• OECD Guidelines on Measuring Subjective Well-Being, OECD, 2013;
		• OECD Supreme Audit Institutions and Good Governance: Oversight, Insight and Foresight, 2016.

		Important insights on the topics of macroeconomic and financial stability as well as the use of indicators to assess the stability at national level may be drawn from International Monetary Fund's research on macroprudential regulation. Notable documents include: • Macroprudential Policy: an Organising Framework, IMF 2011; • Key Aspects of Macroprudential Policy, IMF, 2013.
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	The WG on KNI came forward with an initiative of developing a pronouncement concerning the development and use of KNI at the Governing board meeting in Beijing in 2013. Then the project proposal was prepared and presented at the KSC meeting in Cairo in 2014. It was decided by the KSC to prepare first a guidance out of the ISSAI framework. The Guidance was adopted at the XXII INCOSAI in 2016. The proposal to develop a pronouncement on the audit of use and development of key national indicators was reconfirmed at the 10th WGKNI meeting in Brazil in April 2017. All the WGKNI members will participate in the GUID development process The WGKNI is planning to actively cooperate with PAS and Expert group on SDGs led by SAI UAE. Besides the WGKNI would seek technical advice and expertise from the leading international organizations working in the field of measuring progress of societies and peoples well-being such as the UN and the OECD.
C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	The GUID is intended to be used by SAIs while conducting direct reporting performance audits as part of evaluation of efficiency and effectiveness of government undertakings, systems, operations, programmes, activities or organisations. In accordance with INTOSAI's cross-cutting priority number two of the INTOSAI Strategic Plan 2017-2022, the guidance may be used while assessing the preparedness of national governments to implement, monitor, and report on progress of the SDGs, and subsequently to auditing their operation and the reliability of the data they produce. The suggested guidance is intended to support SAIs activities in the follow-up and review of the SDGs and related national sustainable development initiatives. The scope of applicability of the proposed guidance does not overlap with the existing INTOSAI pronouncements of the same level. Its development will not require revision of the existing INTOSAI pronouncements.

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.	The GUID will be prepared strictly in line with the Due Process of INTOSAI Framework of Professional Pronouncements. In particular, the quality and alignment of the proposed document to the INTOSAI strategic goals and priorities are to be ensured by the application of the following quality process:

The GUID will be prepared strictly in line with the Due Process of INTOSAI Framework of Professional Pronouncements. In particular, the quality and alignment of the proposed document to the INTOSAI strategic goals and priorities are to be ensured by the application of the following quality process:

· development of the draft guidance would be based on the "Key National Indicators: Guidance for Supreme Audit Institutions" previously developed by the WGKNI. The latter document incorporates comments from 16 national SAI. It was approved at the 7th INTOSAI KSC Steering Committee Meeting in Washington and at the 67th INTOSAI Governing Board Meeting in Abu-Dhabi. It was also presented at the 22th INCOSAI in Abu-Dhabi. In accordance with the Due Process for the INTOSAI Framework of Professional Pronouncements the draft guidance would be communicated to the auditors society. Moreover, the inputs accumulated through the Knowledge Base on KNI, maintained by the WGKNI, would be incorporated into the draft;

· while drafting a guidance a due attention would be given to ensure its alignment with basic concepts and principles outlined in Fundamental principles of public sector auditing (ISSAI 100) and Fundamental principles of performance auditing (ISSAI 300) as well as the other Key INTOSAI pronouncements;

· while drafting the guidance the WGKNI would seek advice and expertise of other INTOSAI working group working in adjacent fields such as the Subcommittee on Performance auditing or the INTOSAI Working Group on Programme Evaluation, Expert group on SDGs, and INTOSAI Working Group on Big Data;

· while drafting the guidance the WGKNI would seek technical advice and expertise from the leading international organizations working in the field of measuring progress of societies and peoples well-being such as the UN and the OECD;

· in order to ensure universal applicability the draft guidance is to be tested by the members of WGKNI with different national settings in relevant audit engagements. The exact timing and scope of such audit enagagements are expected to be agreed upon during the 11th meeting of WGKNI in April 2018 in Rome, Italy;

· the WGKNI would communicate with INTOSAI committees, in particular with the Knowledge Sharing Committee, the key stages of the guidance development in accordance with the Due Process for the INTOSAI Framework of Professional Pronouncements.

PART D: AUTHORITIES

PERSON	NAME	SURNAME	DATE	SIGNATURE
Project leader	Dmitry	Zaytsev		
For Responsible Goal Chair	Subramanian	Krishnan Sangaran		