



THE FOUNDATION INTOSAI DEVELOPMENT INITIATIVE (IDI): BOARD MEETING SUMMARY, 18 JUNE 2020

Case: File 013.2

VENUE: Virtual

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. Åse-Kristin Hemsén*	Director General, Office of the Auditor General of Norway	Board Member
Ms. Kristin Amundsen*	Deputy Director General, Office of the Auditor General of Norway	Board Member
Ms. Pamela Monroe-Ellis*	Auditor General, Jamaica and Secretary General CAROSAI	Board Member
Ms. Helena Lindberg*	Auditor General, Sweden	Board Member
Mr. Kimi Makwetú*	Auditor General of South Africa, Chair CBC	Board Member
Mr. Jan Van Schalkwyk*	Executive Director, Office of Auditor General of South Africa	Accompanying Mr. Kimi Makwetú
Mr. Johanna Gårdmark*	Project Director, Swedish National Audit Office	Accompanying Board Member Ms. Lindberg
Mr. Vítor Manuel da Silva Caldeira*	President, Portuguese Court of Audit	Board Member
Ms. Eleonora Pais de Almeida*	Audit Director, Portuguese Court of Audit	Accompanying Mr. Caldeira
Mr. Agus Joko Pramono*	Vice Chairman, Audit Board of Indonesia	Board Member
Mr. Bahtiar Arif*	Secretary General, Audit Board of Indonesia	Accompanying Mr. Pramono
Ms. Selvia Vivi Devianti*	Head of Public Relations and International Cooperation, Audit Board of Indonesia	Accompanying Mr. Pramono
Mr. Bernardus Dwita Pradana*	Risk Management Advisor, Audit Board of Indonesia	Accompanying Mr. Pramono
Ms. Monika González-Koss*	Director, INTOSAI General Secretariat and Head International Department, Austrian Court of Audit	Representing Board Member Dr. Kraker
Ms. Silke Steiner*	International Relations Expert, INTOSAI General Secretariat, Austrian Court of Audit	Accompanying Ms. González-Koss
Mr. Einar Gørissen	Director General	IDI Secretariat
Ms. Archana Shirsat	Deputy Director General	IDI Secretariat
Mr. Ola Hoem	Deputy Director General	IDI Secretariat
Mr. Brynjar Wiersholm	Incoming Deputy Director General	IDI Secretariat
Mr. Martin Aldcroft*	Senior Manager	IDI Secretariat
Ms. Petra Schirnhöfer*	Manager	IDI Secretariat

* virtual participation

Apologies:

Dr. Margit Kraker, President of the Court of Audit, Austria and Secretary General, INTOSAI, Board Member

OPENING REMARKS

The Chair welcomed all Board members. He reminded them that this extraordinary virtual meeting was agreed in the Board meeting on 24 March 2020 to follow up on implications of Covid-19 on IDI.

The Chair welcomed Mr. Pramono from SAI Indonesia as new Board member and Mr. Wiersholm as new incoming IDI Deputy Director General for Administration and the Global Foundations Unit as from 1 September 2020. Both introduced themselves to the Board.

The Chair expressed his gratitude to the IDI Secretariat for the continued timely submission of Board documents.

1. APPROVAL OF THE AGENDA

Decision: The agenda was approved.

2. CONFIRMATION OF REGISTER OF RELATED PARTIES AND RELATED ENTITIES AND DISCLOSURE OF PERCEIVED AND ACTUAL CONFLICTS OF INTEREST

Board members confirmed the correctness of the register of related parties and related entities.

3. UPDATE FROM THE IDI DIRECTOR GENERAL ON IDI ACTIVITIES IN LIGHT OF COVID-19

The IDI Director General (DG) gave a high-level summary on steps taken in light of Covid-19, pointing out the focus on staff safety and health and the weekly internal information meetings led by the DG since the beginning of the crisis. He showed himself proud of staff resilience, agility and solidarity and was convinced that IDI would emerge of this crisis as a stronger organisation. The DG summarised the steps taken under IDI work streams and priorities, with eLearning and online work cutting across all of them. These included:

- *SAI Independence*: More focus on global advocacy and on environmental scanning for a better overview of infringements and threats to SAI independence during Covid-19.
- *Well-Governed SAIs*: More eLearning and online work included a first online SAI PMF training in CAROSAI; publication of a guidance paper on implications of Covid-19 for SAI strategic management¹ and a redesign of the work stream to cater for emerging needs.
- *Professional SAIs*: Publication of one pagers to support SAIs in deciding on financial and compliance audits in light of Covid-19; links and workspace for auditing during Covid-19 and preparations for a new initiative on Transparency, Accountability and Inclusiveness (TAI) audits in use of emergency funding for Covid-19.
- *Relevant SAIs*: Support to INTOSAI bodies in the use of IDI's Learning Management Systems and in increasing their capacities for online work; green hat series on New Normal'; ongoing work on cooperative audits of strong & resilient national public health systems (linked to SDG target 3D) in ASOSAI, ARABOSAI and CAROSAI; on cooperative audits of sustainable public procurement linked to SDG 12.7 in OLACEFs and on two pilot audits of elimination of intimate partner violence against women linked to SDG 5.2 in SAI Serbia and SAI Uganda.

¹ This and other Covid-19 papers and actions can be accessed under: <https://www.idi.no/en/covid-19>

- *Bilateral support*: Publication of the note “Accountability in Times of Crisis”; exploring support to Covid-19 related audits.

- *Global Foundations*: Adapting the Global Call Proposal tier 1 to identify SAI needs related to Covid-19; publication of an IDI support video for the INTOSAI community; delayed Global Survey to include questions related to Covid-19.

- *Strategic Support Unit*: Increased emphasis on stakeholder management, scenario planning in light of Covid-19 and continued efforts to mainstream gender.

The Board commended the IDI Secretariat on its relevant work, advice and efforts as well as for a remarkable performance under difficult circumstances. The Board stressed the importance of taking into account SAI ICT challenges in IDI’s engagement. Mr. Van Schalkwyk informed on CBC’s work on SAI-civil society cooperation and citizen engagement and encouraged IDI to contribute.

4. REFLECTIONS ON IDI’S FUTURE WORK UNDER THE “COVID-19 NEW NORMAL”

The IDI Secretariat presented the results of a cross-organisational exercise to understand the implications of Covid-19 for SAIs, INTOSAI regions and IDI, and what it means for IDI going forward. IDI explained its guiding principle for the exercise was to accept increased uncertainty and seek to build IDI’s resilience to thrive in an uncertain environment. This requires strategic agility and foresight capacity.

The results of the exercise are already informing IDI’s 2020 Operational Plan addendum and will be further reflected in the 2021 Operational Plan and discussions on future board meetings. In addition, IDI will engage in dialogue with SAIs, INTOSAI bodies and regions, Development Partners and other stakeholders to further plan IDI’s response to the new normal.

As part of its reflections on the new normal, IDI identified seven issues on which it sought IDI Board input. The Board gave the following responses and advice:

1. Hold short, virtual Board meetings as needed, for more agile decision making on key issues, including any proposed new bilateral support requests (retaining the aspiration of at least one in depth physical meeting each year)

→ The Board agreed on the need for flexibility in terms of arranging meetings of the Board.

2. Strengthen Board diversity & horizon scanning, by looking to bring in a development policy specialist / development economist in touch with emerging issues in the development sector, as and when suitable Board positions become available

→ While the importance of broad horizon scanning was accepted, Board members thought this could be better achieved by other means, including investing time in foresight activities and reaching out to IDI’s global partners and other stakeholders. The diversity and skills set of the Board will be kept under review.

3. Introduce real time budgeting, in which the IDI budget is updated constantly to reflect changing plans, and revenue and expenditure forecasts, to make IDI more agile (with a suitable system for informing stakeholders) and seeking approval of the Board for changes of an agreed magnitude)

→ The Board emphasised the need to balance stability and agility, and felt that a fixed budget, approved by the Board, was essential for accountability. The Board prefers that IDI examine opportunities to use its new finance and accounting systems to better monitor and predict budget

deviations on a real time basis, and to report to the Board should major deviations to the budget appear likely.

4. Increase use of IDI core funding for existing bilateral partner SAIs, to enable IDI to respond more rapidly to emerging needs in challenged contexts

→ The Board recognised the fundamental need to ensure IDI's bilateral partner SAIs have the necessary ICT and connectivity to function effectively and agreed that IDI should respond flexibly to the emerging ICT needs of these SAIs, in the short term. The Board also noted that ICT support was not currently an area where IDI had a comparative advantage and urged IDI to consider the best way that such support might be delivered (ICT challenges were also discussed under point 6 below).

5. Prioritising the Covid-19 flagship initiatives – while recognising others remain important but less urgent, through scaling-up staffing and creating space by scaling down or postponing other initiatives

→ The Board supported prioritising the flagship initiatives and recognised that doing so would mean resources would be diverted away from other priorities in the short term. The Board noted a risk of IDI taking on more than it could manage, and the need to maintain quality in delivery, as well as not being diverted away from the core of the IDI strategic plan. IDI confirmed that the flagship initiatives were core to the strategic plan and represented a mix of planned initiatives where the focus had been adjusted to ensure relevance to Covid-19, as well as new initiatives which were accommodated by postponing other planned work.

6. Support to SAIs under the new normal focuses on preparing for the new normal, auditing relevant to the new normal, enhancing ICT & connectivity, leveraging technology, and communicating via electronic media

→ The Board supported the five core themes of IDI's Covid-19 response and reiterated the fundamental importance of helping SAIs address their ICT challenges to continue to function effectively.

7. Rebalance costs from direct expenditure to staff costs, to implement new delivery mechanisms and compensate for likely difficulties in mobilising in-kind resource persons

→ The Board recognised the short-term challenges associated with new delivery mechanisms and potential difficulties in mobilising in-kind resource persons. The Board also recognised that during 2020, direct expenditure would be significantly reduced, and that for 2021, a shift towards more eLearning and digital working might mean direct costs were below historical averages. However, the Board also raised concerns about the risk of switching to a cost model with higher fixed costs and reduced variable costs, as this could leave IDI exposed should revenues decline, which seems a very possible medium-term prospect. The Board also asked for quantification of the possible rebalance from direct to indirect costs. IDI confirmed that it had developed its 2020 budget and 2021 financial forecast based on previously approved staff levels and had not yet modelled the financial implications of such a rebalance. IDI confirmed that it shared the concerns about increasing fixed costs given the risks of falling revenues, and that any increase in staff costs would need to be done through short term approaches. IDI gave examples on in-kind contributions by way of secondments from SAI Indonesia and SAI Finland, and also noted that offering very short-term staff contracts (outside a secondment framework) would most likely be unappealing to potential applicants, given the importance of job security in the current climate. IDI will examine the short-term need, and feasible mechanisms, for this as it develops its 2021 Operational Plan and budget.

5. UPDATE ON DISCUSSIONS WITH IMF

The DG gave an overview of latest developments in the dialogue with the IMF on the potential for an IDI-IMF cooperation to strengthen transparency, accountability and inclusiveness of Covid-19 emergency funding. He thanked Board members for their feedback and support along the way. Discussions between IDI Secretariat and the IMF had been positive and constructive from the start. Both parties were interested in finding a cooperating mode that could respond to the needs of both organisations. Throughout discussions the IDI Secretariat emphasised its own principles and the need to uphold the importance of SAI leadership and SAI independence in any cooperation with the IMF.

The DG presented latest developments, with the IDI Secretariat and the IMF moving towards a common understanding on a suggested IDI-IMF framework for cooperation. Such a framework could consist of three components in the short term:

- Establish a high-level dialogue between IMF, INTOSAI and SAIs
- Support SAIs and Governments in articulating audit response under LOI² commitments
- ‘Transparency, Accountability & Inclusiveness of Use of Emergency Funding for Covid-19’ – Global Cooperative Compliance Audits (TAI Audits). This would be IDI-led but welcome cooperation with partners such as the IMF and other stakeholders.

In the long-term such a cooperation with the IMF would seek to institutionalise the high-level dialogue between IMF, INTOSAI and SAIs and to work together to support SAI independence, audit impact and quality.

The DG suggested the following steps for IDI in light of the proposed IDI-IMF framework of cooperation:

1. Play an active role in facilitating a dialogue between the IMF, INTOSAI and SAIs
2. Continue dialogue with a view to a joint IDI-IMF cooperation to support SAIs and Governments in articulating audit response under LOI commitments
3. Start work on design and resourcing for the TAI audit initiative

The Board expressed its full agreement with IDI’s proposal and suggested steps, including IDI’s TAI audit initiative. Board members see this cooperation as an important opportunity to deepen the dialogue with the IMF with the potential to make strides on SAI independence and SAI capacity development. Such cooperation should also help the IMF to gain a better understanding of role and importance of SAIs in countries’ PFM systems. The Board also underlined the need to ensure any related audits are undertaken with respect to the INTOSAI Framework for Professional Pronouncements.

6. REVISED OPERATIONAL PLAN AND BUDGET 2020 AND INTERIM FINANCIAL FORECAST 2021

The Chair introduced this agenda item by pointing to major implications of Covid-19 on IDI’s plans and budget which made a more extensive revision of the Operational Plan and budget for 2020 necessary. He explained that the revised Operational Plan was based on two scenarios. Under scenario 1, IDI would reassume travel in October 2020 and under scenario 2 in January 2021.

² Letters of Intent (LOI) are signed by the executive branch of governments with the objective to prevent the misuse of emergency finance provided by the IMF.

At the moment scenario 1 looks unlikely. Overall, the chair acknowledged that in a time of considerable uncertainty, more regular updates of budgets and plans may be necessary.

In his presentation, the IDI DG explained the reasoning behind the 2-scenario planning. The revised plan and budget also include an outline plan based on one scenario and a financial forecast 2021. These are for information and should help to understand how changes would impact future activities.

The DG was pleased to see that most targets under *IDI's outputs and IDI's supported SAI capacity outputs* were still on track and might even be overachieved due to careful planning and management as well as high levels of outreach.

He informed that the IDI Secretariat identified five emerging priorities influencing the focus of IDI's support to SAIs in the revised plan: Supporting SAIs to a) prepare for the new normal, b) ensure their audits are relevant to the new normal, c) enhance ICT and connectivity, d) leverage on technology and e) communicate effectively with stakeholders via electronic media.

He emphasised the importance of flexible delivery mechanisms and the fact that IDI was prepared to quickly switch to more eLearning and digital work where this was necessary. He also acknowledged that some face-to-face events had to be delayed and went into the details of some of the changes in IDI's work streams and priorities. The DG highlighted IDI's planned flagship initiatives as an immediate response to Covid-19. They include the cooperation with the IMF and the following cooperative audits under the relevant SAIs work stream as mentioned under agenda item 3:

- Audits of strong & resilient national public health systems (linked to SDG target 3D) in ASOSAI, ARABOSAI and CAROSAI
- Two pilot audits of elimination of intimate partner violence against women linked to SDG 5.2 in SAI Serbia and Uganda.
- Audits on 'Transparency, Accountability & Inclusiveness of Use of Emergency Funding for Covid-19' (TAI audits)³
- Audits of sustainable public procurement linked to SDG 12.7 in OLACEFs⁴

For the most part, these flagship initiatives are not new initiatives but seek to mainstream Covid-19 into existing initiatives.

Shifting to the resourcing and budgeting of the revised plan, the DG explained that revenues under the two scenarios for 2020 were estimated at 90 million Kroner as compared to 100 million Kroner in the original 2020 budget. IDI's Development Partners have been positive and forthcoming in light of the situation. However, negative medium to long-term effects on revenues are to be expected.

Expenditures have already fallen and are estimated to fall further from 100 million Kroner (original estimate based on the budget 2020) to 78 million Kroner under scenario 1 – with travels reassuming in October 2020 – and to 61.7 million under scenario 2 – with travels starting in January 2021. Under both scenarios, reduced expenditure will result in a budget surplus that IDI - to the degree possible - will seek to carry forward to 2021.

The DG explained that a revised definition of indirect staff costs, admin overheads and comparative figures on the development of these costs over the years for the next Board meeting.

³ TAI audits will be IDI-led but in cooperation with the IMF and with other stakeholders where useful.

⁴ This initiative was added as part of IDI's flagship initiatives based on a request from the Board.

The Board welcomed the revised Operational Plan and budget for 2020. Some Board members inquired about the assumed carry forward of funds to 2021 and the shift towards increased staff costs. The DG explained that, for the purposes of being able to prepare a 2021 financial forecast, the IDI Secretariat had taken a planning assumption that 50% of unspent funds in 2020 could be carried forward to 2021. The actual amounts that could be carried forward in practice will depend on contractual clauses and dialogue with individual providers of funding, to take place in the second half of 2020. Further, the IDI Secretariat did not assume an increase of staff in the revised budget (with the exception of additional staff in support of SAI Madagascar under bilateral support related to USAID funding) but would be looking into options on how IDI could more flexibly scale up and down staff as needed (see point 7 under agenda item 4).

Members expressed the need to pay close attention to SAI needs in the areas of ICT capacity and to meet expectations in IDI's bilateral support for South Sudan and Somalia in the current situation. Ms. Lindberg asked about developments in relation to the SAI Independence Goodwill ambassador. The DG explained that this was initiated by the IDC with the IDI GFU being in a facilitative role. The IDI Secretariat will also look into Mr. Pramono's recommendation to have an electronic dashboard to monitor performance.

Decision: The Board approved the revised Operational Plan and budget for 2020 and agreed that scenario 2, with travels starting in January 2021, was more realistic. They acknowledged plans and the interim forecast for 2021, looking forward to discussions on the detailed Operational Plan 2021 and potentials for streamlining the document in the next Board meeting.

7. UPDATE OF THE IDI CORPORATE RISK REGISTER

The IDI Secretariat gave an update of the IDI Corporate Risk Register. Covid-19 has affected the risk assessment and management and clearly showed the need for resilience and flexibility across IDI's operations. The IDI Secretariat has already built some control measures into the revised Operational Plan and will continue to monitor and manage identified risks in the Operational Plan 2021.

Decision: The IDI Board approved the updated IDI Corporate Risk Register.

8. AOB AND CLOSING OF MEETING

The next regular Board meeting was originally planned as a face-to-face meeting on 12 November 2020 back to back with the INTOSAI Governing Board meeting in Vienna, hosted by the INTOSAI GS. A final decision about the nature of the Governing Board meeting (face-to-face or virtual) will be taken by the GS in the first week of July. The INTOSAI GS will keep the IDI Secretariat informed. A decision on the format of the IDI Board meeting will be made in light of the decision about the Governing Board.

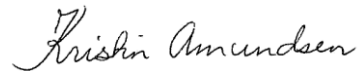
The Chair formally closed the meeting.



Per-Kristian Foss



Åse Kristin Berglihn Hemsén



Kristin Amundsen



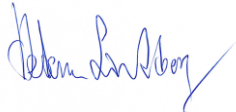
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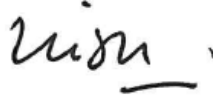
Kimi Makwetú



Lara Taylor-Pearce




Helena Lindberg



Vitor Manuel Silva Caldeira



Agus Joko Pramono



Margit Kraker