

Briefing Paper for members on the future of the INTOSAI Working Group for the Audit of Privatisation, Economic Regulation and Public Private Partnerships

Purpose of this paper

The 15th meeting of the INTOSAI Working Group for the Audit of Privatisation, Economic Regulation and Public Private Partnerships will take place in Moscow on 17 and 18 March 2009. As is customary the UK Secretariat to the Group will give a presentation at this meeting to update members on the progress of the Group towards meeting its remit set by INCOSAI in 2007 and to discuss the future work and priorities of the Group in advance of INCOSAI 2010.

This paper is being circulated to members in advance of that discussion so that delegates have an opportunity to consider the issues and consult as necessary with senior colleagues in their respective SAIs. The aim is that delegates should be able to participate fully in the discussion in Moscow about the future of the Working Group.

Background

In April 2008, the UK Secretariat wrote to members of the Working Group to identify interest from members in taking over as Chair following the retirement of Sir John Bourn as head of the UK National Audit Office at the end of January 2008. Sir John had been Chair of the Working Group since it was established in 1993. The letter was to alert colleagues to our intentions and to make preliminary enquiries at a working level about whether the heads of member SAIs might be interested in taking over as Chair. The Working Group Secretariat also informed the INTOSAI Secretariat in Vienna of this intention and we were informed that any change in Chair would have to be approved at the next INCOSAI meeting in 2010.

To date we have not had any offers from SAIs to take over as Chair. The UK now wishes to confirm its intention to cede the Chair from 2010. We would like to discuss options for the future of the Working Group in Moscow to allow time for any decisions to be put in place.

Why the UK is ceding the Chair

When we wrote to members last year we raised the issue of best practice in rotating chairs. The INTOSAI Committee handbook 2007 suggests that committees rotate the position of Chair after a maximum of 6-9 years and that Task Force chairs should generally be appointed for a maximum of 3 years. While the handbook is not specific about the term of appointment for Working Group chairs it is clearly best practice for us to consider other candidates who can take on the role given that the UK has chaired the Working Group for over 15 years.

INTOSAI Working Groups are formed in response to INCOSAI themes and recommendations and address SAIs' interests in specific technical issues. INTOSAI has, for example, responded to the current economic situation by establishing a new Task Force addressing the global financial crisis. The Working Group for the Audit of Privatisation, Economic Regulation and Public Private Partnerships has responded flexibly to the issues of the day for many years and the need for its continued existence is no longer as great as it was.

When the UK National Audit Office first became Chair of the Working Group in 1993 many countries were embarking on their privatisation programmes and introduced greater economic regulation. This was followed by an increasing use of public private partnerships. Privatisation and public private partnerships are now, however, increasingly mainstream. The Working Group has provided audit guidelines and focussed technical advice covering these subject areas which have been well received by SAIs throughout the world involved in auditing privatisation, regulation and private finance arrangements. Most of the learning on how to audit the arrangements is now embedded.

The work of the Working Group has altered since it was originally established in 1993. The Group has now produced four sets of guidelines and there is little scope for further generic guidance to the INTOSAI community. We understand that the work of our diverse membership is now in many different areas and specialisms. Our current output is largely focussed therefore around sharing experience on specific technical issues. It may be the case that the current working arrangements for the Group are no longer appropriate.

Future options

The UK has identified two options for the future of the Working Group which we would like members to consider in advance of Moscow. We would also welcome any alternative suggestions which we may not have identified.

I. If there is appetite to continue the Working Group in its current form we suggest that a new chair for the Group is identified and takes over from the UK following agreement at INCOSAI 2010. We would welcome any expressions of interest and would be very happy to answer any queries about the role and discuss arrangements for a smooth handover.

II. Members may consider that some aspects of our remit are more relevant than others or that an alternative form of working is more appropriate for the future. For example, specialised sub groups could be established or the future work of the Group could be conducted remotely and on-line. Any alternatives to the current working arrangements are open to discussion, but members should be aware that the UK would not be able to take a lead role in co-ordinating them.

There is also a more general point that the UK would like Members to consider. The Working Group has now been in existence for more than 15 years, and it has achieved an enormous amount. When it was established there was little international coordination or good practice on the audit of privatisation, and the audit of Public Private Partnerships and of economic regulation barely existed. The efforts of the Members of the Group over the last 15 years have created four sets of guidelines which have allowed SAIs to implement coherent and comprehensive audit programmes on a basis consistent, with the highest international standards. And the Group has supplemented these guidelines with an enormous body of good practice, available to SAIs and the wider public on the Group's website. The challenge now is to celebrate and draw together this world-leading legacy.

With this intention to celebrate the achievements and legacy of the Group in mind, the UK has considered the best course if a new Chair cannot be identified. The absence of a new Chair would in our view signify that the Group has been so successful that it no longer needs to continue in its current or an alternative format. In that event, we recommend notifying Congress and the Governing Board of the proposal to dissolve the Working Group. This proposal would be on the basis that the Group's products and remit are substantially completed, so there is no need for a future work programme.

In these circumstances we would propose to host a final meeting of the Working Group in London in 2010, in advance of INCOSAI, to allow the Group to decide how best to safeguard its important legacy and capture its knowledge and achievements. Such a meeting could discuss and approve a presentation to INCOSAI to mark the fulfilment of the Working Group's remit and honour the culmination of the valuable work achieved.

Next steps

We would ask members to consider the issues in this paper and consult with senior management within their SAI about their views on the matter in advance of the meeting in

Moscow so that we can have an informed discussion about the future of the Group. If you have any queries about the issues raised in this briefing paper please contact Patricia Leahy (+44 (0)20 7798 7837; patricia.leahy@nao.gsi.gov.uk) or Louise Bladen (+44 (0)20 7798 7587; louise.bladen@nao.gsi.gov.uk)from the UK Secretariat for further information.

The UK Secretariat
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