**Draft**

**Strengthening Supreme Audit Institutions: A guide for improving performance**

*Preface: to be signed off by South Africa and Sweden*

*Suggestion for text for preface*

*In 2007, the newly formed Capacity Building Committee of the International Organisation of Supreme Audit Institution (INTOSAI) produced a guide entitled Building Capacity in Supreme Audit Institutions (SAIs). Since that time much has changed in the INTOSAI community. The Capacity Building Committee has produced further guides focusing on specific aspects of capacity development including Human Resource Management, Manging Information Communications Technology and How to increase the use and impact of audit reports. (www.intosaicbc.org). INTOSAI has endorsed the International Standards for SAIs (ISSAIs) which include a statement on the Values and Benefits of SAIs and endorsed a tool, the SAI Performance Measurement Framework (SAI PMF) to facilitate self, peer, or external assessment of a SAI’s performance against the ISSAIs and other established international good practices. In addition, across INTOSAI and elsewhere there are now a much wider pool of resources to help SAIs strengthen their organisations. In view of these developments, the Capacity Building Committee has decided to update the original guide to reflect lessons learned over the past 10 years, share best practices and act as a pointer to what useful resources are now available to assist SAIs.*

**Introduction**

Across the globe citizens are demanding that their governments use public funds better. At its extreme, we have seen citizens take to the streets to demand an end to corruption and, even in more quiescent states, citizens have lost trust in governments’ ability and/or willingness to act in the best interest of the public. Where governance is weak, pandemics can gain ground spreading diseases and civil unrest can break out forcing people to search for refuge in other countries. The United Nations (UN), through its resolutions and the Sustainable Development Goals, has recognised that strong and independent Supreme Audit Institutions (SAIs) have a vital role to play in holding governments to account for the public funds they utilise and for the programmes they deliver (ref.). The International Organisation of Supreme Audit Institutions (INTOSAI) has outlined a wide number of ways in which it can produce benefits to citizens, strengthen the citizen state contract, increase accountability, and add value to the effective delivery of government services.

Yet SAIs are still often seen as the weak end of the public financial management cycle. PEFA – the Framework for Assessing Public Financial Management- scores and INTOSAI surveys, conducted by the INTOSAI Development Initiative (IDI) and based on self-reports by SAIs, show that many are still struggling to implement international auditing standards, that audit reports are often not reaching the public domain or are doing so some years after the period in which the funds were spent, and that many SAIs have little power to follow up on audit recommendations. There has been progress but it is often slow and much more needs to be done to ensure SAIs globally can reach their full potential.

At the same time the world does not stand still and SAIs need to be able to keep up. Innovative technology is changing the quantum of information available to auditors, the skill sets needed by modern auditors, and the way people work. New management thinking is removing layers of management, delegating greater responsibility and power to staff and encouraging greater organisational agility. Working collaboratively with partners and engaging with a broad network of relevant actors is critical to effective working and learning. Resource pressures mean that many SAIs must do more with less – forcing greater prioritisation, leaner audits and a willingness to take on more risk. In this context, SAIs need an ability to balance being responsive to their environments while avoiding change management fatigue.

While many SAIs are operating in supportive environments where change is both possible and seen as positive, others face powerful pressures not to change, or are expected to do so within safe and cautious boundaries. Some SAIs may not wish to disturb the external status quo and, are concerned that by producing hard hitting reports which reveal corruption, clientelism, or waste, they risk a backlash from powerful political figures. SAIs can also face resistance from staff who may feel comfortable with their current situation. If promotion is based on seniority they may feel their careers are mapped out and may not wish to take risk. If they are nearing retirement they may not feel they have the time or energy to take on the challenge of reform. However, while such constraints will make SAI strengthening more difficult they do not make it impossible.

* 1. **Purpose and audiences**

This guide aims to strengthen SAIs so that they can deliver a high-quality range of audit products which meet the expectations of parliaments, governments and citizens and contribute to sustainable improvements in the performance of the country’s public services. This is the primary responsibility of a SAI’s management and this guide is written principally for them. However, it should be also of interest and use to a wider group of stakeholders including: other staff in SAIs; parliaments, especially financial oversight committees; the international development community wishing to help support and fund capacity development of SAIs; and those organisations providing direct support to SAIs, including other SAIs but also private sector consultancies. It should also be useful to the INTOSAI regional organisations as a reminder of the scope of SAI strengthening, helping avoid unnecessary duplications, and acting as a useful focus for regional workshops and sharing good practices.

The guide is written from the perspective that strengthening the capacity of SAIs requires change and provides suggestions of how this change process can be managed and how SAIs can respond to the changes in the external environment. It identifies areas of potential reforms across all aspects of a SAI’s operations and indicates how these can be strengthened over time. A SAI will need to consider the breath of what is possible and set clear priorities based on an analysis of its institutional environment and what it believes is possible in its national context and with the resources, particularly staff, at its disposal. It is better to set clear priorities and achieve a few changes, rather than to start many parallel reform projects and follow through on none. Embedding change takes time, failures occur, and tenacity and flexibility are essential.

As the process of strengthening SAIs requires changes at three different levels, this guide is structured in three parts. The first focuses on the reforms which might be required at the institutional level; the second on the changes which need to be undertaken to strengthen the organisation and the third on the capacity building of its people. The guide is the culmination of lessons learned over the last ten years and provides good practice across all aspects of SAIs’ work. It also act as a pointer for SAI management to the other more detailed tools and resources which have been developed to assist SAIs on specific aspects of strengthening whether this be in terms of implementing the ISSAIs, improving human resource management or contributing to national efforts to combat corruption.

* 1. **What is involved in strengthening SAIs?**

Many SAIs are continually strengthening capacity, through internal training, staff development schemes and daily informal and formal exchanges between colleagues and partner institutions world-wide. A programme of capacity strengthening goes further. It requires the SAI to:

1. Systematically assess its current level of capacity, and its strengths and weaknesses.
2. Decide why it is seeking to strengthen capacity and what barriers or constraints it faces.
3. Determine what additional capacity at the institutional, organisational and professional levels, it seeks to build, the resources it will need and the outcomes it expects to achieve.
4. Develop a strategy for delivery of this increased capacity, and related outcomes, without interfering with the delivery of its remit.
5. Implement this strategy.
6. Evaluate the impact of the changes and the outcomes achieved.
7. Sustain the changes and develop a new strategy to build on what has been achieved.

Strengthening a SAI is more than just improving the technical skills of audit staff. This guide will adopt a whole SAI strengthening approach and focus on institutional development, organisational development, and professional development. This approach is consistent with the approach underpinning the SAI Performance Measurement Framework and used more widely across the SAI community by IDI.

***Three levels of capacity building: institutional, organisational and professional***

* ***Institutional development:*** involves understanding and responding to the wider context in which a SAI is operating including the broader scope for reform, the potential for partnerships, the unwritten rules of the game, power relations, and cultural norms. It involves assessing the SAI’s legal independence, its governance and the capability of its leadership to maintain an ethical position in the face of external threats and to strive for fundamental change.
* ***Organisational development***: involves strengthening the systems, procedures, and cultural norms the SAI uses to deliver its mandate and support its professional staff in the delivery of audits. It includes strengthening such functions as strategic planning, human resource management, information communications technology, and internal and external communications.
* ***Professional development***: involves understanding what are the skills and experience needed by a SAI’s staff, what skills and experience these staff already have and what needs to be done to build on current capability and bridge any gaps. It includes professionalisation not just of audit staff but all staff in a SAI.

Strengthening a SAI is a permanent process comprising often small steps which over time add up to more significant changes. This can occur suddenly when, for example, the introduction of new legislation grants a SAI full independence, which can radically effects the work and capability of the organisation. It is also rarely linear or formulaic. Change occurs through people working together and coalescing around common visions and directions and it is vital that staff are actively involved in designing and implementing change and given scope to provide feedback and see things amended because of that feedback. If change is imposed, staff may obey but will rarely own and internalise the changes being sought. Time spend dealing with the personal aspect of change, with internal communications, with celebrating success and openly admitting to problems, is time well spent.

**Part 2: Strengthening the institution**

SAIs achieve their impact by working through others. They operate in a complex web of external relations which include parliaments, executives, auditees, civil society organisations, the media and business. Efforts to strengthen SAIs need to be grounded in a clear understanding by a SAI’s senior management of the broader social; economic, political and cultural context in which the organisation operates. Steeped in a country context, a SAI senior management may assume it understands this context fully and intuitively but in seeking to bring about sustainable change in the SAI, it is important to periodically step back and reconsider and challenge that implicit knowledge and understanding. If a SAI is seeking greater independence then it needs to understand how it is perceived and what barriers it is facing. If it is wishes to bring about sustainable change in the way ministries manage public finances then it needs to work effectively with its key stakeholders – understanding their needs and their perceptions of the SAI and finding ways of forging stronger links without impinging on its independence.

This part will explore:

1. How can we assess the external environment in which SAIs are operating;
2. How do we achieve greater independence and a secure legal framework;
3. How to appoint heads of SAIs;
4. How to work more effectively with key external stakeholders;
5. How do we get the best out of international development partners?

**2.1 How can we assess the external environment in which SAIs are operating**

In seeking to bring about substantive change in a SAI, the first step is to conduct an analysis of the institutional environment and the challenges, opportunities and risks this poses to the organisation. This analysis can be conducted by: a SAI using its own internal resources; contracting a third party, for example another SAI, a university or a private sector consultancy firm; or a combination. What is crucial is that the SAI manages the process, sets the terms of reference, and critically considers the results. The goal of this analysis is to provide a SAI with intelligence which when combined with a similar analysis of its own internal strengths and weaknesses can help it develop its strategic plan, prioritise its efforts, capitalise on opportunities and manage threats and barriers.

The SAI PMF provides a useful structure for the external analysis covering such themes as:

* **Country context** - the economic and developmental characteristics of the country and other factors affecting it, including the national development plan, population, income level, poverty and education levels, growth rate, inflation, main development challenges, recent and ongoing conflicts and other drivers of fragility, and cultural issues. These are issues that may affect what the SAI should focus its audits on and/or determine a SAI’s ability to conduct its audits;
* **Country governance arrangements** - the broad institutional context in which the main stakeholders operate, including: political system, government structure (federal or unitary state, and levels of government), relationships between the executive, legislative and judiciary and the nature and role of political parties and political competition; the role, capability and freedom of the media and civil society organizations; and formal and informal systems of state accountability to citizens. This section may also draw on governance analyses and indicators where available, and help assess the capability, responsiveness to citizens, and accountability of the state but it may draw also on more anthropological and political economy work to understand what are the informal as well as the formal rules governing how key players in the state work, for example, what obligations elected parliamentarians have to those who worked to get them elected and what that means for public stewardship of resources;
* **Public sector budgetary environment** – the public financial management system and its impact on SAI performance. This involves gathering information on the structure of the public sector and the public-sector budget, including sources of revenue, expenditure by administrative or functional and economic classification, and levels of debt and investments. It is important to understand in what ways the SAI is reliant on inputs from that system and on its outputs being used by the system – including any areas where the system is not working as intended or as expected by international good practices. This helps a SAI focus on the most significant government operations in the delivery of its mandate;
* **Legal and institutional framework –** the constitutional provisions for the SAI and head of the SAI, and the legal framework governing the SAI including whether the SAI follows the legislative (parliamentary), jurisdictional (court), or other model (e.g. hybrid), and whether it is governed by a single head or a decision-making body (e.g. board, judges). An outline of the main aspects of the SAI’s mandate, including its responsibilities and the scope of its activities (these may in some cases include activities which lie outside the scope of public sector auditing as defined by the ISSAIs);
* **Reporting arrangements** - who the SAI reports to, and the role of the legislature, legislative committees and any other bodies in reviewing the SAI’s reports, as well as the role of other institutions involved in the governance of the SAI. The functioning of the legislature and its committees, the role of political parties and the nature of political competition should be assessed; and
* **Organizational structure** - the size and location of major branch offices and the functional areas within the SAI – including whether staff are co-located with auditees. The mandate of, and relationship with, other bodies responsible for the audit and/or inspection of the public sector should also be understood, including areas of overlap, omissions, any SAI responsibility for non-audit forms of oversight and regulation, and coordination arrangements.

***Potential sources of information for planning purposes***

* SAI legislation and comparison with ISSAI 10 – Mexico declaration on SAI independence
* Ministries of Finance, Planning, and/or Economy’s assessments of economic indicators and budget predictions as well as independent think tanks and financial institutes
* Country assessments such as the International Monetary Fund - Fiscal Transparency Evaluations - [www.imf.org/external/np/fad/trans/](http://www.imf.org/external/np/fad/trans/) ,the Public Expenditure Financial Assessments – [www.pefa.org/content/pefa-framework/](http://www.pefa.org/content/pefa-framework/) , as well as those prepared by international development agencies and civil society organisations such as Transparency International, and the International Budget Partnership
* Interviews, focus groups and/or workshops with key stakeholders such as parliamentarians, government officials, professional organisations, business organisations, and civil society organisations; these need to be inclusive to ensure that the views of a SAI’s critics as well as supporters are captured
* Commercial polling to ascertain views of key stakeholders on a SAI’s credibility, integrity, capacity, and reliability
* Views of key staff in the SAI
* Partner SAI and private sector consultancies who are providing, or have provided, capacity development assistance in the past

**2.2** **How do we achieve greater independence and a secure legal framework?**

While the UN, the African Union, the Commonwealth Heads of Government and other leading international fora have proclaimed their support for SAI independence, many SAIs still lack elements of independence described in the INTOSAI Mexico declaration on SAI independence (ISSAI 10 and accompanying good practice notes in ISSAI 11) see [www.issai.org/en\_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm](http://www.issai.org/en_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm). Many lack the ability to recruit and manage their own staff, their budgets are controlled by ministries of finance and they are constrained in how and when they can publish their audits and follow up implementation of audit recommendations.

Independence rarely happens to a SAI by accident. Independence needs to be planned for carefully and can take years of persistent work by many different partners. Like any project, it is important that the SAI is clear about what it wants to achieve, has a full appreciation of what the barriers and risks are, and can make a compelling case to those who can help the SAI achieve the greater independence it is seeking. In planning, how to obtain greater independence, it is important to set milestones and be clear about which SAI staff are responsible for which part of the campaign to achieve greater independence.

To strengthen its independence a SAI usually needs the support of its parliament, ministry of finance, public service commission (or equivalent body), and its own staff. Each of these groups will need to understand what the SAI is seeking and have their fears allayed. In all cases, a SAI will need to identify who are the potential supporters within these groups, who are the opponents and the basis of their opposition, and who are the potential influencers who might be able to reassure the doubters. Thought needs to be given to the best way to communicate with these diverse groups. Reminding them of international agreements which they have signed up to may assis. In many cases a SAI will also need to develop close links to the international development community who may be able to provide funding support to assist the SAI achieve independence.

***Uganda: A shared vision***

To develop a shared understanding of what a proposed new law on SAI independence should cover, the Office of the Auditor General of Uganda arranged for members of the Parliamentary Public Accounts Committees and senior figures from the Ministry of Finance to visit the UK. The visit provided the delegates a chance to work together for a week to better understand each other’s perspectives, to test ideas with the UK National Audit Office, and to reach a compromise before returning to Uganda to gain support from each of their various constituencies – making final passage of the legislation much smoother.

***Tanzania: The power of legislative change***

The Public Audit Act of 2008 gave the National Audit Office of Tanzania the freedom to perform all types of audits, improved the budget preparation and approval process, promote and control staff, and set up a process for appointing the external auditor.

To help SAIs seek greater independence the following resources may be helpful:

* **Making SAI independence a reality** – a guide produced by the Commonwealth Auditors General Conference to identify strategies for working with key stakeholders to achieve independence -[www.intosai.org/fileadmin/downloads/downloads/4\_documents/Commonwealth\_Making\_SAI\_independence\_a\_reality.pdf](http://www.intosai.org/fileadmin/downloads/downloads/4_documents/Commonwealth_Making_SAI_independence_a_reality.pdf);
* **Towards greater independence: a guidance for SAIs** – produced by IDI as part of a major project to help a sample of targeted SAIs achieve greater independence - [www.idi.no/en/idi-cpd/sai-independence-programme/news/item/27-towards-greater-independence-a-guidance-for-supreme-audit-institutions](http://www.idi.no/en/idi-cpd/sai-independence-programme/news/item/27-towards-greater-independence-a-guidance-for-supreme-audit-institutions); and
* **Cross cutting report: peer reviews independence** – a review by the INTOSAI General Secretariat on the state of independence in a cross section of SAIs [www.intosai.org/fileadmin/downloads/downloads/4\_documents/publications/eng\_publications/EN\_Cross\_Cutting.pdf](http://www.intosai.org/fileadmin/downloads/downloads/4_documents/publications/eng_publications/EN_Cross_Cutting.pdf).

Independence is also not a panacea. There are SAIs which have most of the attributes of independence but which have little real impact or power and others which have been able to work around existing constraints and achieve substantial freedom and important impact.

***St Lucia: Good enough independence***

The Audit Department of St Lucia must formally work through its Public Services Commission to recruit and promote staff but by working closely with the Commission and demonstrating that they can achieve transparency and objectivity they have gained increased powers to control their own staffing. (Check)

**2.3 How to appoint heads of SAIs**

Central to a SAI’s capacity to deliver on societal expectations is the direction and tone set by senior managers, particularly the head of the SAI, and the creation of a culture of integrity, public sector values and performance.

***Practioners Guide to strengthening public financial management***

The process needs more than good analysis, planning and action plans. It needs quality leadership and continuing commitment. Leaders who are looking for innovative ideas to improve productivity or service delivery, brave enough to adopt and implement them, are the ones that are the most successful in transforming their organisations. Without a clear vision, the courage to challenge existing practices and embrace the unknown, leaders only become managers. It also needs ‘buy-in’ from those benefiting from capacity development to make the change sustainable. (Supporting Capacity Development in PFM - A Practitioner’s Guide, OECD 2011) [www.oecd.org/dac/effectiveness/48782679.pdf](http://www.oecd.org/dac/effectiveness/48782679.pdf).

Principle 2 of the Mexico declaration on SAI independence makes it clear that those appointed to manage SAIs should be:

* Appointed, re-appointed, or removed by a process that ensures their independence from the executive (see ISSAI-11 Guidelines and Good Practices Related to SAI Independence);
* Given appointments with sufficiently long and fixed terms, to allow them to carry out their mandates without fear of retaliation; and
* Immune to any prosecution for any act, past or present, that results from the normal discharge of their duties.

Little is written within the SAI community on what processes should be in place to appoint heads of SAIs and it is still the case that many appointments to these positions are based on seniority or at the discretion of heads of government. While many talented and able leaders who understand the organizations they are asked to lead and the political contexts in which they need to operate are appointed through such systems, these appointment processes often do not meet international good practices. Some parliaments and governments have begun to adopt more transparent processes aimed at appointing someone with the tenure, integrity, leadership skills, vision and reforming passion, and professional accounting and auditing background to bring about continued growth and transformation within the SAI and to operate effectively with parliament, government and civil society.

***Recruiting heads of SAIs – the process in the UK***

* A firm of recruitment consultants was appointed to administer the process;
* Adverts were placed on-line and in the main newspapers,
* Applicants were provided with a pack providing information on the job and the selection process;
* The recruitment consultants selected a short-list of suitable candidates for consideration by the selection panel;
* The selection panel comprised a chair - the Chairman of the Public Accounts Committee (PAC) who was also a senior opposition party figure - a Treasury Permanent Secretary, the retiring Comptroller and Auditor General (C&AG), and the chairman of the UK National Audit Office Board;
* The recommendation of the panel was accepted by the Prime Minister who announced the recommended appointment;
* The PAC Chair put out a press release welcoming the Prime Minister’s approval of the new C&AG;
* The PAC then convened a hearing to ask the nominated candidate about his experience and suitability for the post and about his plans for the UK National Audit Office;
* The Prime Minister tabled a motion, supported by the PAC Chair, in the House of Commons asking the Queen to appoint the approved candidate as C&AG;
* During the ensuing debate, Members of Parliament who had been party to the pre‑appointment hearing were able to offer their opinions on the appointment; and
* With the endorsement of the decision by Parliament, the formal appointment of 10 years was made by the Queen, as head of state.

The issue of security of tenure is also vital with too many heads of SAIs vulnerable to dismissal without redress. It is also important that heads of SAIs have sufficient terms of office to make a substantial change; too long and incumbents may lose the freshness and drive needed to transform their institutions, too short and the changes do not become institutionalised.

**2.4 How to work with key external stakeholders?**

To affect the institutional environment in which it operates, a SAI need to identify who are its key external stakeholders and develop a strategy for engaging with them. This involves understanding what they know about the SAI and want from it, being clear about the mutual roles and responsibilities and the independence of the SAI, and identifying areas of common interest and what a partnership could achieve.

**Working with parliaments and legislatures**

For SAIs which follow the parliamentary and board models, parliaments and legislatures, particularly their financial oversight or public accounts committee, can play a crucial role in using the audit findings of the SAI to hold the executive to account. However, the legislature committee which considers the SAI’s work may not have a solid understanding of public financial management or the skills to use the SAI reports to hold government to account. And, like other relationships, the one between a SAI and parliament/legislature needs to be worked on.

**Issues to consider about relations with parliaments and legislatures**

* Is the relation between the parliament/legislature and/or the committee responsible for oversight of budget expenditure set down in law or some other framework, for example in a protocol? Some SAIs and Public Accounts Committees have found it useful to set down in writing their mutual roles and how they intend to work together.
* Is there a clear process for tabling SAI reports in the parliament/legislature and having their findings considered? Many SAIs submit an annual composite report on their audit work.
  + What scope exists to deliver more timely reports to the parliament/legislature and have these discussed as soon as possible after they are produced?
* How well serviced is/are the financial oversight or other relevant committee(s)? Many committees have few resources – at most one or two staff members.
  + What scope exists for the SAI to second staff to the committee, provide briefs to members before public hearings, and assist with the drafting of committee reports?
* What right does the SAI have to go to the media with its audit findings? While it is important that major audit findings are placed before the public, have the different roles of the SAI and committee been worked through in terms of disseminating findings so that the maximum appropriate media cover is achieved.
* Following any hearing, are proper records kept and a report with recommendations produced? In some jurisdictions, committee hearings are recorded and the committee, with assistance from the SAI, prepares a series of recommendations to government on improvements sought.
* What processes exist for following up of the committee and SAI report? Most SAIs need to put in place formal procedures to verify that recommendations have been implemented and to report to the committee and the parliament/legislature when this has not happened.
* Does the SAI seek regular feedback from the committee on its performance? Some SAIs find it useful to seek, formal and informal, feedback from the parliament/legislature on how its performance is perceived, areas where improvements might be made, and in some cases, suggestions as to the type of performance audits which the committee believe should be undertaken. Some SAIs are legally obliged to carry out a small number of committee-initiated studies while others, still maintaining the independence to make the final choice, find it useful to listen to the opinions of committee members.
* What scope is there for the SAI to provide training and support to the Parliament, its committees and its staff so they better understand the SAI’s role and the mutual value of partnership?

**Key resources:**

Developing effective working relationships between supreme audit institutions and parliaments: SIGMA PAPER No. 54 - [www.sigmaweb.org/publications/Supreme\_audit-institutions-and-parliaments-SIGMA-Paper-No.%2054.pdf](http://www.sigmaweb.org/publications/Supreme_audit-institutions-and-parliaments-SIGMA-Paper-No.%2054.pdf)

**Working with governments and executives**

SAIs need to be physically, financial, politically and practically independent of the executive branch of government. However, this insistence on independence need not come at the expense of a refusal to work with government partners when there are common agendas to be followed and when, by so doing, the SAI’s work can have greater impact.

**Issues to consider about relations with the executive**

* To what extent does the forward programme of audits, especially performance audits, address key challenges facing the government? If, for example, a government is intent on tightening up procurement systems, there may be scope for the SAI to undertake a structured series of audits examining how effectively the reforms are being introduced and then verifying that the procurement arrangements are being used properly.
* Does the SAI know what directions for financial reform are being pursued by the ministry of finance? For example, many SAIs have found it useful to work alongside their ministry of finance when accruals accounting is being introduced to help ensure, through the audit process, that the reforms are being well managed.
* What is the government’s forward programme of legislation? Some SAIs are involved in the scrutiny of new legislation to ensure that the legislation is tightly drafted and does not introduce loop holes which facilitate fraud and corruption.

**Working with audited bodies**

Although a SAI needs to maintain clear independence from the audited body, the development of good open professional relations is likely to make it easier for SAI staff to conduct rigorous, useful audit.

**Issues to consider about relations with audited bodies**

* Do audited bodies know clearly what the SAI expects of them?
* When there are changes of senior personnel and audit committee members, does the SAI ensure that new members are properly briefed on the role of external audit?
* Without damaging the right to undertake unplanned audits, does the SAI work with the audited bodies to ensure that the planning and execution of audits cause minimal unnecessary disturbance to the audited body?
* Does the SAI use a variety of formal and informal ways to provide feedback to the audited body so that the audit produces few surprises?
* Is the audited body given a reasonable opportunity to respond to the audit reports and have such responses been fairly considered?
* Does the SAI focus on critical issues and make sound recommendations for further improvements rather than listing a catalogue of minor failings?
* Are the SAI’s staff trained in good client management?
* Does the SAI seek feedback from audited bodies on the quality of its work, staff and systems?
* Does the SAI work with the audited bodies beyond the regular cycle of audits to promote improvements in their public financial management?

**Working with professional associations, private sector auditors and internal auditors**

Developing good relations with professional associations, private sector auditors and internal audit is important. It enables the SAI to keep abreast of, and influence, developments in approaches to auditing, compare its approaches to those of other auditors, and showcase its corporate values to the broader audit community.

As far as possible, the various components of internal and external audit within a country should be operating as a seamless web: each independent, but working to similar standards and similar goals. In some countries, the SAI is responsible for all external audit. In others, there may be fully independent regional or local bodies. In terms of internal audit, some SAIs are responsible for setting standards and monitoring quality; others have no formal link.

SAIs should also maintain close links with other public-sector inspectorates – ensuring where possible that the burden on auditees is kept manageable but equally looking for ways to maximise the value of both perspectives.

In recent years, much has been done to strengthen national professional accounting organisations and the following sources are useful:

* Information on International Federation of Accountant’s MOSAIC website, which is a portal to resources and news from around the world about the development of the accountancy profession and professional accountancy organizations: <https://www.ifac.org/mosaic>;
* Information on IFAC’s [Accountability Now initiative](http://www.ifac.org/about-ifac/accountability-now)to promote high-quality financial accounting and reporting by governments to improve transparency and help strengthen public financial management and accountability in the public and private sector.

**Issues to consider about relations with professional associations, private sector auditors and internal audit**

* Are professionally qualified members of the SAI encouraged to play active roles in their professional associations?
* Are there formal liaison meetings between a senior member of the SAI and the relevant professional associations on a regular (for example, annual) basis?
* Are there arrangements for secondments between staff in the SAI and in private sector auditing firms?
* Does the SAI contract out a proportion of its audits to private sector auditors to enable it to benchmark its costs and processes, to obtain access to expertise which the SAI lacks and/or to avoid a back log on unaudited accounts where the SAI has insufficient staff?
* Does the SAI regularly meet regional and/or local external audit bodies to ensure consistency of audit approach across a country and the sharing of best practices? Should it seek statutory powers to achieve this or is it best done through voluntary codes?
* Do public external audit bodies have protocols for working together, sharing information, exchanging staff, undertaking joint audits, and sharing training resources?
* Does the SAI have appropriate links with internal audit?
* How are internal audit standards set?
* Who assures the quality of internal audit?
* Are protocols in place indicating how internal and external audit can work together and their mutual roles?
* Does the SAI place appropriate reliance on the work of internal audit? SAIs will need to assess the quality of internal audit to determine how much reliance can be placed on their work. Some SAIs have undertaken performance audits of the strengths and weaknesses of internal audit across government and have used the results to promote improvement in practices.
* Does the SAI work with audit committees of audited bodies? Working closely with audit committees can help a SAI understand better the business of the audited body, tailor its audits to perceived risks and the needs of the audited body, and achieve more substantial longer-term impact.

**Working with civil society organisations, including business associations**

Civil society organisations, including business associations, can be valuable allies for SAIs. Regular contacts with such organisations can help a SAI capture the concerns of citizens identifying where government services are under-performing; and where public funds are at risk. When audits are completed they can play a key role in making sure that a SAI’s messages and recommendations get widely disseminated, are understood and implemented.

**Issues to consider about relations with civil society organisation, including business associations**

* Has the SAI identified the key civil society organisations and business associations with which relationships need to be forged, as well as what the SAI wishes to gain from the relationship and what it believes the civil society organisations might want?
* Has the SAI an outreach programme to ensure that civil society organisations understand the roles and limitations of the SAI’s remit and respect the independence of the SAI? As part of this do civil society organisations understand the importance of confidentiality and how to avoid misuse of SAI reports?
* Is it clear in the SAI who has the lead role in managing relations with key civil society organisations and business associations?
* Do audit teams routinely consult with civil society organisations and business organisations when seeking to understand the risks facing auditees or when planning and executing audits?
* Do audit teams, working with the communications team, consider how best to share the published results of audits with relevant civil society organisations and business associations?
* Does the SAI have a programme to inform and educate civil society organisations on the role of the SAI and how such organisations can effectively use audit reports?
* Where citizens raise concerns with the SAI are such concerns dealt with promptly and thoroughly and the results, including a decision that a concern may not be pursued, communicated to the informant?

See also:

Civil society, Supreme Audit Institutions and Stakeholder Engagement Practices: A Stocktaking Report OECD September 2014 - [www.effectiveinstitutions.org/media/Stocktake\_Report\_on\_Supreme\_Audit\_Institutions\_and\_Citizen\_Engagement\_.pdf](http://www.effectiveinstitutions.org/media/Stocktake_Report_on_Supreme_Audit_Institutions_and_Citizen_Engagement_.pdf)

Guidance on SAIs engaging with stakeholders - [www.idi.no/en/elibrary/cpd/sais-engaging-with-stakeholders-programme](http://www.idi.no/en/elibrary/cpd/sais-engaging-with-stakeholders-programme)

INTOSAI Capacity Building Committee blog on engaging with business -[www.intosaicbc.org/business-the-neglected-stakeholder/](http://www.intosaicbc.org/business-the-neglected-stakeholder/)

* 1. **How do we get the best out of international development partners?**

To achieve positive and sustainable improvement, it is vitally important that reform comes from within the SAI. Many SAIs may wish, however, to seek external support to work alongside them in order to benefit from the experience of others. In upholding its motto that mutual experience benefits all, INTOSAI has done much to encourage and support cooperation and knowledge transfer among SAIs, through its congresses, working parties, seminars, publications, joint audits and training programmes.

There are a range of possible INTOSAI partners to support SAI capacity development:

* INTOSAI, which provides SAIs with access to a network of audit institutions that can provide advice and support for capacity development;
* INTOSAI regional organisations:
  + Organisation of Latin American and Caribbean Supreme Audit Institutions (OLACEFS);
  + African Organisation of Supreme Audit Institutions (AFROSAI);
  + Arab Organisation of Supreme Audit Institutions (ARABOSAI);
  + Asian Organisation of Supreme Audit Institutions (ASOSAI);
  + Pacific Association of Supreme Audit Institutions (PASAI);
  + Caribbean Organisation of Supreme Audit Institutions (CAROSAI); and
  + European Organisation of Supreme Audit Institutions (EUROSAI).
* The INTOSAI Development Initiative (IDI), which has established training networks in all regions of the world, with regional pools of trainers, and seeks to develop and deliver needs-based, collaborative and sustainable development programmes for SAIs in developing countries as part of its vision of becoming a global leader in strengthening capacities of SAIs.

The international community is increasingly recognising the importance of SAIs and many international development partners are prepared to provide funding support for SAIs. However, obtaining and managing that support can be costly in terms of senior management time negotiating with such partners and in meeting reporting requirements, it also can take a long time to obtain approvals and is sometimes of insufficient volume, flexibility and duration to make a significant difference. However, without it there is little doubt that the SAI community would not have advanced so far and so fast. Many development agencies are looking to forge good relations and there are some steps SAIs can make to make better use of offers of support. Primary among them is to be open with these partners – there can be a tendency among some SAIs to say yes to all offers of assistance and not necessarily letting other donors know – risking duplication and frustration.

**Good practices in seeking support for capacity development**

* *Be clear about your objectives and priorities*. Make sure the support is demand driven not supply driven. What do you want outside assistance to do and say no thanks when what is offered does not fit. Cost what you need carefully, and consider the risks associated with what you are proposing.
* Seek advice and/or training if you need *help with designing project proposals*.
* *Look for long-term partnerships* – it takes many years and many cycles of audits before staff can fully understand and implement new audit approaches. It takes time to build trust and understanding so make sure what is on offer will provide the right level of continuity to be worth your investment of time.
* *Help ensure that support is co-ordinated*. If the development agencies have not established a mechanism, then create it yourself and invite the development partners and other SAIs who may be interested in supporting you.
* *Do your homework and expect the donors to have done theirs.* Know what the donors are prepared to fund, which ones are flexible and which ones will involve you in selecting partners and staff. Ask that the donors send to meetings people who understand SAIs and/or public financial management.
* *Think broadly about who can help provide support.* While the international development partners can provide funding, who do you want to provide the institutional, professional and organisational inputs. Other SAIs are likely to be important but who else – local private sector firms, universities, professional accounting and/or legal organisations, regional organisations, international consultancy firms, the diaspora of nationals? When it comes to providing specialist support, for example human resource management or IT systems support, other SAIs rarely have much spare capacity. For these inputs you may need to look to the private sector. If you think you can get what you need in country, encourage the donors to spend their funding in country rather than on external trainers and resources.
* *Check that the potential capacity strengthening partners have the skills, knowledge and track record you need*. Will they deliver the promised inputs? If they are other SAIs are they likely to find it difficult to release their staff at peak times in their audit cycle? If they are private sector consultancies do they really have access to the staff and expertise they are promising? Are they flexible and will they engage with you in solving problems rather than copying their own practices? Do they have sufficient depth to replace staff should promised staff not be available? Will they be able to provide on-going, occasional support when the planned project has finished?
* *Negotiate approaches to delivery of advice.* Development partner rules can sometimes act as strait jackets – push back. If you consider that some support can be delivered at a distance via video-conferences and tele-conferences saving costs of travel and environmental impact say so. If you need an external adviser based in your SAI full time for a few years point out the advantages but also consider a phased reduction of support over time to make sure that the changes you have introduced become institutionalised.
* *If it is capital funding you need i.e. buildings, IT or vehicles – ask*. Many agencies do not fund capital costs but some do. Explore the scope for part or matching funding with the government and international partners. Make the case clearly stressing how these will improve efficiency and effectiveness and how longer-term maintenance and/or replacement issues will be managed.
* *Commit senior management time*. If the capacity development projects are delegated to junior staff and access to senior management difficult then this signals a lack of organisational commitment. Make sure that you are involved in selecting key advisers and experts. If that is not always possible, provide honest feedback and expect those who do not meet your needs to be replaced.
* *Make sure that your own people are involved* – especially those who have been trained as trainers.
* *Provide space for external partners in the main office of the SAI* and provide support from counterparts. Avoid establishing separate project implementation units located elsewhere.
* *Be open and transparent*. Have regular meetings with development partners and those providing the support. If things are not working take stock, identify why and make changes – proceeding with capacity development efforts which are not working is a waste of everyone’s time.
* *Make sure that you are consulted in the development of terms of reference of external evaluations,* have the chance to comment on draft evaluation reports, and that the ensuing reports are shared with you.

See also:

* Good Practices in Supporting Supreme Audit Institutions, OECD 2012 [www.oecd.org/dac/effectiveness/Final%20SAI%20Good%20Practice%20Note.pdf](http://www.oecd.org/dac/effectiveness/Final%20SAI%20Good%20Practice%20Note.pdf); and
* Making SAIs count - Suggestions for DFID Country Offices -UK NAO 2015 [www.intosaicbc.org/wp-content/uploads/2015/08/10617-001-Guidance-for-DFID-missions\_final.pdf](http://www.intosaicbc.org/wp-content/uploads/2015/08/10617-001-Guidance-for-DFID-missions_final.pdf)
* INTOSAI Donor support with project proposal design (ref).

**Part 3: Strengthening the organisation**

The review of the institutional context helps a SAI better understand the environment in which it is seeking to bring about beneficial impact. However, to be able to navigate that environment effectively the SAI needs a robust planning process to agree the impact it is seeking and how this will be achieved. It needs to understand the barriers and risks it will face and ensure that the SAI’s processes and procedures are strengthened to support the work of the SAI’s audit staff. It needs to ensure that it has strong and defensible governance arrangements and an effective leadership able to set the tone for the organisation, represent it effectively externally and deliver transformational management internally. These key characteristics of a functioning SAI need to be supported by high quality and effective support services embracing all key areas of a modern organisation.

This part explores:

1. what impact are we seeking to achieve;
2. how we can monitor impact;
3. how we can tackle common barriers to impact;
4. how to develop the SAI strategic plan;
5. how do we measure success of organisational strengthening efforts;
6. how do we strengthen internal governance and ethics;
7. how to strengthen a SAI’s leadership;
8. how do we strengthen a SAI’s support services:
   * strengthening finance and procurement systems;
   * strengthening the human resource management function;
   * strengthening information and communications technology**;**
   * strengthening communications and stakeholder management; and
   * strengthening facilities management.
   1. **What impact are we seeking to achieve?**

In formulating plans to achieve greater impact, SAIs need to look globally to develop a vision of what impact can be achieved and locally to understand their own unique social, political and economic contexts. SAIs need to be able to identify what are the contributions they want the organisation to make to the development of their country.

INTOSAI has sought to record the value and benefits of independent government auditing and what SAIs need to do to be able to add value to society and make a difference in the lives of citizens in ISSAI 12. It stresses that SAIs add value and produce benefits by:

* Strengthening the accountability, transparency and integrity of government and public-sector entities;
* Demonstrating ongoing relevance to citizens, Parliament and other stakeholders; and
* Being a model organisation through leading by example.

***India, Philippines, Iraq, UK, France: What types of impact can SAIs achieve?***

* Producing high quality audit reports exposing corrupt practices:
  + In 2012, the Comptroller and Auditor General of India released a report on how coal exploration and mining concessions were being let. The report exposed gross irregularities, and inefficiency in the process. As a result, the Supreme Court ordered that the block allocations be annulled and new auctions undertaken bringing in massive revenue gains. Several of the key people involved have been jailed. [www.internationalbudget.org/publications/india-coal-industry-audit-case-study/](http://www.internationalbudget.org/publications/india-coal-industry-audit-case-study/)
  + The Philippines’ Commission on Audit carried out, in 2012, an audit of a programme through which members of the Philippines Congress were provided with funds to support community-based or small-scale infrastructure projects. The audit, along with work undertaken by the National Bureau of Investigations, shed light on the misuse of the PDAF by members of congress, government officials, and NGOs and resulted in the arrest of three high-ranking senators; the indictment of several members of congress, government officials, and NGO practitioners; and the Supreme Court’s declaration of the programme as unconstitutional. [www.internationalbudget.org/publications/philippines-audit-case-study/](http://www.internationalbudget.org/publications/philippines-audit-case-study/)
* Identifying ways of improving public services:
  + Example needed of qualitative impact
* Helping improve the work of financial staff in line ministries:
  + The Bureau of Supreme Audit Iraq is seeking to reduce errors in the financial accounts of the government ministries by providing training to staff in the auditees to help them better understand what controls should be in place and how these should operate.
* Producing savings and/or increasing revenue:
  + The UK National Audit Office has set itself a target that it will save at least £10 for every £1 it spends. It quantifies the impact of its recommendations, agrees such savings with the auditee and has the claims independently verified by its external auditor.
* Surcharging civil servants who do not exercise proper control of public funds:
  + Check with France
* Leading to legislative improvements
  + ?
  1. **How we can monitor impact**

SAIs need to produce high quality audit, on time and in budget. However, most SAIs now wish to demonstrate also that their audits have brought about wider beneficial change. To be able to demonstrate their contributions, SAIs need to have in place ways of measuring their impact. In part, this is about the processes used to follow up on audit recommendations to verify the extent to which auditees have implemented them, and in part it is about having in place systems for recording impact. Some SAIs go even further and ask their external auditors to validate a SAI’s impact claims. The Capacity Building Guide *How to increase the use and impact of audit reports* provides more guidance on how SAIs can build the expectation of impact into the design of audits and work with key stakeholders to obtain greater traction for audit reports.

***SAIs make a difference to the lives of citizens by:***

1. *Strengthening the accountability, transparency and integrity of government and public‑sector entities:*

Principle 1: Safeguarding the independence of SAIs.

Principle 2: Carrying out audits to ensure that government and public-sector entities are held accountable for their stewardship over, and use of, public resources.

Principle 3: Enabling those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action.

Principle 4: Reporting on audit results and thereby enabling the public to hold government and public-sector entities accountable.

1. *Demonstrating ongoing relevance to citizens, Parliament and other stakeholders*:

Principle 5: Being responsive to changing environments and emerging risks.

Principle 6: Communicating effectively with stakeholders.

Principle 7: Being a credible source of independent and objective insight and guidance to support beneficial change in the public sector.

1. *Being a model organisation through leading by example:*

Principle 8: Ensuring appropriate transparency and accountability of SAIs.

Principle 9: Ensuring good governance of SAIs.

Principle 10: Complying with the SAI’s Code of Ethics.

Principle 11: Striving for service excellence and quality.

Principle 12: Capacity building through promoting learning and knowledge sharing.

To be able to monitor and report on impact, a SAI needs to allocate responsibility clearly. While it can be part of the role of all staff to be clear about the impact they are seeking to achieve through their audits and to gather evidence of the extent to which this impact has being achieved, SAIs need a central figure or team to make sure that the process is operating as intended, that claimed impact is challenged to ensure that it is justified and verifiable and then to collate information for external reporting.

For some SAIs, this focus on impact may seem distant. If a SAI is unable to produce and publish good enough audits within a reasonable period after the end of a government’s financial year, if it has no power to place its audit reports in the public domain, or if the judiciary are corrupted and unlikely to pursue suspected cases of fraud diligently, then achieving such impact can seem impossible. Yet knowing what is possible helps fuel the belief in reform within the SAI and can show other key external stakeholders what can and should be achieved.

**3.3 How can we tackle common barriers to impact?**

Common external barriers to achieving impact include**:**

* Parliaments where most MPs turn over every election, where accounting knowledge is limited and where the loyalty to the party or president outweighs accountability to citizens for prudent use of public funds.
* Partisan news media unwilling to report audit findings objectively, fairly or accurately.
* No legal protection so constant risk of being sued and called before the courts.
* Rampant clientelism, politicisation, and/or nepotism affecting appointments to the public sector.
* Strong protection of poorly performing staff by employment laws, labour unions and powerful public service commissions.
* Insufficient resources to meet the SAI’s legislated mandate.
* Legislation which limits a SAI’s powers for example to audit the defence budget Such barriers are not easy to surmount, but are also not unique to any one country. Dealing with them requires considerable tenacity, political nous and, even bravery.

***Approaches adopted by SAIs to achieve impact***

* Producing quality and timely audit reports which demonstrate integrity, political neutrality and a commitment to helping build the state and promote economic development;
* Participating in a wide range of fora and workshops with members of parliament, government officials and civil society representations to build credibility and continuously promote improvements in accountability, strengthening of SAI legislation; and wider acceptance of the need to implement audit recommendations;
* Identifying ministers and senior civil servants who are open to reform and working with them to ensure audit findings and recommendations are implemented;
* Forging strong links with international development organisations so that they can also encourage governments to implement audit findings;
* Developing similar links to civil society and business organisations so they can provide pressure in support of improvements; and
* Ensuring that staff, and particularly those engaged in risky audits, are provided with appropriate support, and if warranted personal protection.
  1. **How to develop the SAI strategic plan**

Knowing what impact we are seeking, and understanding the context in which we want to achieve this impact, provides essential inputs to the strategic planning process and sets the direction for the development of the organisation. This needs to be based on an understanding of our own internal strengths and weaknesses. A full SAI Performance Management Framework (PMF) or AFROSAI-E maturity assessment can be useful to provide detailed analysis on how the SAI is performing, especially in terms of its audit activities, and what needs to improve to produce better audits. For those who may not wish to carry out such a full review, then staff surveys, planning workshops, and focus groups can be used to highlight key areas for strengthening.

These reviews and assessments help show what needs to be done, and give guidance as to what the priorities are; however, turning these into an implementable plan can prove challenging. It is easy often to rush into solutions to address identified problems or needs, especially in organisations driven by strong leaders, but such solutions should be subject to rigorous internal and external scrutiny.

To guide this a SAI should ask itself such questions as:

* Is there anything we are currently doing which we can drop? Are there any reports or audit activities we produce which are not needed? Will anyone notice, complain?
* Can we do more with less? Do we need to do every audit every year or, by doing things differently, can we free resources to do other things, can we combine entity audits and carry out organisation or ministry wide audits? Do we have too many layers of staff and could we flatten the management structure?
* Can we reduce demand for our services in some way, using for example, on-line access to our documents?
* Are there functions we do which would be better done by others, for example preparing the accounts of regional or state governments, producing economic forecasts?
* Can we develop better partnerships and take more reliance, for example, on the work of internal auditors? if these are still weak, could we invest in strengthening them so that over time we can rely on them more? Where we are weak, can we work with private sector auditors in joint teams?

The goal of such analyses is to ensure that a SAI identifies and prioritises the most critical issues to be addressed, knows what it wants to achieve by when and understands the barriers it may face. If a problem is poorly understood, then proposed solutions may be weak and unlikely to prove effective. For example, if a SAI cannot retain qualified staff because of low wage rates then a substantial investment in professionalisation may mean that the number of staff leaving the organisation increases. It may be more effective in this case to put in place strategies for retaining staff, including finding ways to increase the financial rewards, and/or providing in-house training before investing in a more portable externally recognised professional course.

In developing the plan, many SAIs create a working group or planning committee drawn from across the organisation and across the grades, led by a senior member of staff to ensure senior level ownership. It is often useful, also to subject the plan to review by `critical friends` from other SAIs, members of the parliamentary oversight committee, academics and others.

As the SAI begins to decide on the strategies it wants to adopt to achieve its strategic objectives, then it needs to assess the resources needed. The team developing the plan will need a firm grasp on what resources the SAI currently has including staff numbers, IT systems, vehicles and other capital items, what are the potential costs of new proposals, where efficiency savings can be made and possible sources of funding to cover any shortfalls. Part of this will involve an assessment of the state of the national economy, the willingness of government and/or parliament to consider a request for budget increase and the potential of external partners to help invest in the SAI.

***Tanzania : Maturity model***

To help structure and prioritise activities, AFROSAI-E has developed its `maturity’ model – the Institutional Capacity Building Framework - which assesses SAIs against a suite of six key domains and five levels. This structured approach lays out requirements for each level of capacity building and over time has seen some SAIs make major progress. For example, the National Audit Office of Tanzania was graded at Level 1 in 2004 and by 2016 had reached Level 3 with plans in place to reach Level 4 by 2018 - showing what can be achieved with strong leadership and persistence but also highlighting how long it can take to make visible and sustainable progress

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Institutional Capacity Development Framework (ICBF) | | | | | |
|  | **INSTITUTIONAL PERSPECTIVE (DOMAINS)** | | | | |
|  | **Independence and Legal Framework** | **Organization and Management** | **Human Resources** | **Audit Standards and Methodology** | **Communication and Stakeholder Management** |
| Level 5 | OPTIMISED LEVEL | | | | |
| Level 4 | MANAGED LEVEL | | | | |
| Level 3 | ESTABLISHED LEVEL | | | | |
| Level 2 | DEVELOPING LEVEL | | | | |

**Table x: The AFROSAI-E Institutional Capacity Building Framework (ICBF) with the relationship between its five (5) development stages and its five (5) institutional domains**

It is also important to recognise that the strategic plan, and more detailed annual plans, need to be flexible. Plans can help structure where a SAI places its efforts, but in a fast-changing world they need to be responsive to changes and capable of seizing opportunities as they arise.

***Nigeria : Unexpected political events can open the chance for reform***

* In Nigeria, the appointment of a new President, Muhammadu Buhari, with a strong commitment to combatting corruption, provided an opportunity for the Audit Office to overcome prior political barriers and place their audits in the public domain – turning back years of procrastination.

**3.5 How do we measure success of organisational strengthening efforts**

As well as seeking to report on impact, SAIs are increasingly setting up performance measurement systems to enable them to demonstrate, externally, that they are using resources efficiently and, internally, that they monitor progress with implementing plans and audit deliveries. The responsibility for implementing these management information systems and reporting on progress to senior managers will often be given to a central policy and planning secretariat. In smaller SAIs, this unit may also be responsible for providing other central support to senior managers, including international relations, engagement with heads of regional audit institutions, legal advice and administrative support for major meetings.

**Type of indicators used for external reporting**

* Number and percentage of audits delivered on time, or within x months of the previous financial year end
* Average cost of different types of audits
* Percentage of audit population audited in the audit period
* Percentage of different types of audit opinions issued
* Number and percentage of audit recommendations accepted by auditees
* Number of references to the SAI’s work, both positive and negative, by Parliament

Quantitative indicators in external reporting may be augmented with qualitative data including, for example, results of peer reviews, auditees and parliamentarians’ satisfaction surveys, case study examples of major impact, public awards or other forms of recognition. Reports generated for internal management will be wider ranging and will include a focus on: audit related areas, such as the extent to which audits are progressing on time and in budget; staff issues, such as sickness levels, satisfaction rates, gender balance by grades and staff turnover; and, budget issues, such as expenditure against budget, revenue raising, and/or cash flows.

As these management information systems supporting internal and external reporting will be ideally automated, it is important to involve IT specialists to develop the systems needed to collect the relevant data and deploy project management expertise to ensure the systems are regularly updated and used.

More fine-grained measures along with specific evaluations may be needed to examine the impact of specific initiatives or donor funded programmes. In undertaking such activities, a touch of realism is needed. Short-term and small initiatives are unlikely to produce dramatic effects; objectives and claims need to be moderated accordingly.

**3.6. How to strengthen internal governance and ethics**

Internal governance includes the systems, actions and attitudes by which a SAI is managed and controlled and which ensure that it delivers its mandate efficiently and effectively, with due regard to the proper conduct of public business. As the International Standards of Supreme Audit Institutions, ISSAI 12, on Values and Benefits states that a SAI needs to be able to demonstrate to Parliament, those it audits and the public, that it practises what it preaches. This entails not only good internal governance but also ensuring that ethical values permeate the entire operations of the organisation from top to bottom. SAIs need to be doing the right thing but also must be seen doing the right thing.

Ethical values need to be promoted by senior people in the organisation. If the SAI leadership do not demonstrably practise these values, then staff are unlikely to take ethical values seriously. In ISSAI 20 and the accompanying good practice guide ISSAI 21, INTOSAI lay out the principles of transparency and accountability which SAIs should advance and practice, in order to demonstrate by their example best practices in good internal governance – see [www.issai.org/en\_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm](http://www.issai.org/en_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm). They need to demonstrate that they can be trusted with managing their own resources efficiently and effectively and be able to show a sceptical public, media and parliament that they are doing so. It is important to remember too that good governance is not an end in itself, but rather that it provides the basis for the effective use of the powers of SAIs.

The push to demonstrate careful stewardship of a SAI’s resources has become more necessary following the actions taken in response to recent financial crisis. If across the public-sector budgets are being cut and jobs lost, then it beholds SAIs to be constantly reviewing their own actions to make sure they are driving out waste and inefficiency and can justify their use of public funds.

The importance of demonstrating public sector leadership in internal good governance, is particularly challenging when a SAI is operating in a country where corruption is widespread and where salaries of audit staff are low. In these contexts, a SAI needs to recognise its own vulnerabilities, clearly document risks and put strategies in place to manage such risks. Contracting out audits, for example, can be risky in such situations as firms bidding for this work may try to bribe the SAI’s procurement staff or, if audit staff are based in an auditee for long-period of time, cosy relations may develop and critical audit findings suppressed. A strong internal audit can often help to make sure procurement processes are rigorous and honest, and regular rotation of audit staff augmented by robust quality control measures can help ensure objectivity by audit staff.

It is important to focus also on the organisational culture and the promotion of integrity and good public-sector ethos and back these with a zero-tolerance policy and clear procedures for dealing with internal cases of suspected corruption.

**Ways of strengthening SAI governance:**

* Ensure the SAI is externally audited annually – the appointment process needs to be transparent, the audit scope needs to be at the auditor’s discretion and reporting lines must be clear
* Build a strong internal audit capability – staffed at an appropriate level, reporting to the head of the SAI and/or an audit committee, and focused on risky areas such as travel and subsistence, and contracted out audits
* Rotate audit staff regularly – more difficult for SAIs with small regional offices but can be managed by rotating senior staff
* Locate capital city staff in one location and not at auditees – strengthens productivity, resists client capture and fosters professionalism
* Produce annual reports – not list of audits done but a reader-friendly, brief statement of what the SAI achieved with its budget
* Develop clear codes of ethics and conflict of interest policies with declarations of interest and regularly checks for compliance - the INTOSAI Code of Ethics (ISSAI 30) provides SAIs with a set of values and principles on which to base behaviour and guidance on how to embed them in the practical work of SAIs see [www.issai.org/en\_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm](http://www.issai.org/en_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm)
* Introduce a whistle-blower policy and framework – so staff and others can raise concerns and see resulting actions
* Make a firm commitment to openness, transparency and accountability – as much as possible being placed on the SAI’s website in plain language for citizens to access
* Make minutes of senior management meetings available internally for staff – highlighting decisions taken and actions – not verbatim record

***Netherlands: IntoSAINT***

The Netherlands Court of Audit has developed IntoSAINT, a self-assessment instrument that SAIs can use to analyse their integrity risks and assess the maturity level of their integrity management systems. IntoSAINT can be a useful tool to use along with the implementation of ISSAI 30, the code of ethics - [IntoSAINT website](http://www.courtofaudit.nl/english/Publications/Topics/IntoSAINT)

See **Governance and Supreme Audit Institutions; reflections from the NAO** – a description of how one SAI seeks to apply good governance principles [hwww.intosaicbc.org/download/governance-and-supreme-audit-institutions-a-reflection-by-nao/](http://www.intosaicbc.org/download/governance-and-supreme-audit-institutions-a-reflection-by-nao/).

**3.7 How to strengthen SAI leadership**

The senior management team are key to strengthening a SAI. They need to be clear about their roles – focusing on steering the organisation rather than engaging in the detail – and not overlook their own development needs.

**The key roles of senior managers include**

* Setting the organisational tone – maintaining the highest personal public-sector standards, not wasting resources, being transparent and available to staff, and resisting political pressure:
* Establishing a SAI’s key direction – promulgating a clear vision for the future, the values to promote and what the SAI should to achieve in the future;
* Developing the strategic plan and annual action plan - possibly commissioning a SAI PMF, agreeing priorities, and setting performance targets;
* Monitoring progress against the strategic plan and action plan – ensuring that audits are delivered to time, budget and quality – late audits are of little use;
* Managing relations with key external parties – with parliaments but also the executive, key heads of government departments, and international peers;
* Identifying the risks facing the organisation and ensuring strategies are in place to manage such risks – key risks facing SAIs include:
  + reputational risks linked to poor quality audits, internal failures of good governance; a loss of key data, or poor financial management
  + fraud or corruption risks linked to management of contracts or nepotistic appointments
  + resource risks related to an inability to obtain or retain staff and the other resources needed to undertake the required audits and keep up with developments in auditees
  + political risks linked to too close links to political parties or figures, and failures by parliaments to take proper note of the SAI’s audits or to grant the independence needed to undertake the audits
* Developing budgets and regularly monitoring progress against the approved budget;
* Approving the SAI staffing model and organisational structure, ensuring staff remuneration packages are appropriate, and approving promotion of management staff; where such powers are delegated to the SAI;
* Growing the next generation of leaders – so that succession can operate smoothly;
* Approving key policies and procedures - including audit quality assurance, human resource management and staff appraisal systems, sustainability, codes of ethics and conflicts of interest – and periodically reviewing such polices and updating where warranted;
* Considering the results of internal and external audit reports – and suggesting areas where audits may be of use to senior management; Approving high value procurements – especially those related to major capital works projects, IT systems and major vehicle purchases; and
* Maintaining a presence across the organisation through open and regular communications with staff.

These tasks are demanding and it is important to consider that, while considerable effort is spent helping develop the skills of SAI staff, there has been less focus on the provision of support for senior management.

***Europe, USA: How to develop SAI leaders***

* Coaching/mentoring – twinning with a senior figure in another SAI, a retired head of an audit institution or a senior public or private sector directors to have someone to discuss challenges
* Specialist management training courses – formally structured learning opportunities to develop skills and knowledge of such issues as budget management, working with external partners, team development and staff management, leadership development and strategic learning
* Participation in heads of SAI meetings – to learn from peers
* Organising Future or Young leaders’ programmes to spot staff with the potential to be leaders in the future and ensuring they are provided with appropriate development opportunities early in their career– EUROSAI has a young EUROSAI Congress before the main Congress to encourage new young leaders
* External secondments to provide current and potential leaders with wider management exposure – the Government Accountability Office in the USA and the Office of the Auditor General in Canada offer long-term placements for many future SAI leaders.

**3.8 How to strengthen a SAI’s support services**

To support the work of professional auditors, a SAI needs to have a range of high quality organisational or corporate support services. This section will examine key functional areas covering finance and procurement, human resource, information and communications technology, communications and stake holder relations, and facilities management.

The actual configuration of these key functions will depend on the size and independence of the individual SAI. Some SAIs group these functions under a single figure, for example, a Chief Operations Officer or a General Secretary, whilst others do so under different members of the senior management team. However, whichever grouping is used, strengthening these functional areas should not be overlooked. As with work to strengthen the professional auditing component of a SAI, strengthening these areas of a SAI’s activities needs systematic analysis to identify strengths, weaknesses and ways forward. Key steps include:

1. A functional review – to identify if there are gaps and/or overlaps in the SAI’s corporate services, if the structures of these services are clear and reporting lines appropriate, if the resources allocated to these functions are in line with good practices, if they are staffed with people with the requisite skills and experience; and what users consider to be the strengths and weaknesses of these services;
2. A plan for their strengthening – while priorities may be identified in the SAI’s strategic plan, a more detailed plan – with costs, milestone, and success measured – may be needed for individual functions; and
3. A reporting process to ensure that agreed improvements are made and problems identified quickly if there are slippages.

The number of staff dedicated to these functions and the scope of their work will depend on the size of the SAI and the extent of its independence. A SAI which has little control over its own staffing will need a smaller human resource management function than one which must manage all aspects of the recruitment, deployment, professional development and remuneration of staff.

The structure of the corporate support services should seek to be as flat as possible with spans of management control kept small enough so that decisions can be made in a reasonable time and individual positions do not act as bottle necks causing staff below to become frustrated – a figure of 6-8 staff reporting to one manager is generally seen as workable. Corporate services are likely to be staffed by specialists and the delegations and freedoms to act should be commensurate with this.

In strengthening each of the individual support areas, SAIs may be able to seek advice from other SAIs and/or private sector consultancies both in reviewing current services but also in helping improve existing approaches, produce or update guidance materials and/or manuals, and design and implement electronic recording systems. It is important also that the different support services do not act in their own individual silos but that instead work collectively to ensure that senior managers and audit teams receive well-coordinated and comprehensive support.

3.9 Strengthening finance and procurement systems

*Why is a strong finance and procurement function important?*

SAIs need exemplary systems for managing their own finances, procuring goods and services and making payments. As a nation’s financial watchdog, SAIs need to be above reproach and able to demonstrate to parliaments and citizens that they can be trusted to practice what they preach. Indeed, SAIs are in unique positions to demonstrate to others in the public sector that they can achieve their objectives while always seeking to control costs and improve effectiveness. A strong finance function able to provide senior managers with reliable information on a SAI’s financial health is a key tool for managing an effective organisation.

*What are the key roles of the finance and procurement function?*

The finance team will typically be responsible for working across the organisation to draft the annual budget for approval by senior managers and relevant external bodies whether that be parliaments, ministries of finance or others. Once approved, individual departments will be responsible for the detailed monitoring of their expenditure against budget. However, the finance and procurement will need to maintain an over view, ensure all revenue is collected and produce regular progress reports for senior management. To oversee a SAI’s finances, many organisations establish a high-level finance committee to monitor budgets and consider long-term strategic financing issues.

***Key tasks of a finance and procurement team are to:***

* Draw up accurate and timely budgets for approval by senior management and, if appropriate, by parliament;
* Develop financial policies and manuals and ensure that they are: properly used; regularly reviewed and updated; and conform to national and international rules and regulations;
* Establish appropriate segregation of duties;
* Regularly reconcile the central accounts and the general ledger and reviews of inputs and outputs;
* Keep cash handling to a minimum and where it is necessary have appropriate controls and systems in place and control cheques properly;
* Safeguard funds and establish appropriate systems of delegation;
* Pay staff and suppliers promptly and accurately;
* Raise invoices promptly;
* Establish clear arrangements for scrutinising and approving travel and subsistence claims from staff while on local audit;
* Provide managers with timely and accurate monthly and annual business management reports to enable close monitoring of the SAI’s finances and performance;
* Ensure that all assets are properly recorded, maintained, serviced, insured, annually verified, and disposed of as necessary;
* Prepare financial reports and assessments of business cases of expenditure proposals for consideration and approval by the head of the SAI or the appropriate high-level structures established by the SAI, for example a SAI finance committee;
* Prepare annual accounts promptly and, where applicable, make them available, for independent audit;
* Provide the head of the SAI, or the person designated as the responsible finance officer for the SAI, with timely advice on technical issues and any matters of financial concern – including suspected frauds;
* Procure all goods and services in compliance with best international processes for open and transparent procurements, paying attention to effective procurement of contracted out audits and major expenditure items such as IT and vehicles;
* Provide staff with timely and accurate advice and support on all aspects of procurement from tender specification, through to contracting for services and goods;
* Coordinate procurements across the SAI to obtain best value for money, taking advantage of discounts on bulk purchases;
* Make expert legal advice available when needed; and
* Monitor satisfaction with suppliers and ensure action taken where suppliers prove unsatisfactory.

*Key challenges faced by finance and procurement teams*

Establishing robust systems for controlling costs – To manage a SAI effectively, it is important to know how much it costs to deliver each audit in all its components and how that compares with what was budgeted. To do this, SAIs need to have in place reliable systems for monitoring the amount of time staff spend on different audits and converting that into a cost hours. IT based systems – including computer based audit management software packages - are being used by some SAIs to facilitate budgeting and monitoring at the level of the individual audit and there is scope for other SAIs to invest in similar arrangements.

Managing SAI finances in periods of austerity – When faced with a tightening budget situation, SAIs need to be able to fully justify how existing funds are being used, and good data on costs are crucial. SAIs also need to be open to considering novel ways of improving efficiency. How such efficiencies can be achieved will often be context specific but some strategies used by SAI have included:

* Removing layers of management;
* Cutting the time spent on individual audits through better planning and sampling;
* Stopping activities which are not core to the audit function – producing economic forecasts or the accounts of regional government authorities; and
* Renting out part of the SAI headquarters to raise rental income.

Data on costs are particularly vital for SAIs faced with arbitrary in year budget cuts – enabling a SAI to inform the ministry of finance and parliament which audits will no longer be possible to produce as a result of proposed budget cuts.

Dealing with internal fraud risks – All organisations are at risk from corrupt or fraudulent staff, and SAIs are no different. However, the reputational risks are higher and the controls need to be stronger. The section on internal good governance outlined some of the strategies SAI needs to reduce this risk. But it is also vital that if a SAI uncovers a fraud, it deals with it quickly and transparently.

**3.10 Strengthening the human resource management function**

***Why is a strong human resource management function needed?***

The INTOSAI Lima declaration (ISSAI 1) recognises that an effective Supreme Audit Institution (SAI) is dependent on its capacity to recruit, retain, and effectively deploy highly skilled, hardworking and motivated staff. Traditionally, a SAI may have employed personnel officers or relied on a cross-governmental staffing agency to carry out the functions of recruiting staff, arranging payroll and/or organising training. However, with greater independence and professionalization, many SAIs are establishing human resource management teams to manage both the personnel function and to play a more strategic role in helping SAI managers identify and meet their long-term strategic staffing needs. Such a role involves not only managing the traditional personnel functions but also engaging with workforce planning and, for example, proactively helping the SAI change the grade profile and/or skill mix to meet changing business needs. It also involves ensuring that all staff have access to an on-going programme of professional development embracing technical and managerial skills and knowledge.

***What are the key roles of the*** ***human resource management function?***

The INTOSAI Capacity Building Committee has produced a guide for SAIs which helps identify the key activities of a modern human resource managementfunction, recognising that it may take some SAIs many years to put in place. Key to the successful introduction of such a function is the establishment of a strong human resource managementteam with a broad set of competencies including skills and knowledge of change management, learning and development of human resources, stakeholder management and influencing. The guide also recognises that some of the human resource managementfunctions may not be applicable for SAIs which are not fully independent or which are too small to employ full-time people in this area. However, even for these SAIs much can be done internally to make better use of staff and ensure that staff are better supported and managed. It is important also that the human resource management function is properly resourced and a clear budget identified to deliver a learning and development programme so that staff skills are continually enhanced.

***Key tasks of a human resource management team are to:***

* Maintain human resource records, including individual files of current and past employees and payroll
* Lead the development of the pay and grading structure in line with civil service regulations and employment laws
* Support management and staff in collective bargaining negotiations and promote effective communications and relationships between management and unionized staff
* Coordinate and support the development of the competency framework
* Administer the system for the recruitment, promotion and exit of staff – including ensuring that job descriptions are kept up to date and based of the competency framework
* Organise the annual objective setting and staff appraisal system, and use the results to facilitate staff development and performance monitoring
* Administer, on behalf of senior management, the system for dealing with under-performing staff, including the proper use of disciplinary procedures
* Provide performance management advice to staff and management on human resource issues
* Develop and oversee staff compliance with the SAI’s code of conduct, declarations of interest and ethical standards
* Develop human resource manuals, policies and procedures – including diversity and equal opportunity policies
* Ensure organisational compliance with applicable national human resource-related statutes and regulations as well as the SAI’s own internal policies and procedures
* Develop, in conjunction with senior management, the SAI’s human resource learning and development strategy and annual plans based on the SAI’s strategic plan and the needs identified by staff in staff appraisals, audit planning, and training needs assessments. The strategy and plan should encompass such activities as: induction and entry-level training; continuous professional development; and management/leadership development
* Ensure learning and development plans are delivered through a wide range of activities including face to face training, e-learning, external and internal secondments, on-the-job learning, attendance at conferences, participating in communities of practice, and private study

See [www.intosaicbc.org/download/hr-management-guide-eng](http://www.intosaicbc.org/download/hr-management-guide-eng)

**Key human resource management challenges facing SAIs**

***Determining the right number and mix of staff*** - Periodically, a SAI needs to re-examine its staffing profile to verify that it has the appropriate staffing mix and to justify its use of budgets. In many cases, but not all, such a re-examination will highlight that a SAI has too few staff to do the job expected of it – in which case a mix of strategies may be warranted including:

* Developing a rolling programme which means that some auditees are only audited ever 3 or so years with the riskiest auditees being examined more frequently
* Producing a properly costed and fully justified budget submission showing why additional resources are being sought
* Contracting out a proportion of the SAI’s audits.

***UK: Resource planning***

The UK NAO has developed a spread sheet based tool for identifying the numbers of auditors and corporate service staff needed to deliver ISSAI compliant financial/regularity and performance audits. Users need to enter the number of audits they wish to conduct, with the degree of size and complexity, and the spread sheet produces an initial estimate of the number of staff needed. These figures are based on the work of a typical audit office and other SAI models may need different configurations of staff but they can provide an indicative figure for discussion within the SAI ([www.intosaicbc.org/download/resource-planning-model-for-sais-excel](http://www.intosaicbc.org/download/resource-planning-model-for-sais-excel)).

***Retaining skilled staff*** – Many SAIs are concerned that they cannot recruit or retain staff, particularly those with professional qualification, usually because the wages they pay are too low. While some annual turnover is healthy if it becomes excessive the SAI needs to act. This will involve analysing the problem – who is leaving and why – and understanding the broader market – what is the going rate for accountants or lawyers elsewhere in government and the private sector. Commissioning a specialist firm to conduct a comparative pay and grading exercise can be helpful – although a SAI will need to be mindful of the non-financial benefits provided within the public sector – secure employment, pensions and the intrinsic reward of the job itself. People stay in jobs not just because of pay so a SAI can do much to make staff feel valued using non-financial rewards including praise, training opportunities, and job variety and promoting the well-being of all staff. See blog on CBC website: [www.intosaicbc.org/retaining-staff](http://www.intosaicbc.org/retaining-staff).

***Dealing with poor performance –*** Poorly performing staff can undermine a SAI’s reputation, demoralize colleagues and waste public money. Often SAIs do not tackle staff underperformance adequately, feeling constrained by national public-sector employment laws and/or strong labour unions, they tend to rotate these staff into less important areas of work rather than taking disciplinary actions. Instead a SAI needs to have in place systems for understanding the cause of any weaknesses in performance and provide these staff with guidance and assistance to improve their work outputs. If this approach does not provide beneficial result for the staff and the organisation then a fair disciplinary system needs to be in place to remove these staff from their role and, if no alternative appropriate role is identified, from the SAI. A strong human resource management function is crucial for providing training to managers on managing staff effectively, for ensuing that a robust system of staff appraisals is in place and used, and for ensuring that actions to address weaknesses are fair, appropriate, comply with legislation and achieve the optimal outcome for the SAI and the individual.

**3.11 Strengthening information and communications technology**

**Why is a strong information and communications technology function needed?**

The INTOSAI Lima declaration (ISSAI 1) recognises that an effective SAI is dependent on its capacity to utilise technology to enable the efficient delivery of its services and outputs. Information and communications technology (ICT) refers to technology for storing, retrieving, manipulating, transmitting or receiving information electronically or digitally. Computer hardware and software and other communications infrastructure such as video and telephones, including mobile technology and other emerging communications technologies are part of ICT.

**What are the roles of an information and communications technology function?**

This INTOSAI Capacity Building Committee has produced a guide which helps identify the key aspects that comprise a modern ICT capability, recognising that it may take some SAIs many years to achieve an optimal level of ICT maturity. It is important to strive for a maturity that is appropriate on the basis of a number of factors, including local investment levels, national infrastructure and resource constraints. Similarly, ICT is a dynamic and constantly evolving discipline offering opportunities for gaining efficiency and effectiveness in anumber of areas. Regular review of whether the services and systems offered by a SAI’s ICT department are the right ones is essential to prevent the ICT services losing alignment with the internal and external ICT infrastructure.

See: [www.intosaicbc.org/download/managing-information-communications/](http://www.intosaicbc.org/download/managing-information-communications/)

***Key tasks of a ICT team are to*:**

* Lead on the development of an ICT strategy and ICT strategic framework which include implementation of ICT infrastructure and application portfolio
* Ensure that the SAI has the necessary ICT infrastructure – including communications links ensuring smooth and constant integration of the branches and headquarters, software provision, and equipment
* Developing an ICT competency framework, and establishing and sustaining ICT personnel skills and capabilities
* Maintain the overall integrity of the systems through proper security systems – embracing data and computer security, antivirus controls and authentication/version controls, including proper data dictionaries on system architecture
* Develop a planned programme of maintenance, upgrade and replacement of hardware and software
* Supporting the SAI’s internet and intranet
* Provide a help-line service for staff queries and computer problems
* Develop and support business applications e.g. resource management and budgeting, time-sheets, human resource management and training, asset and inventory management, and fleet management.

See: [www.intosaicbc.org/download/managing-information-communications/](http://www.intosaicbc.org/download/managing-information-communications/)

***Key ICT challenges facing SAIs***

**Where to begin** - Strengthening a SAI’s ICT capability will involve an initial appraisal of the current state and the gap between this and what the organisation considers necessary to contribute to the effective management of the SAI. From this it is possible to begin development a costed plan. As with many other aspects of SAI strengthening small steps are important – providing all staff with a common email address and network can be hugely important for facilitating communications, add in a capacity to access the web and staff can access relevant resources from across the globe and take control of much of their own learning needs. At the other end of the spectrum, SAIs are increasingly automating many of their standard systems from maintaining leave and sickness records to producing management reports, based on staff timesheets and audit budget plans, to show the extent to which individual audits are on time and/or on budget.

**How to fund and manage ICT strengthening** - To strengthen ICT, most SAIs need to seek external help. Funding may be made available via national governments or international development partners, but it important that when SAIs are commissioning such projects, they receive expert help with the design, procurement, implementation, roll out and on‑going maintenance of ICT systems. This kind of support can be expensive but can often be purchased within a country through a carefully managed procurement exercise. At the same time, the SAI will need to clearly oversee this process – establishing appropriate groups to ensure that prompt feedback from users is obtained. In seeking funds for new hardware and software attention also needs to be given to the cost of on-going maintenance and periodic updates.

**How to acquire the skills to manage the ICT function** – It is unlikely that a SAI will, at least initially, have the skills needed internally and will need to recruit specialist expertise externally – possibly as consultants. This can create asymmetry with senior managers not necessarily having the technical knowledge to adequately understand suggestions being made by ICT specialists. Much has been written in the SAI community on the sound management of ICT projects – becoming familiar with this literature and the common risks can help increase the chance that a SAI will manage its ICT project effectively. For example, see: [www.nao.org.uk/report/delivering-major-projects-in-government-a-briefing-for-the-committee-of-public-accounts/](http://www.nao.org.uk/report/delivering-major-projects-in-government-a-briefing-for-the-committee-of-public-accounts/).

**Making systems safe** – Apart from legal (data protection, anti-money laundering) and government requirements for data security which public organisations must comply with, SAIs also need to respond to their clients and stakeholders’ expectations of their ability to secure the data they need to obtain to conduct their statutory duties. A SAI will need to identify the security required to gain accreditation for access to government networks and systems and may wish to consider obtaining accreditation to international security standards such as ISO 27001.

**3.12 Strengthening communications and stakeholder management**

A strong communications and stakeholder management unit in a SAI should act as the focal point for communications with staff and external partners and for ensuring that key relations are managed carefully. This does not mean that they will control all such links, but should be able to ensure that they are dealt with in a consistent manner and that the SAI has a recognisable brand and communicates clearly using a wide range of modes including print, websites, and social media. They may also have a role in proof reading, laying out and publishing key public documents, in arranging press releases and press conferences and monitoring external references to the SAI in parliament and in the media. In addition, SAIs are major reservoirs of information on public sector activities and staff should be encouraged to share knowledge to the benefit of the whole SAI.

In creating a communications and stakeholder management unit, it is important to ensure the unit is properly resourced and staffed by suitably qualified staff with a knowledge of communications, knowledge management, dealing with the media and liaising with parliament.

***Key tasks of communications and stakeholder management team are to:***

* Help promote the work and the role of the SAI
* Access high-quality publishing facilities to ensure that the SAI produces high quality products tailored to the needs of different stakeholders
* Develop a clear policy framework for dealing with the media
* Develop a media strategy for all major products to ensure that the SAI’s work is widely known and understood and ensure that this strategy is suitably discriminating so that different approaches are used to communicate with different audiences, ranging from the professionals in a sector to the general community
* Ensure that the SAI deals professionally with the media, provides high quality press releases and delivers effective press conferences
* Develop a plain writing policy to ensure that the SAI’s publications are widely accessible to audiences. Some SAIs produce local variants of reports accessible to specific community groups and/or use other media for groups with low literacy levels, for example video, radio, or tapes
* Ensure the SAI welcomes correspondence from the public, treats such correspondence seriously, and uses this work to inform future audit activity
* Train and advise teams on capturing and sharing knowledge gained during their work
* Train staff to follow agreed procedures for managing and sharing documents
* Ensure that all key policies, manuals and guidance are safely and systematically stored and shared, so staff are confident that important reference material is accurate and up to date
* Ensure that all relevant staff whether in the headquarters or branches are provided with access to key government documents and guidance materials related to their work
* Maintain and develop the SAI’s intranet so that staff have easy access to information that will help them in their work and to communication about corporate strategy, policy and latest SAI developments
* Maintain and develop the SAI website internet so that the public have easy access to SAI documents
* Ensure that all documents – paper and electronic - are filed in accessible forms, safely stored, and disposed of in line with national agreements on retention of public information

See: [www.idi.no/en/elibrary/cpd/sais-engaging-with-stakeholders-programme](http://www.idi.no/en/elibrary/cpd/sais-engaging-with-stakeholders-programme)

**Key communications and stakeholder management challenges facing SAIs**

**What message to promote** – Well written audit reports should be easy to read and should enable the media to identify main messages quickly and accurately. It is important also that what is placed in the public domain in terms of press releases, summaries on websites or said at press conferences is clearly related to the evidence and recommendations in the audit report. In re-writing press releases into a more journalistic style it is crucial that this does not distort the key messages of the original audit.

**How to handle media sensationalism and politicisation of audit reports** – In a lively democratic arena where there is some degree of freedom of the press it is difficult to control what use is made of audit reports once they are in the public domain. Some SAIs check with their auditees that they are content that the press release is consistent with the audit findings and recommendations – so that the auditee knows what is being said and can correct media misinterpretation of a SAI report. The challenge often is to balance the sensational with the mundane. If reports are too sensational then a SAI can be accused of being too political or extreme. If too mundane, they are unlikely to be covered in the press. Striking a balance is important.

**Who should present SAI reports in public** – In many SAIs the head of the SAI fronts all engagements with the media. In others, this is delegated to other senior managers and directors who may have been more closely engaged with the individual audit. Whichever route is chosen, leading press conferences or press interviews is a skilled job and training and support needs to be provided to staff.

**3.13 Strengthening facilities management**

**Why does a SAI need strong facilities management?**

A SAI needs to ensure that staff have access to premises which are conductive to the delivery of high quality audits, that staff can operate safely and have the physical means to carry out the requisite local audits. Staff who are working in crowded, uncomfortable conditions or who have difficulty accessing transport to undertake field audit work are unlikely to perform well. As guardians of a nation’s purse, SAIs also need to make sure that they manage their own resources and assets well.

**What are the key roles of a facilities function?**

To provide appropriate facilities and other services, many SAIs have their own facilities team whose tasks include:

* Securing safe, light and comfortable working conditions for staff, including periodically bench-marking space against good practices in other parts of the public/private sector and looking at such practices as open planning to facilitate team work and hot desking to maximise the use of space and resources
* Ensuring that audit staff can conduct field audits easily and safely. If the SAI has its own vehicles then it should have a fleet management systems which includes robust procurement processes, regular vehicle maintenance, an allocation system based on need and not status, and efficient and timely vehicle disposal
* Implementing and monitoring a health and safety policy;
* Managing SAI security – both of staff and assets – including information assets
* Procuring and managing such services as catering, cleaning, waste disposal, energy use, telephones, insurance, and all other equipment and consumables in a cost effective and environmentally responsible manner
* Leading the SAI’s contingency management systems to protect the SAIs in the face of emergencies
* Ensuring all SAI assets are properly recorded, maintained, serviced, insured, annually verified, and disposed of as necessary

See also – CAROSAI/PASAI guide on contingency planning for SAIs - [www.intosaicbc.org/download/business-continuity-planning-2/](http://www.intosaicbc.org/download/business-continuity-planning-2/)

**Part 4 Strengthening people**

*INCOSAI 2016 defined professionalisation as the ongoing process by which individuals and their organisations gain high levels of independence, expertise, competence, ethical behaviour and quality, underpinned by professional standards.*

The development and professionalisation of people working in a SAI is principally guided by the audit methods and standards applied. A SAI needs audit methods appropriate to its role and mandate, the resources it has available, including the skills of its staff, and the context in which it operates: in particular, the level of public financial management, the accounting standards in use, and the adequacy of internal control and internal audit. At the same time, there is a growing desire among SAIs for their audits to be undertaken to international public-sector auditing standards. To deliver such audits, staff need skills, knowledge and experience. The knowledge and expertise can be acquired through formal training, the skills through on the job training and support, and the experience is strongly linked to time and a framework for learning. In SAIs starting on the road to implementing international professional standards, this journey can often be speeded up through external assistance, and supported by strong quality review processes. However, even then, it can take many years and many audit cycles before staff will feel competent in auditing to international standards.

INTOSAI has endorsed the international auditing standards for SAIs, the core of which are standards for financial audit, compliance audit and performance audit. The ISSAIs are largely based on the standards adopted by the private sector with additional notes related to the unique characteristics of the public sector. The financial audit standards endorse a comprehensive risk-based approach to financial audit for the preparation of a professional opinion on the reliability of the financial reports or statements generated by audited bodies and whether accounts are free from material misstatement and have appropriate parliamentary approval. To reach this opinion, the SAI needs to carry out:

* risk and compliance audit of financial controls and accounting systems;
* in-depth checks of samples of transactions for accuracy and regularity; and
* where appropriate, extrapolate the results of these checks.

Where a SAI’s mandate is limited to verifying that individual transactions comply with finance ministry requirements, a sampling approach may not be appropriate.

***The ISSAI Framework comprises 4 levels***:

Level 1 - Founding Principles (ISSAI 1)

Level 2 - Prerequisites for the Functioning of Supreme Audit Institutions (ISSAIs 10-99)

Level 3 - Fundamental Auditing Principles (ISSAIs 100-999)

Level 4 - Auditing Guidelines (ISSAIs 1000-5999)

Full information on the ISSAI framework and the details of each standard can be found on the INTOSAI Professional Standards Committee website - [www.psc-intosai.org](http://www.psc-intosai.org)

In recent years, INTOSAI, particularly through IDI, has developed a wide range of resource materials and training programmes to help SAIs wishing to adopt the ISSAIs. These include:

* *Implementing the International Standards for Supreme Audit Institutions (ISSAIs); Strategic considerations* – produced by the Capacity Building Committee as a tool to help SAIs think through the ramifications of adopting the ISSAIs and the choices necessary to prepare for their successful implementation [www.intosaicbc.org](http://www.intosaicbc.org)
* *Compliance, Financial and Performance iCATS* – a series of tools for mapping a SAI’s current audit approach with the ISSAI requirements (Level 3 and 4 ISSAIs) - [www.idicommunity.org/3i/index.php/3i-library](http://www.idicommunity.org/3i/index.php/3i-library)
* ISSAI Implementation Handbook - Financial Audit, Compliance Audit and Performance Audit – [www.idicommunity.org/3i/index.php/3i-library](http://www.idicommunity.org/3i/index.php/3i-library)
* AFROSAI-E Performance Audit Handbook - <http://afrosaieportal.dashbo.co.za/system/dms2/folders.php?folder_id=218>
* AFROSAI-E Regularity Audit Manual 2013 - <http://afrosaieportal.dashbo.co.za/system/dms2/folders.php?folder_id=218>

These resources have played, and are playing, a critical role in disseminating the ISSAIs and promoting standard practices across the SAI community. They recognise that each individual SAI needs to manage the breadth and rate of implementation of the ISSAIs within its own country context. For example, in a country where there are no standardised financial sets of accounts the scope to implement the financial audit standards is very limited, but there may still be scope for implementing the compliance and performance auditing standards.

**4.1 What are the key steps to producing better audits?**

There are many ways a SAI may wish to approach strengthening its approach to audit but whatever steps are undertaken, it will require a thorough analysis of: the powers a SAI has to adopt new auditing approaches; the accounting environment in which it is operating; the gap between current auditing practices and those required by the ISSAIs; and, the resources –both financial and human – needed to deliver the necessary changes. Flowing from this analysis the SAI will need to develop a detailed plan spanning several years and ensure close senior management oversight of the organisational development and change process. In undertaking this change, SAIs find they need to include many of the following steps, albeit at times in varying order. A SAI may also need to consider whether to try to strengthen all streams of audit in parallel or in phases.

* 1. **Translation of ISSAIs into the national language**

While the ISSAIs are available in many major languages, if they are not in the SAI’s own language then it is much more difficult for the standards to be shared with all staff in the organisation and with key stakeholders. By translating the standards, a SAI also starts to internalise the language of international auditing.

* 1. **Commissioning a review of the gap between existing and desired practices**

The iCATs and the SAI PMF provide useful tools for comparing current practices with the standards. Because they include a detailed file examination they reveal what a SAI does rather than what it thinks or says it does. In addition, the analysis should cover existing manuals, technical support, audit documentation, quality control and assurance systems and audit tools.

The gap analysis will also need to include external perspectives. A SAI needs to verify that it has the legal mandate to implement the ISSAIs – and if not to seek legislative opportunities to insert a reference to international standards into the law governing the work of the SAI. In addition, there needs to be a detailed review of the nature of the financial, regularity and performance information required and received by the Ministry of Finance, for inclusion in the National Accounts and sharing with parliament. This review should also include an examination of the work of internal audit and/or any financial inspectorate as well as discussions with key figures in government on plans for the improvement of financial control and reporting. If a country is planning, for example, to adopt accrual accounting or introduce a new IT based financial management system, then these will have major ramifications for the work of the SAI and the skills needed.

Part of this will also involve understanding how the country is planning to strengthen financial management skills more generally – if the government is planning to set up a dedicated financial training institution, there may be scope for a SAI to become associated with this and obviate the need for it to invest in a similar structure and/or programme.

* 1. **Pilot audits using the ISSAIs**

Before investing in developing audit manuals or in major training, it is important to understand precisely what adopting the ISSAIs means. By creating a small team and trialling new approaches to audit with a few auditees, a SAI can begin to properly appreciate what changes are needed; for example, in approaches to recording audit evidence and use of sampling techniques. Through the pilots, a SAI can begin to appreciate what works and what does not work, what training may be needed by staff and/or what additional staff may be needed, what documentation will be needed, as well as what information auditees need to understand to support the changes.

It is vital that those staff chosen to be part of the pilot audits are carefully selected. They should be selected from among the most able auditing staff, drawn from across the grades with ideally a highly regarded senior manager closely involved. It is helpful if they have the language skills to benefit from accessing international guidance materials and talking to peers in other SAIs. They should also be expected to be engaged in the pilot audits for the duration of the audits and, for those deemed ready, continue afterwards to help mainstream the approach through supervising other audits and training colleagues. As part of this approach, the core team may need short training inputs at various stages during the pilots and so they will need to have their work load managed accordingly so that they are not juggling impossible burdens.

An approach based on pilot audits also makes sense in terms of how most people learn in the workplace. On-the-job learning is generally more effective than class room based training and most auditors learn their craft by working alongside more experienced colleagues.

**4.5 Developing audit manuals**

Audit manuals can promote a consistent approach to audit across a SAI and engaging in the process of developing manuals and associated auditing templates can be a useful way for an organisation to learn about the implications of adopting international standards. However, many SAIs have developed audit manuals based on the international standards and it is rarely cost-effective to start from scratch. Instead, SAIs can obtain a sample of such manuals, identify the elements which they think most relevant for their own context and adapt rather than invent.

Once developed, they need to be trialled to check for accuracy, comprehensiveness, and intelligibility. Final copies need to be approved by senior management and made available to all staff – preferably electronically. Audit manuals and associated templates should be living documents. They need to be clearly owned within the organisation – perhaps by a central audit support unit – updated regularly and the results of these updates shared across the SAI, for example, via guidance notes and annual audit update sessions which are mandatory for all audit staff to attend.

**4.6 Staffing the audit functions**

In ensuring that it has the right blend of skills to staff the main types of audits, SAIs will seek to appoint new staff with the required expertise and/or the demonstrated potential for further development. Specifically, for financial audit it will recruit people with accounting skills and/or the ability to acquire professional accounting qualifications; for performance audits, it will recruit people with strong research skills developed in the fields of social or economic, sciences and statistics, and for compliance audit it will recruit primarily people with a legal qualification and ideally knowledge of such areas as contracting or procurement. At the same time, many SAIs find that the key to delivering high impact, strategic audits is creating blended teams containing diverse skills and finding ways of tapping into the institutional knowledge of many different staff.

Some SAIs recruit specialists from such fields and engineering, medicine, or construction. On the other hand, other SAIs find it better value for money just to hire in specialist skills when needed for specific audits, recognising that such skills are not needed sufficiently regularly to warrant the financial outlay in hiring such staff on a permanent basis.

**4.7 Developing auditor skills**

Short-training courses on international standards may in some cases be sufficient where staff already have relevant professional qualifications and substantive audit experience. In many cases, however, the adoption of international standards requires a major investment in developing the professional skills of staff over many years – there is no short fix. To become a professional financial auditor in the private sector typically involves a mix of on-the job and off the job training over 3 to 4 years. The work of a public sector financial auditor is no less demanding and requires a similar commitment to professional development of staff.

Financial auditors need to have a sound understanding of public financial management with specialism in accounting and auditing. Staff in some SAIs acquire the necessary knowledge and skills through studying for an externally accredited professional accounting qualifications and taking internal SAI run training on public sector audits. In other SAIs, staff acquire a similar portfolio of skills and knowledge via a structured series of internally developed learning and development opportunities.

Pathways for performance auditors are less clear. Many SAIs recruit people for performance audit from a wide range of backgrounds particularly from those with core skills related to social science research methods – both quantitative and qualitative. These are then augmented by specific training and exposure to the workings of government and especially public finances. Many SAIs create mixed teams for performance audits including financial auditors, economists and statisticians plus subject matter specialists.

INTOSAI has established a task group on INTOSAI auditor certification (TGIAC) which has proposed a set of cross-cutting competencies and audit specific competencies for SAI audit professionals which can be used for recruitment, training, certification, staff management and on-going professional development.

The task group has recommended the following 4 broad groups of cross cutting competencies:

* CC 1: SAI audit professional leads by example;
* CC 2: SAI audit professional engages effectively with stakeholders:
* CC 3: SAI audit professional behaves in a professional manner; and
* CC 4: SAI audit professional contributes to the value and benefits of SAI.

And the following 5 broad groups for clustering the audit specific competencies:

* CAC 1: SAI audit professional adds value by conducting ISSAI-compliant compliance/ financial/ performance audits;
* CAC 2: SAI audit professional demonstrates an understanding of context, environment and entity in a compliance/financial/ performance audit;
* CAC 3: SAI audit professional assesses and manages risk in a compliance /financial/ performance audit;
* CAC 4: SAI audit professional performs and documents compliance/ financial/ performance audit procedures as per ISSAIs; and
* CAC 5: SAI audit professional effectively communicates and follows up on compliance/ financial/ performance audit results.

INTOSAI is still consulting on these competencies and more specifically on pathways and certification for auditors to demonstrate these competencies. But, the Task Forces stresses that when using this framework, INTOSAI regional organisations, SAIs and other bodies / development partners should add to and tailor these frameworks to suit their unique mandates, needs and purpose, hence creating unique individual success profiles within their organisations.

***Pathways to professionalisation of audit staff:***

* Recruit staff with the requisite qualifications, skills and experience – can be difficult to compete with the private sector but some SAIs do.
* Develop a contract with an external provider able to award internationally recognised qualifications and provide staff with time off to attend training.
* Develop own internal `qualification’ and provide structured training programme over several years.
* Provide staff with funds and time off to manage their own acquisition of professional skills -for example to enrol in national or international accounting courses conducted by professional accounting organisations.
* Encourage staff to access on-line or e-learning courses – IDI has pioneered a blended e:learning approach.

The INTOSAI Capacity Building Committee guide: *Introducing Professional Qualifications in SAIs* provides further insights into how to professionalise audit staff - [www.intosaicbc.org/download/introducing-professional-qualifications-in-sais-eng/](http://www.intosaicbc.org/download/introducing-professional-qualifications-in-sais-eng/)

**4.8 One off training is never enough**

To develop and hone their skills, audit staff need access to a well-structured continuous professional development programme comprising a mix of formal courses, opportunities to gain a diverse rangwe of work experiences, technical updates, and private study time. Many professional accounting organisations expect staff to participate in a set number of days a year to maintain their membership of their professional institution. Staff can also be encouraged to monitor key INTOSAI publications to stay up to date – including the INTOSAI Journal ([www.intosaijournal.org](http://www.intosaijournal.org))*,* and the CBC blog spot ([www.intosaicbc.org](http://www.intosaicbc.org)). If internet access is difficult for some SAIs then it may be important for key resources to be downloaded by one person, backed up on pen drives or hard drives and made available across the SAI.

Many SAIs make some learning and development compulsory for all staff or groups of staff – so for example to keep financial audit staff up-to-date with developments in the ISSAIs a SAI may make two day’s technical update training obligatory before a new cycle of audits begin or another SAI wanting to make team work more effective may expect all staff to attend a rolling series of short workshops.

**4.9 Creating buy in**

Changing approaches to audit will be embraced by some, rejected by others and will have unenthusiastic acceptance by still others. A SAIs need processes in place to ensure that staff fully understand what is being done and why and have a chance to express their concerns. While all front-line auditors may be provided with substantial learning and development opportunities, line managers often do not need quite the same level of exposure. However, they should have training in how to lead audit teams as they implement the new approaches, have practical experience of quality assuring such audits and be given an opportunity to understand the resource implications of the new way of auditing.

End users, the auditees and parliament, for example, will need to better understand what the SAI is changing and why, what new products will look like and what will be their role. Parliaments often like traditional approaches to audit where they get to see a specific weakness or failure by the administration and can identify a culpable individual – they may be reluctant to move to a form of reporting which looks at systems and suggests improvements to controls and may need time to understand and see the benefits.

It is important when planning audits that SAIs can gather intelligence to better target audits. When audits are completed then it is vital that key messages reach the appropriate audiences in formats which they can understand and use. In addition, a SAI needs effective internal communications so that staff are kept informed of relevant developments, that knowledge created within the SAI is shared, and that staff are encouraged to be active agents in shaping the SAI and its broader societal contribution.

**4.10 Organisational and resource implications**

Implementing the ISSAIs may require changes in the organization, not only in work methods and processes but also in the way audits are grouped. If the ISSAIs implemented relate to new audit tasks, it likely that a new organizational unit or units may need to be created. In cases where the implementation of the ISSAIs does not involve introducing new audit tasks, the ISSAIs may still impact how the SAI should be organized. Such changes may be caused by new requirements in relation to quality control and assurance systems, communication with stakeholders and reporting. For example, SAIs which are currently expected to carry out thousands of audits at the level of individual entities e.g. schools, hospital, individual government offices, may take the opportunity of adopting the ISSAIs to consolidate the individual accounts into larger single accounts using sampling approaches to gain assurances at lower levels (check).

When assessing the short-term and long-term budget implications, a SAI will need to consider not only the direct costs involved in implementing the ISSAIs, but also indirect and opportunity costs. Direct costs may include revising manuals, translations, updating technical tools and learning and development opportunities for auditors and managers. Over time, the allocation of staff time is likely to change substantially with a SAI needing to spend much more time on audit planning – as a rule of thumb about a third of the time to conduct the audit.

Indirect costs can involve organizational changes and updating other internal and external processes such as ensuring that the audit quality control system is in line with the requirements in the ISSAIs. If a SAI is not certain it has the necessary project management skills, then these may need to be hired in during the initial period of adoption of the ISSAIs.

Opportunity costs may, for example, include the costs of managers and auditors spending time on learning and development activities instead of auditing and the likely impact on delivery schedules. Expectations of key stakeholders may need managing during this process or the changes phased in over a longer period to not disrupt the normal cycle of audit reporting.

* 1. **Building quality**

It takes a long time for a SAI to build its reputation as an organisation with integrity and which can be relied on to produce balanced high-quality audits. It can take only one inadequate quality audit to damage that reputation. Adopting the international standards brings with it an expectation of a greater focus on audit quality – and indeed it is the responsibility of all audit staff to contribute to ensuring quality by making sure that all facts are correct and conclusions supported by robust evidence. Exit meetings with auditees at which findings, recommendations and audit opinions are discussed, provide a valuable testing ground to check the soundness of conclusions and to correct any errors of fact. However, most SAIs have separate quality assurance arrangements to ensure that the individual audits have an independent review and challenge before being published, that the SAI’s audit standards, methodology and guidance are being applied correctly and consistently across the organisation, that learning and development needs are identified, and that standards are constantly improving.

To manage this quality assurance, a SAI will usually establish a quality assurance unit or team. Such units may form part of a central audit support unit whose other responsibilities may include maintaining audit manuals, producing guidelines, dealing with specific audit queries, maintaining an oversight of external developments in standards and audit approaches, organising learning and development activities and providing specialist support to the audit teams – including statistical support, IT audit support and other methodological support.

***Key features of an effective quality assurance function***

* Staffed by auditors who are recognised by colleagues as expert auditors.
* Secondments to the unit are time limited and seen as career enhancing.
* Contain auditors specialised in the SAI’s main audit areas.
* Provides clear written and face to face feedback to audit staff in a timely manner – so that the audits are not delayed.
* Focuses reviews on high-risk audits – but includes a random element to ensure that all audit teams have a possibility of being reviewed – can include reviews at planning stage by the team or peers.
* Targets specific areas for heightened review, for example the rigour of recommendations to ensure they are clear, capable of unambiguous actions and measurable.
* Staff numbers are commensurate with the number of audits being produced.
* Distils lessons from quality assurance work and provides feedback to staff at least once a year.
* Quality assurance staff are provided with learning and development opportunities on giving feedback – many SAIs do not have a culture of providing tough feedback and so staff in the quality assurance team and across the SAI may need training in giving and receiving feedback.

***Innovative ways SAIs seek to improve quality***

* Using prizes internally or regionally to celebrate and reward quality audits.
* Employing a resident editor to set style standards and improve writing.
* Conducting joint audits with other SAIs on specific audit topics e.g. taxation – meeting virtually or face to face at planning, end of fieldwork and reporting phases.
* Seeking feedback on draft performance audit reports from a colleague in another SAI who conducted an audit in a similar area.
* Arranging a contract with a leading university to provide post-audit reviews.

ISSAI 40 provides high-level advice to help SAIs develop quality assurance systems appropriate to their own unique circumstances [www.issai.org/en\_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm](http://www.issai.org/en_us/site-issai/issai-framework/2-prerequisites-for-the-functioning-of-sais.htm).

* 1. **Tackling specialised audits**

While the ISSAIs have been designed to be useable for any financial, compliance or performance audit, at times SAIs may wish to build up a cadre with specialist skills for example in IT audit, environmental auditing, contract management or the audit of public debt

***Actions for accessing specialist audit knowledge and skills***

* Developing advisory councils of specialists willing to advise the SAI – academics and others will often be prepared to donate their time for free.
* Encouraging the formation within the SAI of communities of practices – which may arrange for external visiting speakers or form a virtual community with peers in others SAIs for example on the audit of revenue and customs authorities.
* Establishing call on contracts with private firms on complex audit tasks – for example to access the skills to audit major IT data sets.
* Short-term contracts of recently retired public servants to advise on specific areas of government activities.
* Regular monitoring of the INTOSAI Working Groups, especially those within the Knowledge Sharing Committee ([www.intosaiksc.org](http://www.intosaiksc.org)) chaired by the Indian Audit Office – especially the:
  + Working Group on IT Audit - [www.intosaiitaudit.org/WGITA23rd/23rdWGITAMeeting/IT\_Handbook.pdf](http://www.intosaiitaudit.org/WGITA23rd/23rdWGITAMeeting/IT_Handbook.pdf);
  + Working Group on the Audit of Extractive industries - [www.wgei.org](http://www.wgei.org) and;
  + Working Group on Environmental Auditing - [www.environmental-auditing.org](http://www.environmental-auditing.org).

On anti-corruption work IDI has produced guidance and has created a network of interested staff -[www.idi.no/en/all-news/item/24-guidance-on-audit-of-institutional-framework-for-fighting-corruption](http://www.idi.no/en/all-news/item/24-guidance-on-audit-of-institutional-framework-for-fighting-corruption).

The EUROSAI IT Working Group has produced a website collating and summarising audit reports from many different SAIs which have an IT element see - http://eurosai-it.org/nowa/index.php/en/the-cube.html.

**Issues specific to Courts of Audit**

A Court of Audit carrying out judicial audits faces several unique capacity challenges to keep its knowledge base up-to-date. The SAI needs to put in place mechanisms for maintaining and updating a database of the laws and rules applicable to management of its country’s public finances, as well as judgements made by both the Court and sister courts and tribunals on matters concerning the Court’s jurisdictional remit. It needs to build and develop the capacity of its judges to fairly and correctly interpret these regulations and maintain and develop close relations with sister courts and tribunals: This is important because some cases detected by the Court during its audit activities may need to be transferred to the competent criminal court, and because judgements made by the Court could potentially be brought before the Supreme Court.

**Annex 1:**

**Acronyms**

AFROSAI-E African Regional Organisation of Supreme Audit Institutions – English speaking

CAROSAI Caribbean Regional Organisation of Supreme Audit Institutions

C&AG Comptroller and Auditor General

iCATs ISSAI Compliance Assessment Tools

ICT Information and communications technology

IDI INTOSAI Development Initiative

INTOSAI International Organisation of Supreme Audit Institutions

ISSAIs International Standards for SAIs

PAC Public Accounts Committee

PASAI Pacific Regional Organisation of Supreme Audit Institutions

PEFA The Framework for Assessing Public Financial Management-

SAI- Supreme Audit Institution

SAI PMF SAI Performance Measurement Framework

TGIAC Task group on INTOSAI auditor certification

**Quality assurance statement:**

This document has undergone the following quality assurance reviews:

* A Steering Committee comprising the UK National Audit Office, the Swedish National Audit Office and the Court of Audit of the Netherlands, was established to agree the document framework, review drafts and approve the final publication;
* A wider group of key stakeholders embracing SAIs, INTOSAI’s regional organisations and the donor community were invited to comment on the initial proposed structure and the draft guide;
* All members of the INTOSAI Capacity Development Committee were invited to comment on the draft and contribute case study examples.