

Independent Advisory Group Report to CBC

Kuwait, September of 2018

The SAI PMF implementation strategy, developed to guide the global roll-out of SAI PMF after endorsement at INCOSAI 2016, was presented and subsequently approved jointly with the Endorsement Version of the SAI PMF (SAI PMF Implementation Strategy 2017-2019). To provide strategic support to the CBC and the IDI SAI PMF Unit, the strategy provides for the establishment of an Independent Advisory Group (IAG).

Last year the IAG presented its comments to the *SAI PMF Progress Report 2017, Communication Strategy for the SAI PMF (draft) and the SAI PMF Annual Plan for 2018*. In sum, the IAG stated that the SAI PMF strategy was being successfully implemented and the SAI PMF is an important tool for creating better performing SAIs.

Regarding the Progress Report 2017, the IAG was concerned about the imminent staff reduction and the loss of SAI PMF experts at the IDI SAI PMF Unit. According to the Annual Progress Report 2018, the SAI PMF team was temporarily understaffed, after its head left by the end of 2017, but as soon as April 2018 there were three full time managers, supported by a coordinator with 0.5 FTE.

Another concern of the IAG last year was about the limited comparability of indicators scored within different SAI PMF versions, especially Pilot Version and Endorsement Version. Guidance regarding this was expected from the SAI PMF Unit and the CBC. In addition, the need of the virtual community was suggested to be reassessed, since it takes efforts and is not very active.

The SAI PMF Communication Strategy was also commented by the IAG. The main concerns were related to the resources. The IAG suggested that the communication about the tool could be concentrated on the webpage.

In accordance to section 4 of the IAG Terms of Reference (annex 2 of the SAI PMF Implementation Strategy), we are now submitting our review and comments on the following documents: *SAI PMF Progress Report September 2017-August 2018 and the SAI PMF Annual Plan 2019*. The two documents were circulated to all IAG members, and the comments and suggestions listed below reflect the feedback provided by all those who responded.

Comments to the Annual Progress Report September 2017 – August 2018

Our comments are grouped according to the main sections of the report.

Progress against SAI PMF Strategic Outcomes

The IAG commends the good progress in exceeding the target for SAI PMF assessments undertaken (SAI PMF Strategy Outcome Indicator 1). Establishing the SAI PMF as a widely recognized tool within INTOSAI community is the core strategic outcome. Though it is expected to achieve the annual target (58 against 55), the number of assessments so far should also be compared

with the number of INTOSAI members, to keep in perspective the global scenario. Therefore we suggest that the Governing Board Members of INTOSAI and Regional Organizations, and the members of different working groups, could be encouraged to use SAI PMF (lead by example). This initiative would have significant impact in establishing SAI PMF as a widely recognized tool within INTOSAI Community.

In addition, programs such as the *Strategy Performance Measurement Program*, are key in turning the SAI PMF into a universally applied tool.

SAI PMF Strategy Outcome Indicator 2 focuses on the percentage of finalized reports in the last three years that include a Quality Assurance statement issued by IDI. The target of 58% has been exceeded, the final figure is 61%. The importance of quality cannot be overemphasized, so we would encourage IDI to keep strong focus on this issue. High quality assessments depend extensively on good planning, and because of this, we suggest that IDI should consider the inclusion of a similar indicator that could reflect the percentage of TORs independently revised, either by IDI or by peer.

Regarding SAI PMF Strategy Outcome Indicator 3 – percentage of conducted assessments finalized the last three years that are reported as having been used as basis for SAI strategic planning and/or capacity building projects – we understand there was no target for 2018. However, there were 23 of 31 (75%) SAI PMF assessments that filled this criterion. We suggest that IDI could present such data categorizing the total number of assessments into LDC&LI, LMI, UMI and HI, in order to depict a clearer view.

It is stated in the SAI PMF Strategy Outcome Indicator 3 that the SAI PMF findings are used mainly for developing or revising strategic plans and planning capacity development. However, in exceptional cases, the results were not used for those objectives. Even though such cases are few, we suggest that IDI should consider investigating those situations, in order to understand what happened and what could be done to maximize the full use of SAI PMF assessments.

Key Activities and Achievements against SAI PMF Functions

The publication of SAI PMF reports is still a challenge. Only 11 SAIs among 49 having finalized their assessment, have published their assessment report. Making the assessment report public is a relevant way to demonstrate the role of the SAI in promoting transparency and accountability and a mean to share knowledge about SAI PMF. There is also the question whether the publication or non-publication influences the likelihood of results being used for the objective of developing or revising strategic plans.

Promoting the publication of the reports should be considered of high importance on the agenda. The SAI PMF team may play a role in showing the benefits of publication especially for SAIs that are seeking for donor support and for SAIs that have performed a repeated assessment - to show the progress. Regarding the progress, however, the IAG reiterates the concern about the limited comparability of the pilot version and the endorsement version.

On the other hand, a key feature of SAI PMF is that the head of the SAI has full control of the assessment and of the use of the final report. Therefore, the point of encouraging the publication should be balanced with the principle of the full ownership of the assessment by the SAI. If there is too much pressure towards the publication of the reports, this could discourage SAIs in politically and socially sensitive countries to use the tool.

The resource persons for the SAI PMF programs should have various backgrounds in audit (financial, performance, compliance, jurisdictional audit). This should be considered as a major success factor for these programs.

Section 6 of the Annual Progress Report (resource overview) highlights a current budget gap of 500,000 Nok (approximately 60,000 US\$). The reports lacks clear options/recommendations to address the funding gap. It would be useful to present figures in USD, which is an easier reference for the majority of readers.

More resources could be provided by the SAIs, and consultants could be used to a larger extent. It is encouraging that IDI will try to tackle these through targeted activities in 2019. The challenge, nevertheless, is not necessarily the budget gap, but non-willingness of SAIs to release assessors to carry out the assessments.

As with the PEFA assessments, SAI PMF assessments may face the risk of becoming a funding source to consultants. Although a certain level of consultancy use is needed, we risk losing the peer-to-peer element. We would suggest that the plan includes activities designed to encourage the SAIs to release their staff from their audit work to do more SAI PMF assessments.

The same group of consultants carry out many of the SAI PMF assessments. It would be relevant to provide figures regarding the current number of assessors/ experts and the distribution of the number of assessments (finalized and current) by regions in the report. The reports lacks a clear vision of how to develop and external expert pool of SAI PMF specialists. This is correctly listed for the outlook for 2019 and we would expect a clearer vision in the next annual report.

Comments to the High Level Annual Plan for 2019

The Annual plan for 2019 is complete and thorough. We suggest only that the SAI PMF unit includes quantified targets, such as number of trainings, workshops, trained assessors, among others.

Another question is regarding the regions. We suggest that they'd be encouraged to have more active role by:

- A- Creating a pool of assessors and experts
- B- Adopting SAI PMF as an assessment tool for capacity development needs
- C- Maintaining a data base on SAIs performance
- D- Supporting the assessment quality