

# NO SAI IS AN ISLAND

FOOD FOR THOUGHTS FROM WITHIN INTOSAI

30 INSPIRATIONAL CBC BLOGS



# Implementing Data Analytics: Critical Success Factors

*April 23, 2019*

The biennial UN/INTOSAI Symposia provide opportunities for capacity building for Supreme Audit Institutions (SAIs) through exchange of subject-specific experiences and information in all relevant fields of public sector auditing. The 24th Symposium, held in Vienna, Austria, between May 31 and June 2, 2017, focused on digitalisation, open data, data mining, and their relevance and implications for SAIs' audit work and for enhancing their contributions to the follow-up and review of the Sustainable Development Goals (SDGs). As I analysed the conclusions and recommendations reached by the participants, recommendation 3 of the Symposium caught my attention. Participants recommended that it was necessary for SAIs to develop internal strategies in the fields of digitisation, open data and data mining, including capacity building of staff, providing infrastructural resources and developing new audit methodologies, tools and techniques. This is a welcome recommendation since the public sector is also at the forefront in responding to technological advances through automating its processes and delivering services to citizens and businesses online.

As governments digitise, there are large volumes of data that are being produced. This presents opportunities and challenges for public sector auditors regarding accessing and using the data to obtain audit evidence. Data analytics therefore will be an essential tool, technique and method to the public sector auditor to deploy during audits. Data analytics can enable auditors to identify financial reporting, operational business and compliance risks, and better tailor their audit approach to deliver more targeted risk-based audits. However, as SAIs embrace data analytics during their audits, I believe that the following three factors, if not well addressed, can impact negatively on the ability of SAIs to leverage the audit opportunities and efficiencies presented by data analytics.

First, creating a buy-in among the auditors and managers is essential. As observed by the INTOSAI CBC in their October 2018 publication, changing approaches to audit will be embraced by some, rejected by others and will have an enthusiastic acceptance by others. Auditors need to understand the what, why and how of analytics, and have a chance to express their concerns. For line managers, they should be trained how to review the results of data analytics and be given an opportunity to understand the implication of analytics for the audit approach.

Secondly, data analytics should be incorporated in the audit methodology. The purpose of data analytics is to supplement and improve auditing and therefore should not be implemented as a stand-alone tool, method or technique. Also, the auditor's experience, professional scepticism and judgement will still be required to conclude the audit.

Thirdly, a SAI should set up a specialist unit or a pool of data analytics champions. Whereas analytics should be every auditor's tool, champions can undertake preliminary data mining, processing and act as data analytics advisors for the audit staff.

In Kenya, we are already walking the talk, ingraining data analytics in audit planning stages and as tools for creating audit evidence during the audit. To aid this, we have conducted bottom-up training of 400 auditors in the basics of data analytics.

As we await the guidelines from the INTOSAI Working Group on Big Data, I re-emphasise the Symposium's recommendation that member-SAIs continue sharing knowledge and best practices in the field of digitalisation, open data and data mining. This will enable us to make meaningful follow-up on implementation of audit recommendations and SDGs.



**EDWARD OUKO**

*Auditor-General, Supreme Audit Institution of Kenya*

## Applying the ISSAIs and closing the circle

**Mar 29, 2019**

The Professional Standards Committee (PSC) recently carried out a large consultation with Supreme Audit Institutions (SAIs) worldwide as part of the planning for the Strategic Development Plan 2020-2025 (SDP). The SDP was created in 2016 to provide the general strategy and establish the work plan, listing all initiatives to be carried out towards the future development of the INTOSAI Framework for Professional Pronouncements (IFPP).

As part of this consultation, we at the PSC Secretariat, tried to understand better how SAIs in our community apply the standards, the influence they have on their audit practices, actual and potential benefits the standards bring to audit offices, and how they assess ISSAI implementation.

As I analysed the different contributions we received in this process, one of my main conclusions was that there seems to be very little awareness that, by implementing the standards, SAIs are also a critical part of the standard setting process. INTOSAI value chain, as it is currently on the strategic plan, presents us with a cycle that clearly shows the need for INTOSAI standards and guidance to respond to SAIs' needs, and for their development to consider the monitoring and evaluation of their use in practice.

It is clear to me from the many surveys I have seen in INTOSAI, and which were once more confirmed by the replies we received from this consultation, that the standards produced by our organisation are important to the SAI community. INTOSAI pronouncements help SAIs to conduct audits of high quality, with a clear impact in accordance with methodology recognised worldwide. They provide harmonisation of practices through a common frame of reference, helping address common public sector-related audit matters. They also represent a basic framework for measuring performance and SAI capacity building.

To continue to best serve SAIs, and maintain their positive impact in audit practices, they need to keep fulfilling the expectation that they are up-to-date and reflect an acceptable minimum level in the practices of all SAIs and, if implemented, will improve the quality of their work. Their wide applicability is also an important element to be emphasised, and uniformity, harmonisation, and a common frame of reference were cited by many respondents.

I am convinced that the best way to guarantee continued relevance and usefulness of the pronouncements in the IFPP to SAIs is to make sure that experience and practical information about their implementation can feedback into the standard setting process, closing the circle and strengthening the process as a whole. The strategic priority number five of the PSC in the current INTOSAI strategic plan recognizes this important link.

One of my hypotheses as the reason we have not been too effective in gathering this information, could be that most SAIs use INTOSAI standards as basis of their own standards, so actual or perceived gaps or any need for adaptation (or calibration) are covered in their own national standards. Nevertheless, methodology and quality control departments within SAIs possibly have valuable practical information to share. Results of application of assessment tools such as SAI-PMF and others can also be sources of information.

Individual narratives of successful stories of ISSAI implementation in SAIs can help inspire others and show real examples of positive change. However, concrete data on the use of the pronouncements, identifying possible needs, gaps, issues with clarity and applicability among others when considered together can show larger trends and have an impact in the framework, improving it for the SAI community as a whole.



**PAULA HEBLING DUTRA**

*Director for International Cooperation, Federal Court of Accounts Brazil/ PSC Secretariat*

## Making the connection

**Feb 11, 2019**

One session of the latest annual meeting of the INTOSAI Capacity Building Committee was dedicated to presenting examples of peer-to-peer co-operation. Together with Albanian colleagues, we, the Polish SAI, presented the development of the very good working relations between our two SAIs, which gained momentum in 2015, when we started implementing an EU-funded twinning project. The project was aimed at strengthening external audit in Albania.

Our SAIs are members of both INTOSAI and EUROSAI, and representatives of our institutions have been meeting regularly at the Congresses for a long time. However, you always need this tiny element that triggers a closer collaboration. This triggering moment took place in 2011, when, upon the appointment of the new Chairman of the Albanian SAI, I decided to send him a congratulatory letter. In his reply, Mr Leskaj very precisely defined the capacity building needs of his office. This is how, I can proudly say, our friendly rapport kicked off.

The twinning project was carried out in the partnership with colleagues from the Croatian SAI, whom we know very well from several joint EUROSAI initiatives. Our experts responsible for the development of the IT-audit methodology invited experts from the Portuguese and Estonian SAIs, whom they knew from the EUROSAI Working Group on Information Technologies. We also worked closely with colleagues from the Dutch SAI, renowned for their expertise in performance audit.

In this specific case, the relations between the participating SAIs were developed within the EUROSAI. However, my diagnosis also refers to INTOSAI and all its other regional organisations: they all create innumerable possibilities of networking.

INTOSAI and its regional organisations are like airline alliances. When you travel a lot, you hardly ever choose the same airline, as none of them can offer you flights that suit your plans each time. They work together in alliances in order to arrange connections that suit their passengers.

I have been involved in the activities of INTOSAI and its European Regional Organisation for many years. My colleagues from the Polish SAI have participated in a number of initiatives in these fora and we recall some of them long after their completion. What contributed to their success? In my opinion, the answer is mainly how people networked before, during and after the project or event.

Since 2014, EUROSAI has been regularly organising YES conferences (Young EUROSAI). These gatherings address younger staff of our institutions. The age limit defines the profile of the participants – relatively newly recruited staff, for most of them

the first event in which they meet colleagues from their counterpart foreign institutions. They organise workshops and sessions during the conference. I know that each edition of the conference has created informal networks of contacts, through which people are still in touch, share their opinions, consult and seek advice. Isn't that what it's all about?

In October 2018, the Polish SAI organised a meeting for people responsible for methodology development in the European SAIs. During the event people discussed questions of audit quality, audit planning and communication with stakeholders. In order to provide for a platform for continuous future networking, we organised workshops and brainstorming sessions. Let's keep fingers crossed that this will lead to the intended networks!

Many bilateral and multilateral initiatives are rooted in the working groups and task forces of INTOSAI and its regional structures. During their meetings, I personally witnessed how people interested in a co-operative audit, deeper analysis and comparative study created an informal network to make these things happen.

These networks of connections, relations, exchanges of knowledge and best practices create a huge potential of building a solid basis for successful and effective capacity development initiatives, based on actual needs, and providing realistic solutions. So – let's network!



**JACEK JEZIARSKI**

*The Supreme Audit Office of Poland (NIK)*

## **Strategic Management requires Ownership for Sustainability**

***Jan 15, 2019***

One of the fundamental areas where Supreme Audit Institutions (SAIs) in the Pacific region require support is in the development of effective strategic plans, that the SAIs will then implement and report on. This need was met with the timely request from the INTOSAI Development Initiative (IDI) for the Pacific region to pilot its Strategy, Performance Measurement and Reporting (SPMR) programme. This programme aims to improve strategic management within SAIs and INTOSAI regions, leading in turn to better service delivery.

The programme builds the capabilities of SAIs in developing effective strategic plans and translating them to operational plans. It also embeds the rationale that SAIs need to



take a holistic approach to setting their strategic direction, identifying societal values they aspire to contribute to and determining both the required resources and how they will deliver value and benefits to citizens. This holistic approach entails the SAIs giving due consideration not only to their core business and operations, but also to understanding stakeholders' expectations and the environment in which the SAI operates.

And herein lies the issue. Identifying strategic challenges, defining outcomes and developing performance indicators are not the usual tasks of an auditor. In fact, developing a strategic plan was not an expectation or a key focus of a Head of SAI until just a few years ago, and consequently some SAIs would engage a consultant to develop them in their place.

However, if SAIs are to remain relevant, I think that they need to embrace the changing environment and face head-on the emerging risks which can influence the delivery of its core function and make a difference in the lives of citizens.

From experience during a recent Operational Planning workshop in Cook Islands (read more in PASAIs newsletter), which I co-facilitated with IDI, there is no doubt that SAIs are finding this whole approach to strategic management challenging, particularly in changing mind-sets from solely planning audits to planning the strategic direction of the SAI. Factors such as the size, capacity, capability and maturity level of the SAIs impact on the SAI's ability to engage effectively – and with ease – in the various stages of strategic management. This new norm needs to be sustainable.

The workshop delegates highlighted especially the hurdles in aligning various plans such as divisional, Human Resource, IT and communications plans with the SAI's strategic plan and in ensuring that various plans speak to each other.

The different terminology used by various participating SAIs and within the SPMR programme itself added another layer of complexity. While SAIs use terms such as key results areas, goals and objectives, the SPMR programme's results framework refers to impacts, outcomes, outputs and capacities. In considering the different terminology that might be adopted by SAIs, the proposed solution was for SAIs to understand the different levels – strategic or operational – that they referred to when developing the different elements of their strategic plans.

Through this programme, SAIs have learnt how important it is for their leaders to take ownership of their organizational planning process by defining their strategic directions and involving all SAI staff in the development of these organizational plans. In my view, when a SAI leader takes ownership, it ensures that strategic management is sustainable and will remain as a fundamental responsibility of the SAI and not of external parties. We were fortunate enough to have nine Heads of SAI among the twelve SAIs taking part in the programme, signalling their ownership of the strategic management process. Hopefully this will strengthen SAI commitment to better performance and accountability.

In the end, however, it's going to take significant shifts in culture, focus and ownership of end-to-end strategic management to ensure SPMR's true benefits are reaped. IDI has developed a powerful programme – now it's down to the SAIs to strategically plan their next steps. It is my firm belief that interesting and rewarding times lie ahead for all SAIs who rise to the challenge.



**SINAROSEETA PALAMO-IOSEFO**  
*Director of Practice Development, PASAI*

## The potential of engaging in collaborative activities such as cooperative audits

**Nov 13, 2018**

Through my Supreme Audit Institution (SAI), I graciously participated during 2017/18 as an expert (resource person) in the planning and quality revision stages of an international cooperative (performance and compliance) audit on illicit financial flows (IFFs) in Africa. During the 2017/18 meeting, corruption was set as an important facilitator of all other main known drivers of IFFs.

It was a unique experience due to several factors.

Firstly, the potential of engaging in collaborative activities, which is high if we acknowledge that the world has over a trillion hours a year of free time to commit to shared projects., Usually, people use this free time to volunteer, contribute and collaborate on large, sometimes global, projects. In this instance, I did contribute and collaborate in this regional, potentially global, project, but during my work hours.

Secondly, the specific environment of the audit – where twelve SAI from Anglophone and Francophone Africa took part in the joint planning, undertook fieldwork, and concluded the audit in 2018. This context required a huge amount of both flexibility (we had to deal with very different national backgrounds and contexts) and innovation.

For me, this was mainly evident during the quality revision workshop that took place in November 2017, where all – auditors, sponsors and experts – had the opportunity to exchange face-to-face (network) and learn from each other.

In this particular case, the traditional quality revision plan was not followed, as all national teams were invited to peer review each other. That way, learning was being maximized (learning from peers) while decision-making was empowered (the teams were, themselves, the quality revision experts).

To carry out this quality revision, it was proposed that all teams make use of a short checklist. As such, experts had the opportunity to expand their influence, but in a smooth way. Furthermore, the checklist was simple: the teams were free to extend it or adapt it, as the learning process with peers was the main concern.

While the teams were reviewing, I had the opportunity to exchange and learn with other experts, but mostly with the participants from all twelve countries, Anglophone and Francophone, transcending national barriers and feeding what was about to become a network. In fact, I came to belong to a priceless extended network.

The potential global impact of this regional project is huge, as the methodological approach was designed in such a way that it can now be simply copied, adapted or improved (benchmarking) by other SAIs and applied in other regions, for the benefit of all.

This experience reminds me of Jürgen Habermas (German philosopher and sociologist in the tradition of critical theory and pragmatism), who has called attention to the fact that our species does not merely create knowledge (latin sapientia), but also believes.

In my view, this statement also applies to cooperative audits, as we, as social beings, can imprint in every human endeavor or project, including cooperative audits, a commensurate ethics of foresight and responsibility and, as individuals, dare to think exponentially, rather than linearly.



**SÓNIA PALMIRA PIMENTEL FERNANDES**

*Auditor, SAI of Portugal*

## **Benefits of co-operating with peers**

**Oct 2, 2018**

When I first started my work at the Supreme Audit Institution of Palestine, one challenge was how to start co-operating with international peers so that we could use our shared knowledge and experience to increase our productivity and the quality of our work. Today, the State Audit & Administrative Control Bureau (SAACB) is in a good position to start good relations and have successful co-operations with international peers.

After having worked at the SAI of Palestine for ten years, it has become very clear to me that peer-to-peer cooperation is one of the strong pillars on which a SAI can depend. It offers a window to the outside world, a world full of experienced people working according to international standards to enhance integrity and transparency.

Working with colleagues from peer institutions helps to share knowledge, ideas and experience, besides building socially dynamic relations between employees in SAIs. Personally, I have developed my skills in organizing, planning and understanding the mechanisms of how to deal with international peers, how to prioritize the needs of the SAI, and to reflect these priorities in the projects plans. Co-operation with peers has helped me tailor our objectives, to think deeply about:

- what is needed;
- why it is needed; and
- how to reach the goal in a long- or short-term co-operation.

Before starting any SAI peer-to-peer co-operation, it is important to decide internally what your objectives might be, and then try to tailor the co-operation to your needs so as to meet your objectives within an agreed time-frame. A decision of this kind needs a leadership that is quite aware of the dramatic changes that the office may go through; which encourages change; and which supports new procedures internally.

Looking at our experience, the first challenges were found in the language aspects of the co-operation, which required translation of all documents to facilitate the communication between our employees and the international experts. Working at a long distance provided a second challenge, depending on the location of our peers. Time presented a third challenge. To meet these challenges, a person in charge should know how to carefully manage the resources to implement all aspects of the co-operation. It is important to ensure that the work done by the auditors reflects the goals of the cooperation, also bearing in mind the importance of not overlapping with multiple partners. Sharing activities between all partners is a way of being transparent and cooperative.

What has struck me as surprising throughout our peer-to-peer co-operations, is our ability to cope with changes and overcome challenges to reach better results and have fruitful, tangible outcomes.

I think co-operation with peers is a two-way learning process. It means sharing, discussing, giving feedback, and reflecting ideas. It is an operational experience that we, as internal staff in the SAI, and the external peer, all learn from. Hence, the peer-to-peer co-operation helps us in developing better services for our stakeholders.

Peer-to-peer co-operation has benefitted me via knowledge capture, knowledge management and knowledge sharing. These benefits will stay with me throughout my professional life.



**MS LANA ASSI**

*Head / Public and international Relations Unit, State Audit & Administrative Control  
Bureau, SAI of Palestine*

## The SAI audit professional: subject matter expert or generalist?

**Sep 11, 2018**

As SAIs we aim to influence the management of public funds to ensure they impact the lives of citizens. What does this mean for the profile of an audit professional? What should they know and what should they be able to do?

I began my career working on private sector audits. When I joined the Auditor General South Africa (AGSA) I read everything I could to understand public sector auditing. I discovered that while my expertise in accounting and auditing was essential to my position, I had limited knowledge of the ISSAIs, the public sector environment and public financial management.

As a professional, I knew I needed to take responsibility to gain the expertise I needed to be effective in my role. This led me on an enriching learning journey. Nonetheless, the previous ten years that I had spent developing my competence in accountancy and financial management were essential to my ability to add value at my SAI.

SAI audit professionals need to be competent at more than just auditing. ISSAI 100 (para 26-27) introduces the concepts of subject matter and criteria. It will be difficult for an auditor to be effective in their role if they are not well versed in the subject matter and criteria of their audits.

In my work supporting professionalisation efforts at the AGSA, AFROSAI-E and the CBC's Task Force for INTOSAI Auditor Professionalisation, I have found that it is important to differentiate between two distinct competency categories:

- Auditing competencies: the knowledge and skills needed to apply the ISSAIs or other auditing standards. These are the focus of the INTOSAI CBC's competency framework.
- Subject matter/criteria competencies: the knowledge and skills needed to understand the auditee and its environment, to interrogate the subject matter being audited and to apply the criteria against which the subject matter will be measured. These competencies will vary between audit types.

The individuals in audit teams should collectively possess the knowledge and skills necessary to successfully complete the audit (ISSAI 100 para 39). SAIs should evaluate how this directs their hiring and learning practices, considering both auditing and subject matter/criteria competencies. It is reasonable to expect a SAI to teach a subject matter expert how to audit. It will usually be difficult to teach subject matter expertise to an auditor and such expertise may need to be recruited into the SAI.

For SAIs to make recommendations that are authoritative and impactful, they need professional staff who have the expertise needed to (i) scope and plan relevant audits; (ii) execute audit work and identify value-adding audit findings; and (iii) write influential reports. While external experts may assist with the second area, internal expertise is needed to ensure the right decisions are made about what to audit and how to report findings.

In a fast-changing world, SAIs should continuously monitor the adequacy of their internal expertise and support all their staff to continuously develop their individual subject matter expertise through a commitment to life-long learning.



**BRUCE VIVIAN**

*Senior Technical Manager: Professionalisation, AFROSAI-E - Bruce leads the African Professionalisation Initiative, a partnership established between three African regional organisations to professionalise accounting and auditing in the public sector.*

## **Tempus fugit or how to make friends and keep them while peer-reviewing a SAI**

**Aug 22, 2018**

According to history, Publius Vergilius Maro (also known as Virgil to the English-speaking world) spent substantial time in the years 37–29 BC on a long didactic hexameter poem

called Georgics (from Greek, “On Working the Earth”). The themes of the Georgics were instructions of methods for running a farm. In Georgics, Virgil follows the “how to”-tradition of the Greek and Hellenic poets. The four books of Georgics focus respectively on: raising crops and trees (book 1 and 2); livestock and horses (book 3); and beekeeping and the qualities of bees (book 4).

The expression *Tempus fugit* (usually translated into English as “time flies”) comes from the book 3, where it appears as *fugit irreparabile tempus*: “it escapes, irretrievable time”. The English form is often merely descriptive: “time flies like the wind”, or “time flies when you’re having fun”. And yes, time does fly when you are having fun, we all know that.

The SAI of Latvia approached six SAIs (SAI of Denmark, Netherlands, Poland, Slovakia, USA and European Court of Auditors) in 2014 with a request to perform a peer review of our office. The peer review team members comprised seven auditors, which was quite a large international team. As is often the case with international teams originating from diverse cultural backgrounds, there was a big question mark – how would it all work? Not just as professionals, but also as people, ordinary, simple human beings. Although there was a common goal (a peer review report), the path towards it was sometimes thorny and difficult, including many, many hours, agreements and disagreements, frequent work after regular working hours, weekends, late nights in the hotel and at the home SAI, behind a computer screen or listing paper format documents, sometimes hundreds of pages. All auditors know the feeling.

The peer review team handed over the final report, after three visits and five months of really, really intensive work. The final report delivered, was our peer reviewing team going their separate ways to their home SAI, never to see each other again? No, they were not, they kept in contact afterwards, and this friendly relationship culminated in their reunion at a long weekend in the team leader’s hometown – Bratislava. They met a year later on a holiday break. And they are to meet again this year in Lisbon, Portugal for another private holiday.

There must be a really strong professional and personal bond there and an international, transcontinental tradition in the making. True exchange of expert knowledge, warm-hearted cooperation at work and extraordinary inter-human relationships after the conclusion of the task, bear witness to a very special story that the INTOSAI community most likely has not experienced so far, at least not to common knowledge.

And here we are, with Virgil behind, asking international peer review teams and our international community his question: “Note how the time flies... make most of it... and are you having fun.... during and after peer review?”

What is the moral of this story? A capacity building exercise like international peer review can bear precious fruits in the form of an exceptional friendship reaching across countries and continents. And our protagonists’ message: have fun, it is worthwhile.



**IMRICH GÁL**  
*SAI Slovakia*

## Measuring INTOSAI regions' performance for the delivery of capacity development programs

*Jul 2, 2018*

When I first took over my new position as ARABOSAI General Secretariat adviser I was keen to get going and make a difference. I wanted to find out how an INTOSAI region could maximize the value of its interventions to support capacity development programs. Perhaps I was little bit naïve, but things turned out to be more complicated than I was expecting.

I learned quickly that ARABOSAI's role is more than just the sum of the capacity development initiatives underway. Like any other INTOSAI region, ARABOSAI is tasked with facilitating learning and skills development through a wide range of activities, including cooperative audits, expanding INTOSAI competency framework to reflect and accommodate regional requirements and providing input to INTOSAI's development of audit methodologies based on the needs of the member SAIs. These activities flow from the region's statutes, its strategic plan and the INTOSAI CBC framework for regional professionalism.

However, while ARABOSAI is responsible for achieving its own strategic objectives, responsibility for capacity development within an individual SAI belongs to that SAI. This might conflict with what SAIs expect from the region, so to avoid misunderstanding perhaps we need to set out the roles and responsibilities of the SAI and the ARABOSAI region. I do not suggest this for the fun of it. When I, together with a few of my colleagues in the ARABOSAI general secretariat, recently started to think about how to measure, and therefore differentiate, the ARABOSAI region's contribution to the success of capacity development programs, two things surfaced.

### **Understanding a region's contribution**

The SAI-PMF framework is the most commonly recognized tool to measuring an SAI's performance as a modern, ISSAI compliant, external auditor. If capacity development programs are being undertaken, a SAI-PMF can also be a way for an SAI and its development partners to understand if any interventions being undertaken areas of activity are improving the SAI's capability. However, the SAI-PMF does not attribute causality or ownership to each intervention, but delivers a judgment on standard performance characteristics.

A good evaluation tries to attribute outcomes to the rightful body. There are a range of factors which influence the capacity development of public auditors. Some factors relate to regional roles, such as the development of guidance, the increasing skills of regional working groups and the assessment of SAI's needs. Other factors, such as attitude to training, participants' selection process and the translation of capacity building products into audit, are less easily influenced by the region as compared to SAIs.

If regions need to measure the scale of progress made by their own programs or interventions, perhaps assessing the relative impact of all these factors on the achievement of aims and targets requires an overall logic map which details both the region's and SAI's roles and activities. The logic map helps regions consider how results can best be achieved, to articulate a clear narrative for the choice of initiative and will later help with monitoring, evaluation and the reporting on progress. This logic map could be developed in association with a scorecard to monitor progress against the region's main tasks. A scorecard approach would have the merit of bringing together assessments of progress with tasks. This should cover both the region and SAIs in a way that might make it easy for any evaluator to clearly dissociate between the region's performance and SAI's performance. This approach could also help answer the question of if capacity building programs can be delivered more cost-effectively on the regional level compared to on the country level.

### **Understanding a region's organizational maturity**

I asked myself, if the SAI PMF was the approach INTOSAI chose to help understand an SAI's maturity, why not develop such a model for use by INTOSAI regions on themselves? INTOSAI regions operate through a wide range of business models. Despite some similarities, regional activities, and their contribution to delivering capacity development programs are unique. Some regions provide services directly, while others focus on promoting the expansion of capacity building programs. As I have begun to gain more exposure to these differences, I have found that this uniqueness is driven by a regions resources, statutes, strategy and even maturity level. So rather than assess against an absolute standard, perhaps a maturity model would enable assessment of capability while respecting this uniqueness.

Overall, the goal of the above ideas is not to facilitate benchmarking, or ranking of regions. The goal is to help the next people trying to understand the value their region is adding to capacity development. I think that for ARABOSAI, capacity development is not all about raising funds and allocating them to training delivery; it should have a

fine balance to it. When such an approach is to be assessed against any benchmark, this should be done with reference to a capability-maturity model, rather than a specific business model.

As a conclusion, I think that measuring the INTOSAI region's performance for the delivery of capacity development programs, requires mapping out their contribution so that we can see if they are of value versus SAI-led development. For that purpose, an overall logic map and a regions' capability-maturity model should be developed.



**MOURAD BEN GASSOUMA**

*ARABOSAI General Secretary adviser, The Tunisian Court of accounts*

## **A success factor for both international capacity development programs and international organizations' meetings**

***May 8, 2018***

When conducting international capacity development programs, we need to consider how to overcome differences in systems, languages and cultures between the participating countries. If I were in charge of such international programs, I would attach importance to the following principles:

When introducing a SAI's audit methodology/case to the participants, it should be introduced objectively as an example. It should not be introduced as being better than any other SAI's audit methodology/case. Also, we should not force the participating SAIs to adopt it.

Each country has its own distinctive system, which has been created through a unique process based on its unique historical background. We should respect each other's systems and not see subjectively that the country A's system is better than the country B's system. For example, SAI Japan conducts a seminar where we simply introduce SAI Japan's experience and methodology on public construction works audit, not intending to demand the participating SAIs to adopt our audit methodology. We fully understand that our audit methodology has been created under Japan's unique environment, under which natural disasters such as earthquakes, typhoons etc. occur frequently, thus

our public construction works system has been developed so that our infrastructure should withstand against such natural disasters. Our audit methodology would not work without Japan's public construction works system. Thus, seminar participants would not understand our audit methodology/case correctly without understanding Japan's unique environment. For these reasons, we explain Japan's unique environment, our unique public construction works system and our unique history that have developed our audit methodology. Our seminar's main purpose is to make the participants fully understand our public construction works audits. It depends entirely on the participants whether they would like to adopt our audit methodology or not. We do not force them to do so.

When conducting international seminars, our main focus is on how to provide a platform for the participants, where they all can understand other SAI's experiences. In order to achieve this goal, we try to provide an environment in which all participants can join the discussion.

As SAI Japan is in charge of ASOSAI's capacity development activities, I have had the opportunity to plan and organize knowledge sharing seminars for ASOSAI's members. In this role I soon realized that the systems of ASOSAI's members are very different from each other. For example, if the theme of a seminar is performance audit, the gap between each SAI's experiences on performance audit is so big that it seems meaningless to discuss it with each other. Some SAIs may have experience from performance audit since over 20 years, while some SAIs have just introduced it, or other SAIs have not introduced it yet. Despite such huge differences, however, it is meaningful to discuss the same topic among the member SAIs. You will find out some SAIs may benefit from your SAI's experience, while your SAI may also benefit from other SAIs' experience in spite of huge differences.

To understand other SAIs' situations, organizers need to create an environment where each participant can talk freely about his/her SAI's system and audit situation, while other participants listen. In this regard, I would like to mention failures that I experienced in a seminar some years ago. In that seminar, since there were only about ten participants, I set a discussion session among all the participants in order to collect their thoughts and views and then finalize the seminar. At that instance, my colleague from another SAI who was invited to attend the seminar as instructor, gave me the following advice: "- The next time, you could divide the participants into small groups, ideally, each of which consists of only 3-4 people. It is better to discuss in the small group first, and then make all the participants gather in a discussion where the leader of each group presents his/her group's comments/thoughts to all the participants." Since then, I always make it a habit to introduce a small group work session, followed by a discussion by all the participants together. I have found that, if the discussion is done with many people from the start, only some people present their views while people who are shy or are non-native English speakers tend to be quiet, left without an opportunity to make their views heard. In recent seminars, I have been happy to find that participants who are shy or are non-native English speakers do present their views well in the small groups.

As I am also a non-native English speaker, I understand fully how difficult it can be to keep up with the discussion in international seminars where English is the official

language. Therefore, when we are in charge of international programs, we make it a habit to provide sufficient preparatory time to the participants and give them the seminar's documents well before the seminar starts. If we did not do that, the participants from non-English speaking countries would not be able to participate fully in the seminar because they would not be able to understand its contents, not being able to prepare before the seminar. If they were given the chance to read the documents well before the seminar, they would understand its contents.

Having experiences from attending both international capacity development programs and international organization's meetings such as ASOSAI/INTOSAI Governing Board meetings, I have found that the key factor for the success of these events is the same. It is to create an environment where all members feel that they are provided equal opportunities, that they can express their views freely and that their opinions are treated as important input. This way the efforts made in both capacity development activities and international organization's meetings would reach further and make a difference to many more SAIs.



**KEISUKE KATO**

*Deputy Director Office of International Affairs, Board of Audit, Japan*

## Development outside the comfort zone

***Mar 29, 2018***

### Experience of a parallel performance audit in the Western Balkans

In its very foundation, every change means stretching, it means excursion outside the usual habits and routines we are comfortable with. This kind of journey always takes us along a bumpy road and our destination often seems far away and uncertain. So, what is it that keeps us driving?

For the last two years, under the leadership of the Swedish National Audit Office and the European Court of Auditors, the six Supreme Audit Institutions (SAIs) of the Western Balkans have conducted a parallel performance audit on the topic of public procurement. When we first embarked on an idea to conduct such a project, we were met with high suspicion and a certain level of resistance among professional peers. Only a couple of decades ago, these countries were at war, and now we expect them to work together, to talk to each other and share information on government issues, to exchange their

experiences and help each other improve the quality of their audit work. Challenging, to say the least. Even when we focused only on a purely professional level – bringing together several different SAIs in a joint audit project, expecting all the teams to audit the same issue and keep their audit work along the same common path – it seemed like a mission impossible. On top of everything, drafting a synthesis report with common conclusions from six audits that all have a completely different focus, seemed completely undoable.

These issues are difficult to tackle, and the only conclusion that naturally imposed itself onto the entire project team was to simply stick to the most common practice. The region already has a cooperation platform – a Joint Working Group for Audit Activities (JWGAA) – so the easiest thing to do, was to organize a few workshops within the existing activity plan, carry out some trainings and provide audit methodology advice to the participating auditors, without any in-depth involvement in their own audit work. Our role within the JWGAA is to facilitate cooperation between the members and we are not expected to worry about the outcome of their actual audits. In the end of the day, outcome of the audit work is responsibility of auditors, not advisors. We could just have a great time together and do what we do all the time – organize a few workshops with an almost guaranteed successful outcome. Easy.

As the process started, we realized that JWGAA is more than just an organization of peers, and the participating auditors had much more to offer than their simple “presence” at the workshops. Each meeting was followed by spontaneous social activities. The entire group was always spending time together – at any time of day or night, we could stumble upon them sitting together talking. In periods between the workshops, they formed groups on social media and exchanged stories and local jokes, that gave an impression of them being an old happy family with a long history together. No wonder – the region used to be under the “same state umbrella” for decades, with common history and culture, and everyone is still facing almost identical social and government challenges. Auditors as they are – curious to explore their environment – found this audit project an excellent opportunity to fill this empty gap of curiosity, to compare and compete with their colleagues, and to measure their own situations against those of their neighbors. This was not something that the facilitating team immediately recognized as an opportunity, we saw it more like a marginal effect of the project. But in its essence, this was exactly the key to success.

All the professional challenges we have earlier anticipated were present indeed. Selecting the audit topic was a major problem we faced right from the start. Every SAI had a different vision of what is the most important for them and their own environment, but if everyone selected a different topic, we would not be able to call this a parallel audit, nor let it result in any sort of a joint publication. Even after we overcame this initial hardship, we had to twist and tweak ourselves throughout all the work stages – from selection of audit criteria and audit scope, all the way to taking the ambition of writing a joint publication. That was the toughest decision of all – as, when we approached the end of the audit process, it looked as if there was very little in common from the six audit reports that were being produced.

In February 2016 at the initial project-planning session we understood the scope of problems we were about to face, if we wanted to do a true parallel audit. From the facilitators’ point of view, we could still do the project, as the greatest part of our work

is still required by the JWGAA work plan – providing a series of trainings and workshops that follows an audit cycle. But such an objective is too small, it looks more like a plain bureaucratic “tick of an item from an activity list”, and the good social and professional atmosphere in the group would remain un-utilized. We all found ourselves at crossroads. Should we take an easy way out and do just what we do every day – auditors can plan and conduct their audits as usual, and we can do our training sessions as always? There is no risk associated and the result is guaranteed – even if just mediocre, it is all that is expected of us. Or should we take a bumpy road – stretch ourselves beyond our usual roles, and compromise our comfort for an uncertain outcome and an increased risk of failure?

We chose the hard way. After exactly two years of work, in February 2018, we have published the Synthesis Report on Public Procurement in Western Balkans, with joint audit findings and conclusions from six participating SAIs. This is the biggest such publication ever done in the region. The media attention we received was beyond ordinary. It started with a ten minutes live interview in prime time on the largest regional TV network, which was then re-played by a number of local stations, followed by a number of newspapers articles and radio broadcasts. Audit results were presented at a regional prosecutors’ conference on public procurements. Further results are yet to come. Each of the six SAIs – even with different audit scopes, all came to, more or less, the same audit conclusions. This makes the arguments presented in the audit reports much stronger and more difficult to ignore by the authorities.

The project was a success, the journey was a very bumpy one, and there was not a minute of comfort along the way. Everyone had to compromise. Auditors had to adjust and change everything they usually do – from their work plans, through their methodology, to the structure and contents of their audit reports. Facilitators had to dive into local administrative circumstances, had to get out of the training rooms and write things themselves, and even stand up in front of the TV cameras, as if they were talking about their own audit work. A challenge that was completely out of the ordinary.

What was driving us all? Enthusiasm and energy within the friendly Western Balkans audit group that was, and still is, able to see beyond the horizon of daily routine.



**HAZIM SABANOVIC**

*Western Balkans Liaison Officer, The Swedish National Audit Office*

# A framework for Reporting on Public Finance Management

*Mar 2, 2018*

When I assumed my new role as CEO at AFROSAI-E recently, a number of topical issues, amongst others Professionalisation; Public Finance Management (PFM) reforms; SAIs operating in fragile states and SDGs, sparked excitement and enthusiasm in me. I would like to share the process that AFROSAI-E and its member countries followed to develop the PFM reporting framework. This topic was discussed at the 2017 AFROSAI-E Governing Board meeting, being the strategic building blocks of Good Financial Governance (GFG) and how an effective and efficient public financial system will contribute towards GFG. There was consensus amongst the Governing Board members who agreed on the following:

- **Auditing PFM systems** – despite engagements on PFM, there is a lack of a holistic approach to auditing PFM systems. SAIs mostly have a compliance perspective on financial management, resulting from their various individual audit engagements but no institutionalized approach giving rise to a documented risk analysis or a systemic approach to the audit of PFM systems. The necessity of looking into the budgetary processes, the assumptions driving revenue targets, whether the overall budget is sustainable, and other elements of the PFM system was agreed.
- **Reporting on PFM Systems** – a need for a common reporting framework to be developed by AFROSAI-E being a simplified concept with guidance based on a common understanding of a PFM system that will categorize findings accordingly. It was emphasized that both individual reports on PFM systems as well as PFM chapters in Annual Reports would be useful information to emphasize the value and benefit of SAIs to the lives of citizens as per ISSAI 12.
- **Stakeholder engagement** – the outcome of this work will drive SAIs' purposeful and impactful stakeholder engagements through creating awareness on the importance of PFM systems in promoting achievement of the SDGs and influencing Good Financial Governance in governments.

The objective of this process is twofold, namely:

- Gather, assess and report on the effectiveness of PFM processes through consideration of two types of entities: (i) the Ministries, Departments and Agencies (MDAs) of central government; and (ii) Core PFM institutions such as the finance ministry, the revenue authority and Parliament. This information will enable SAIs to engage with the relevant MDAs, as well as the relevant core PFM institution, on their weaknesses and developmental areas and obtain an understanding of systemic issues relating to the interactions between institutions.

- To consolidate the findings from the individual PFM assessments conducted at MDAs, which are, or may, impact on the whole of Government's ability to:
  - assess the macro-economic framework, assumptions and projections used in its overall policy direction to achieve the National Development Plan (NDP),
  - ensure alignment with Sustainable Development Goals, Agenda 2063 and other international treaties / commitments
  - implement policy decisions.

The following should be applied when performing the PFM assessment:

- Sufficient appropriate audit evidence should be obtained by using a combination of audit procedures throughout the audit of the MDA to support the accuracy and completeness of information being used for the PFM assessment, including the root causes.
- After obtaining the relevant accurate and complete PFM information, the auditor should assess the information and document the findings / key observations for each key output.
- The findings / key observations should be linked to one or more of the 5 institutional capacity areas below, namely
  - (1) Policy and legal framework
  - (2) Organizational structure and Human resources
  - (3) Information Systems
  - (4) Governance & Oversight and
  - (5) Communication and Stakeholder Management.

Finally, the root cause(s) should be documented for each of the findings / key observations per key output.

AFROSAI-E combined efforts with SAIs in the region, and some of the partners, to develop a PFM reporting framework which is currently being piloted in the region. While we all had no idea of how this would turn out, attendance and participation at the developmental workshop was impressive. I will not deny that there was a lot of confusion, disagreements and back and forth, which at the end enriched the discussion and the final product. The results of the pilot will be presented to the Governing Board for them to consider adopting the use of the PFM reporting framework in the region.

This being my first assignment after joining the AFROSAI-E secretariat, demonstrated the level of passion, commitment and innovation that exists in team work. Sharing of experiences and methods in this area is welcome and encouraged in the broader community.



**MEISIE NKAU**  
CEO, AFROSAI-E

# Capacity Building – personally and institutionally rewarding in Tanzania NAO

*Jan 11, 2018*

Being introduced to performance audit for the first time, you can face difficulties in mind-set, thinking that you will always have to conduct audit only in areas of specialization, and nothing else will work just as well. The concerns of conducting audits in unfamiliar areas may bring along a feeling of not being able to do ones best. This idea however, is most likely to change, after having learned that audits can also be conducted in areas which were never in your field of specialization. The success of attending the AFROSAI-E Performance Audit three module-course, together with on-the-job training provided to our SAI, has given the auditors of our office confidence to conduct performance audits in any area, since its principles are not guided by what you are specialized in.

However, there can still be challenges. Examples of typical such challenges are to complete the audit within the time given, and at the same time meet the required quality, or to plan and produce reader friendly reports, structured in a logical way meeting the interest of the various stakeholders. These challenges can be overcome, however, through various capacity building efforts, in terms of short term training, both in- (on-the-job-training) and outside the NAOT office.

Through cooperation between SAI's, the exposure to new ideas on how to measure impact, i.e. quantitative methods that can be employed in the performance audit, helps in measuring different aspects. Also, the exposure to the above-mentioned trainings, together with the on-the-job training and short courses on advanced performance, focusing on quality control of the reports, contributes much to the performance and generally improved results. The following lessons learned from capacity building efforts should be given special mention:

- Ensuring sufficient time for peer review of the reports within the audit teams- as well as from the management- is crucial, and has a lot of impact on improving the quality of the reports.
- The use of different methods in data collection. In Tanzania documentation is a challenge in most of the public entities, so using various methods of data collection is helpful in backing up data.
- The importance of allocating team responsibility based on the strength of each team member, which helps in saving time and assists in optimizing the contribution from each team member, stimulating active participation and ownership of the audit work.
- The need for counter-checking the logical flow of the report, by linking various parts along with the processes, e.g. recommendation vs the audit problem, audit questions vs audit evidence/data/findings, and conclusions vs audit objectives. This is all useful in ensuring that the audit sticks to the objectives.

- The need of using the principles of positive feedback, and to appreciate that the language we use, and how we present things, does matter a lot.
- The importance of team work and the art of giving and receiving feedback in a peer-to-peer cooperation deserves long-term appreciation.

The success achieved thanks to the above, was crowned by the audit report “Hygiene Control in Meat Production Process“, in which we both participated, that was awarded the best performance audit report in the AFROSAI-E region in 2016.

Summing up, capacity building through cooperation between SAIs is very key to the output of the SAI products, as well as to individual staff performance. SAIs need to continue to focus on capacity for maintained quality, to keep their reputation and the trust of their citizens.



**MS ASNATH MUGASSA AND MS YUSTER SALALA**  
*Performance Auditors, Tanzanian NAO*

## Fragility – what is it really?

**Dec 12, 2017**

When the Capacity Building Committee held its annual meeting in Washington DC earlier this year, I had the privilege to meet old friends and new colleagues in the international community and discuss how to best support the development of SAIs. One of this year’s themes was SAIs in situations of fragility, something that was extremely topical for me as I had just taken on the role as leader for the CBC work stream established to explore opportunities to strengthen the SAI and its role in challenging environments.

During the discussions, the question was raised regarding who is to define fragility? It made me reflect on the issue of fragility, whether it is a contested concept and if it would be challenging for the INTOSAI community to launch an initiative aimed at strengthening SAIs operating in fragile situations? After all, who would appreciate a label as fragile?

Fragility is a very multidimensional concept and could be found in different ways in different countries. When I started to work on fragility and state building, security and domestic control of violence was the first key feature with which I connected a fragile state. In the recent OECD framework on fragility, this is but one of five dimensions of fragility. The others are economic, environmental, political and societal fragility. I don’t

think it is necessary for anyone to accept a specific model for how fragility works, but the model offers a key contribution to our thinking in that it points at different ways in which a country could be fragile. It also emphasises the need to apply a holistic view when designing efforts to address the challenges for state building actors.

The first immediate response that came into my mind, as to the challenge for INTOSAI to launch an initiative aimed at strengthening SAIs operating in fragile situations, was that our work would be for a public good, and something that is to be used by SAIs who find it useful. This means that no one labels anyone, but that SAIs or partners who feel they would benefit from the work, are free to pick it up. Hence, no recommendations would be directed towards individual SAIs.

A second reflection is that we are concentrating our efforts on SAIs who find themselves in situations of fragility; this does not by any means imply that the SAIs themselves are fragile. Often, there seems to be the case that SAIs in these situations have emerged as quite strong players in state building efforts. SAIs have also shown that they are capable to find clever ways to address challenges also by small means. If you lack resources, you need to be resourceful. We can find strong SAIs in fragile situations as well as we can find weak SAIs in more stable settings. Our work stream hopes to be able to share some of the success stories of SAIs operating in situations of fragility, as inspiration and guidance for other SAIs who face similar challenges.

The work stream has come off to a good start and I very much look forward to the future work. It is often in the discussions and exchanges of thoughts that the best ideas and arguments are born. I hope we will be able to maintain such a conducive environment within the work stream; and we would like to invite more SAIs and partners who feel they would benefit from our work to contribute with their experiences!



**OSKAR KARNEBÄCK**

*International Advisor, Swedish National Audit Office*

## **SAI's (financial) independence – a pie in the sky?**

**Sep 26, 2017**

Supreme Audit Institutions (SAIs) could count, without any doubt, among the most

important pillars in national democratic systems. According to ISSAI 1 (the Lima Declaration), ISSAI 10 (the Mexico Declaration) and UN General Assembly Resolutions A/66/209 (adopted in 2011) and A/69/228 (adopted in 2014), only truly independent SAIs can provide independent, objective and reliable information. The results of the IDI Global Survey 2014 stated that over 40 % of INTOSAI member SAIs reported restricted independence ranging from undue interference in the budget process by the executive to not being free to publish any reports.

Against this background, the Austrian Court of Audit (ACA) in its capacity as INTOSAI General Secretariat,(IGS) has initiated an INTOSAI global peer review project on independence together with the Austrian Development Agency (ADA). The project inception was announced at the 66th INTOSAI Governing Board Meeting in Vienna, Austria in 2014, with the ADA providing the project financial cover. The project objective was to enhance transparency and accountability of public finances by focusing on independence of seven SAIs in seven INTOSAI regions while identifying problems and recommendations related to eight principles of independence as defined in the Mexico Declaration. According to the terms of ADA, every project or programme funded by them must be evaluated or reviewed. The project review was performed by NKU SR (SAI of Slovakia) and OAGN (SAI of Norway). The author was lucky enough to be a member of the project reviewing team.

Although there are no international standards for this type of review (evaluation), it was agreed the project review to be performed using the ISSAI framework, notably ISSAI 5600 and the OECD/DAC evaluation criteria, as far as applicable, and as stated in Guidelines for Project and Programme Evaluation 2009. The project review was performed as meta-evaluation (documents review of almost 400 pages). The evaluation also comprised of interviews with the peer reviewing teams' members and representatives from the peer reviewed SAIs. The project peer review team concluded its work in mid-June 2017 after several months of intensive work and presented its report to the IGS and to ADA on 26 June 2017.

The project review team's observations (and ensuing conclusions and recommendations) were manifold, but one observation in general was protruding out like a sore thumb – the most injuries were inflicted to the Mexico Declaration principle 8 (the financial and managerial/administrative autonomy and the availability of appropriate human, material and monetary resources), especially in the monetary aspects. A legal or constitutional framework on financial autonomy was not in place for all SAIs reviewed within the project, they did not have full discretion over the budget allocation, the executive (in most cases via the Ministry of Finance) regulated or controlled the access to the SAIs resources, only one (out of seven) SAIs received its budget in the form of a lump sum, etc. That, of course, had impact on the SAIs manoeuvrability and overall performance. Very shortly and bluntly – no money, now show.

The peer reviewing team recommended in its report, inter alia, that INTOSAI could consider developing a general formula to define the appropriate level of proportion of the state budget to be allocated to finance the SAI(s). Tall order, but nevertheless, worth a try.

There must be some telepathy in the air on the subject, as the author, while reading the PASAI Annual Report for the year ended 30 June 2017), found in its part on Strategic Plan 1, that: "...The SAI of Tuvalu has significantly increased its statutory independence with the recent passing of its new Audit Act 2016. The new Act meets many of the principles of SAI independence under the Mexico Declaration on SAI Independence (ISSAI 10). In particular, it provides financial independence for the Tuvalu Office of the Auditor-General (TOAG) through a mechanism that places the funding of the SAI under the control of the Parliament – a significant achievement for both Tuvalu and the Pacific SAI community. Additionally, to further ensure the independence of the TOAG, there is a requirement that a minimum of 0.7% of the total annual appropriation (Parliament approved expenditure for the year) is to be provided to the TOAG." The roadmap achieving such success is described further: "... A key objective is to ensure that the review of the Act is part of the strategic plans of both the SAI and the Government, and therefore aligned with Government priorities. ... Secondly, without the support of the Attorney-General, it was unlikely the revised legislation would be supported. ... Thirdly, working collaboratively is the best approach as it means working as one team rather than against each other."

This is indeed a great success-story in securing financial independence by our colleagues from the smallest (in membership) but the most spread out INTOSAI region. The goal and pathway to it were shown by TOAG. Yes, it cannot be applied blanketly and suddenly, but the timing and managerial manoeuvring certainly could help. And yes, as Aristotle said: "One swallow does not make summer", but it is a good start, and one swallow could become a flock in some time. Let's keep our fingers crossed, there is already some light at the end of the tunnel and it is not an approaching train.



**IMRICH GÁL**

*International Relations Division, SAI Slovakia*

## **We have to change to stay the same**

**Aug 24, 2017**

We have to change to stay the same![1] was the challenging slogan of the 2014 EUROSAI The Hague congress, underlining the importance of innovation and adaptability for our continuing relevance as Supreme Audit Institutions (SAIs).

With this call to arms in mind, we at the Netherlands Court of Audit embarked on our three year EUROSAI Presidency. A key aim was to facilitate a reflection on EUROSAI's purpose and added value and to prepare a new 6-year strategic plan, which would be relevant to all 50 members with their diverse interests and backgrounds.

Little did I realise how invaluable my experience of capacity development projects would be. Institutional capacity development and change management are inseparable. As I quickly discovered, putting a new regional strategy in place is also all about change management.

The 2014 Congress had taught us a lot:

- We experimented with new methods to increase active participation and debate;
- International colleagues organised the majority of the 2014 sessions themselves, inspiring us with their experiences, insights and creative working methods; it was a congress by EUROSAI for EUROSAI;
- We explicitly harnessed the future-orientated views and energy of young auditors at the first ever YES! Conference in Rotterdam, giving them a key role in the subsequent 'official' congress;
- Design students built a futuristic congress location in an disused aircraft hangar, and
- We visited state-of-the-art agricultural companies to learn from their investments in innovation, aimed at remaining competitive and responsive to customer expectations.

So according to change management theory we started well – with an inspiring vision. But could we find a way to maintain this enthusiasm for change, innovation and agile cooperation, which by definition should not be institutionalised? I don't need to remind you that SAIs are rather conservative by nature and risk-averse by profession. Would we succeed in creating the necessary medium-term framework for development and innovation?

Together with a group of committed EUROSAI colleagues we embarked on an uncertain journey – not knowing exactly where we were going, or where we would end up, but knowing that the journey itself was part of what we were looking for. Our aim was to create a succinct and truly strategic document, giving focus and direction, but allowing room for innovation, new insights and 'pop-up' activities along the way.

Well, let me confide in you – it was a steep learning curve! We had our ups and downs, dead-ends and enlightened insights, confusion, frustrations, early enthusiasts, resisters and followers, bottom-up and top-down interventions, denial and acceptance – all the ingredients for a true process of change. I was surprised to recognise so many elements of my experience with institutional capacity development. I was also relieved. Recognition brought insight and solutions for how to move forward. I knew we had to work on strategic leadership and ownership – the new strategy needed Heads of SAI endorsement and it needed to provide a response to the issues raised by EUROSAI members in the 2015-2016 self-assessment. The support of the Governing Board was essential – they had to feel engaged and excited about the future prospects. There also needed to be incentives and reassurance for colleagues who were concerned that

change might threaten their previous endeavours or who were worried about the plan lacking detailed activities and indicators.

In the end the new plan was enthusiastically endorsed by the Istanbul EUROSAI Congress in May 2017, along with a memorandum describing key governance enhancements. Governance is a question of culture. Culture is a key element of change management. Governance enhancements will be crucial to enabling EUROSAI to become a more agile, responsive and demand-driven network, and to achieving our substantive goals. However, the real proof of the pudding will be in the eating. So much depends on how the members themselves respond and whether they take up the challenge of change – individually and as a regional network.

Will the strategic plan help us? Why don't you judge for yourselves? (<http://www.eurosai.org/en/ESP-2017-2023>). Let me know what you think –successful change management and capacity development initiatives include collecting feedback and incorporating lessons and improvements in future initiatives. That way we can constantly change to stay the same!

*[1] A paraphrasing of the Dutch artist, Willem de Kooning's leitmotif – I have to change to stay the same!*



**ANDREA CONNELL**

*Head of International Affairs, The Netherlands Court of Audit (NCA)*

## **Early steps for SAIs to face SDG challenges – some OLACEFS ideas**

***Jul 12, 2017***

Supreme Audit Institutions have faced a number of challenges in efforts to improve internal and/or audit management. Currently, focus is on the United Nations' 2030 Agenda for Sustainable Development, the challenges of which encompass and exceed everything we have done so far.

I do not know if it was a conscious action or a very interesting coincidence, but recent[1] work has put OLACEFS SAIs (being best known to me thanks to my position at its

Secretariat – but we are aware that other regions are experiencing the same) on a good footing for the challenges of auditing the realisation of the UN sustainable development goals (SDGs). As part of OLACEFS' work over recent years, the organisation has taken in the need to evaluate SAI performance, connect with citizens, foster accountability and be a key player in the fight against corruption, which has allowed OLACEFS members to become aware of their role in good governance. This is undoubtedly central to playing their part in regard to SDGs, given their cross-cutting nature and the joint effort they require.

As SAIs we are accustomed to carrying out our work with a specific and well-defined focus (logically given the size of the subject of our review, the governmental apparatus), but also relatively isolated (even recognizing the progress different SAIs have made in their relationship with the environment). The challenge now is to leave our comfort zone and think with a new, broader and more integrated outlook. It is no longer enough to analyse the efficiency, effectiveness and economics of a specific entity or program, but we must also consider the impact they have on social and environmental matters. For example, the analysis of education issues (SDG4) should consider the linkage/impacts they have on ending poverty (SDG1), gender equality (SDG5), decent work (SDG8) and the reduction of inequalities (SDG10).

Aware of the changes to the traditional management model that SDGs bring with them, OLACEFS has been working since 2016 with regional and national initiatives in support of the implementation of the SDGs, currently in an early implementation stage, evaluating their effectiveness and analysing the possibility of sharing them with other stakeholders.

As an example, OLACEFS incorporated SDGs into its 2017-2022 strategic planning, conducted a study on the role of SAIs and is currently developing two coordinated audits.

In its new strategic planning, OLACEFS has chosen a different approach than INTOSAI on how to face SDG-related challenges. We have defined a strategy (and not a crosscutting priority) to disseminate SDGs at the regional level and to promote the role of SAIs in achieving the 2030 Agenda. This appears to be a good alternative – for us – for two main reasons. Firstly, our SAIs are being recognized by governments, civil society organisations and other stakeholders as key actors, contributing to good governance. Since this is a new approach, it is better to strengthen it step by step, showing our possible contributions with actions. Secondly, we know our environment and our culture, and in this context, we are aware of the importance of reinforcing the implementation of SDG at the beginning, not just within our SAIs, but also at a national level.

Following this path, we can see some examples at a SAI level. Paraguay's SAI created an office dedicated to supporting and following up on SDGs, to obtain a cross-cutting view; Chile's SAI has been a driving force behind the work the country is carrying out to support and follow up on the Agenda, as well as incorporating the matter into the execution of all its audits and graphically identifying which goals are linked to audit work presented.

OLACEFS is also currently carrying out two coordinated audits focused on SDGs, where we have chosen two similar, but different, audit models. The first one, prepared by SAI

Brazil, will focus the audit work on evaluation of the preparedness of central governments (of the OLACEFS countries that are participating in the audit) to face the challenges of the 2030 Agenda, as a whole. After that, the audits will evaluate if, in the implementation of the Goal 2, target 4[2], there is duplication, overlapping or fragmentation among the various public policies focused on that target.

The second audit model that we will use, was prepared by the IDI, with the support of different institutions and adapted to OLACEFS requirements. In this case our regional group will use a whole-of-government audit approach, focusing on SDG 5. What is interesting about the use of these two models is, that at the end of next year we will have good practices and lessons learned to compare both approaches, before continuing auditing government's preparation to face SDGs.

The challenges are multiple and multiple initiatives will arise, the point is to not be afraid of innovation, or of trying ideas that may seem “excessively” novel, since the challenges are greater than those we were accustomed to. To the extent that we are creative and share the results of these tests, as the INTOSAI motto says, we will be able to move forward and make improvements to audit work, this time to identify ways to improve the chance of successfully achieving the SDGs, an initiative on a truly global scale.

*[1]Enough, for example, to see the technical issues dealt with at the last OLACEFS' Assembly.*

*[2] By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality*



**OSVALDO CRISTIAN RUDLOFF PULGAR**

*Jefe de Unidad Unidad de Cooperación y Relaciones Internacionales  
Contraloría General de la República de Chile (SAI Chile)*

## Leadership and learning

**May 23, 2017**

I will in my blog travel back in time. The year is 2004 and the location is Lilongwe, Malawi. I have just arrived in Malawi as a relatively young man, to become the new long term

advisor to the National Audit Office of Malawi. I am extremely excited, naively optimistic and overly self-confident. The first months pass quickly, and things appear to be going well. Ambitious project plans are developed, and I am warmly welcomed by colleagues. The future looks bright, and, if anything, my ego increases further.

Then reality hits back – suddenly progress halts. Decision-making drags out, plans are not being implemented and the quick results I am expecting are not forthcoming. Frustration grows, and I don't understand why good intentions are not transferred into tangible results. I seek advice from the Deputy Director General, Sam Gomani. I soon realize that Mr. Gomani's insights are invaluable. He is a well-respected and distinguished civil servant, has worked for the NAO for a long time, he understands the organization and the political environment and is a humble and mild-mannered leader with a great sense of justice. He patiently spends time with me almost daily, explains, advises me and supports me and the team. Together we start dealing with the challenges, and we redesign the project document to better reflect the needs in the SAI. While it would be an exaggeration to say that the project was a great success, at least we achieve results in some key areas. While I am hopeful that our efforts made at least a small contribution to developing the SAI and the staff, I am in no doubt that the individual who learnt the most was I. Both in terms of professional and personal development. It was a life changing experience that developed me both professionally and personally, and which made me determined to continue working with SAI capacity development.

So why I am telling this story? Because I think there are a number of lessons learned that also are applicable to other SAI capacity development initiatives:

- As an outsider, it is incredibly challenging to understand the “pressures” surrounding the SAI both in the political- economy environment, but also the internal SAI pressures and politics. It took me several years to grasp a basic understanding of this, and then it was soon time to leave.
- Enthusiasm and good intentions is well and good, but add little value if not coupled with good institutional knowledge.
- It is crucial to establish mutual trust and confidence with management for successful project implementation
- The support needs to be rooted in the needs of the SAI and have the ownership of staff. If not efforts will not be sustainable and will be met by resistance. An approach where the SAs are in the driving seat in terms of assessing their needs, where the support reflects the strategic priorities of the SAI and where plans are flexible and can be altered to meet needs are necessary.
- And finally, SAI capacity development support is not a “one sided” affair. There is also huge learning opportunities for both organizations and individuals who are working with the delivery of capacity development support.

So this one is for you, Mr. Gomani – thank you for being my mentor, and for all your support.



**EINAR J. GØRRISSEN**

*Director General , INTOSAI Development Initiative (IDI)*

## **WHY should a SAI be strong**

***Apr 4, 2017***

Fifteen years ago, I made the journey from Barbados to the Cayman Islands and from auditing in the private sector to, for the first time, auditing in the public sector. Not only did my journey bring a new cultural perspective but also a revitalized passion for my chosen profession and a greater appreciation of how the work of Supreme Audit Institutions (SAIs) can positively impact the livelihood of citizens within the Caribbean region.

During the past 5-7 years I have deliberately increased the level of my involvement in The Caribbean Organization of Supreme Audit Institutions (CAROSAI), specifically by being a part of the IDI ISSAI certification program and as a member of the regional institutional strengthening committee. And I have noted with enthusiasm the development that is being made in enhancing the professionalism, credibility and the level of collaboration demonstrated by member SAIs. It is my view that CAROSAI is currently on one of its most fundamental evolutions as it seeks to forge stronger SAIs in a region that is pursuing social and political economic stability while faced with the inherent challenges which characterize most Caribbean islands – limited resources, slower pace of infrastructural and technological development, and the vulnerability to changes in the global market.

To aid in this goal of strengthening SAIs, one key element that I've observed needs to be continuously emphasized is WHY should a SAI be strong, and what difference can or will a strong SAI make within its respective jurisdiction and ultimately the region? I've come to appreciate that the answer to this question is embodied in the United Nations Sustainable Development Goals (SDGs) and specifically in SDG#16 which places a responsibility on SAIs to ensure that public institutions that citizens rely on are effective, transparent and accountable. Having a greater understanding of the SDGs has allowed me to appreciate that the quality of the work done by a SAI can impact the manner in which public resources are allocated by Governments, and without robust oversight there is a heightened risk of mismanagement which could result in citizens not having access to basic services such as good health care, and quality education.

Although significant strides have been made in charting a strategic path for the strengthening

of SAIs in the Caribbean, this objective cannot be limited to only SAIs but must be all-encompassing and focused towards the entire public sector in order to promote open and accountable governments and ensuring that public finances are managed prudently.

In this regard I have taken on an advocacy role within the region and shared the experience of SAI Cayman Islands in its financial management initiative, the core elements of which consisted of implementing a fiscal responsibility legislation, developing a financial reporting framework compliant with internationally recognized standards, and the enhanced usage of information technology as a tool in the delivery of public services and financial management.

I believe that with strong SAIs, a strong public sector and a common goal of sustainable development the work that I and my fellow members of CAROSAI conduct will continue to make a difference in the lives Caribbean citizens.



**PATRICK O. SMITH**

*CPA, CFE Director of Financial Audit, SAI Cayman Islands/CAROSAI*

## Learn and Progress with Friends

**Mar 3, 2017**

China's first Auditor-General, Mr Yu Mingtao, is turning 100 years old in 2017. He was appointed Auditor-General in 1983 when the National Audit Office of China was established. In a recently published book, he recalled the early days when he, as the new Auditor General heading a new SAI, found the biggest challenge being that "there was no professional capacity to rely on, no working experience to borrow from and no ready laws or regulations to follow, not even theoretical books about auditing was to be found." Starting from scratch, the National Audit Office of China on the one hand, actively explored ways of audit based on Chinese reality; and on the other hand, intensified international exchanges with foreign SAIs to introduce useful experiences to China. Mr Yu said, -"Experiences of various countries are valuable for us to learn".

As a matter of fact, even before the SAI was established, China started to learn from SAIs in other countries. In September 1981, Mr Servando Fernandez-Victorio y Camps, then President of Tribunal de Cuentas del Reino of Spain, visited China. As the first head of a SAI visiting China, he talked to a Chinese audience on government auditing, a session the audience described as enlightening. The National Audit Office of China was formally

established in September 1983 and joined INTOSAI in the same year, then ASOSAI in the following year. After joining these international organizations, exchanges with foreign SAIs were widely conducted on the platform of international auditing organizations and on a bilateral level. Through these exchanges, Chinese auditors broadened their views, learned and benefited greatly from good practices of other SAIs. Many SAIs provided support and assistance in capacity building to SAI China in this period, such as the SAIs of Spain, Canada, Germany, Australia, Sweden, France, UK, the Netherlands, India, Pakistan, Malaysia and Indonesia, to name just some of them. Chinese auditors were sent to study audit practices in foreign SAIs and audit experts from these SAIs were invited to China to train Chinese auditors. The former Auditor-General of Australia Mr Ian McPhee, once visited China in the 1980s, as a trainer for an audit training programme. When he visited China again in 2011 as Auditor-General of Australia, he brought with him photos of the training programme participants, taken in China. Some of the participants, still working with CNAO, could confirm what an important learning experience this programme had been for them and how they had used the techniques they learned, in their audit projects and therewith achieved better results. With this valuable support and help, the National Audit Office of China made fast progress in government auditing. And the learning helped greatly, not only the National Audit Office of China, but also Chinese local audit institutions. Mr Liu Jiayi, Auditor-General of China, believes that audit theory and practice in China is open and inclusive, and has achieved development by drawing on the experiences and practices of auditing of other countries.

In the National Audit Office of China, we never forgot the assistance we received from other SAIs. At seminars on audit practices, in seminar papers, in books about auditing, authors and auditors, and even past Auditor-General like Mr Yu, mention from time to time, how much we benefited by learning from other SAIs. Successful technical assistance projects with SAIs of Spain and Germany were told by older generation of auditors to the younger generation auditors at their induction training programme in the Office. The National Audit Office of China knows well the value of helping each other and the importance of being open and sharing ideas with others in developing audit practices.

As an ancient Chinese poem says: “We get what we need from others, we should also give what we have to others in need”.

We are very happy to share our good practices with other SAIs. Now the National Audit Office of China maintains friendly exchanges with many SAIs worldwide. CNAO has helped train auditors at the request of some SAIs, including seminars, workshops and training programmes. Initiated by the Auditor-General, the National Audit Office of China also cooperated with the Nanjing Audit University to operate a Master Programme for international auditors to study in China under a Chinese Government scholarship. There has been increasing attention on Chinese audit practices such as IT auditing, accountability auditing, real time auditing, public works auditing and environmental auditing et al. Delivering presentations at seminars or attending discussions with auditors from other SAIs, Chinese auditors have learned a lot from other auditors. As the Head of International Relations, I am often told by my colleagues how they have enjoyed attending and lecturing international training programmes, because interactions with the

participants is also a good learning experience for the trainers. The truth is that learning is never one way, the more you share with others, the more you learn.

Over 2000 years ago, a Chinese scholar once said: -“Learning alone without any friends, one is cut off from the world and knows little”.

George Bernard Shaw said something similar “If you have an apple and I have an apple and we exchange these apples, then you and I will still each have one apple. But if you exchange ideas, then each of us will have two ideas”. This is exactly how we should learn, learn by sharing with friends and peers, learn by exchanging ideas. The audit community knows this better than many others, for what INTOSAI promotes exactly, is – “Mutual Experience benefits all”.



**HAIYING JIANG**

*Director-General of International Cooperation , National Audit Office of China*

## Opportunities for interregional cooperation

***Feb 10, 2017***

In my work with the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) over the past five years, it has been gratifying to see oversight bodies cooperate more closely. In particular, eLearning courses and coordinated audits involving hundreds of auditors in the region have markedly strengthened institutional and professional capacities. For example, performance auditing functions that were nascent or nonexistent in some SAIs developed rapidly as a result of these initiatives.

As Brazil’s Supreme Audit Institution (SAI)—which has promoted and consolidated this strong technical cooperation in the region—transitioned from chairing OLACEFS to leading its Capacity

Building Committee (Comité de Creación de Capacidades, or CCC), I reflected on the way forward, on how to expand our horizons. Undoubtedly, other INTOSAI regions had valuable initiatives that could benefit our region, while we could share some of our best eLearning courses, among other products, with the international community.

The current, broader context in which the international auditing community operates is highly

favorable for expanded interregional cooperation. Technological and pedagogical innovations have allowed for tremendous gains in the scale of capacity-building and other cooperative programs. The Sustainable Development Goals (SDGs) have provided a common language and perspective for SAIs to collaborate in tackling a broad series of auditing topics. Meanwhile, the framework of International Standards of Supreme Audit Institutions (ISSAIs) has become more comprehensive and provides an increasingly solid bedrock for professionalization. Finally, as evidenced in the 22nd INTOSAI Congress recently held in Abu Dhabi, INTOSAI regional organizations, committees, and working groups are more active than ever, striving for more results-oriented approaches to shared challenges.

I believe we should seize this opportunity to break new ground in cooperating across regions. While many services and solutions will continue to be local and address regional specificities, interregional initiatives can coexist with and complement them. For example, when OLACEFS' CCC creates a Massive Open Online Course (MOOC) on auditing the SDGs this year, it should collaborate with the CBC in planning to develop it for a global audience, with versions not only in Spanish, but also in Portuguese and English.

Existing eLearning courses, in a traditional format, can also be adapted and translated for offering across regions. Ideally, SAIs in different regions could provide tutors, allowing these courses to reach a large number of students internationally. Shared tutoring has worked successfully in the CCC, which plans to intensify this type of horizontal cooperation in OLACEFS. The INTOSAI Development Initiative (IDI) has also used it successfully in many of its global programs.

Even cooperative audits, which have become increasingly common in various regions, may provide an opportunity for interregional cooperation. In OLACEFS, Brazil's SAI has developed a high-impact capacity-building strategy for conducting coordinated audits that involves a combination of methodological and thematic eLearning courses, hands-on workshops with the participation of outside specialists, and joint planning and consolidation seminars. SAIs and their staff strengthen capacities, while the consolidated audit findings provide the basis for papers that present unique regional perspectives on common problems.

With SDGs and a consolidated ISSAI framework supplying common international goals and methods, it seems plausible—and exciting—to imagine that audits could be coordinated across regions, functioning as an innovative mechanism to strengthen SAIs and, in turn, help countries better tackle pressing global challenges.



**VICTOR LAHIRI HART, OLACEFS**

*Secretary of International Relations Dept, Brazil - Federal Court of Accounts*

# A SAI Mentor's Commitment to help build SAI Capacity

*Jan 23, 2017*

It is said that to whom much is given, much is expected. This usually comes to mind, whenever I get to think of the opportunities that Supreme Audit Institutions (SAIs) have given to their personnel like sending them to training programs, knowledge sharing workshops, conferences and the like. This effort of a SAI can be likened to a person planting a seed that needs to be nurtured till the seed becomes a tree where birds can build their nests, provide food, offers shade and comfort to passers-by and such other benefits that only a full-grown tree that has reached maturity can provide.

Like the seed that needs to be nurtured and watered, a SAI mentor needs the support of the SAI's senior management to be able to put to good use the knowledge that he has acquired. He cannot do it alone. He needs a support system at the different levels of the SAI, especially at the level of top management. At most, he can share his advocacies. However, to create a following that would implement in the work place, say the ISSAIs, he needs the authority from the SAI leadership. Otherwise, the seed will not grow to its fullest potential, no matter how committed and dedicated the SAI mentor is.

I'm sure there are a number of good practices in the SAIs that can inspire other SAIs to replicate in their own local setting. One of these is the support given by the top management of SAI Philippines to its designated Mentors/Resource Persons who have been trained by the IDI (INTOSAI Development Initiative), and the ASOSAI (Asian Organization of Supreme Audit Institutions) and ASEANSAI regions (Association of Southeast Asian Nations) on capacity-building. These mentors formed into a group to study the ISSAIs, among other topics; develop training materials; and act as Resource Persons in our training programs. A portion of our local budget is allocated for the purpose. So whatever we learn from capacity building interventions, local and international, we plough it back to our SAI by capacitating our own personnel using the knowledge and methodology that we gained from these activities.

The most difficult part in a mentor's life is when he goes back to his SAI and packages his newly acquired knowledge so the SAI personnel listening to him in the classroom will be able to understand and implement the same in his work place. It tests the mentor's mettle and creativity to develop strategies, tools, materials, exercises etc., to reinforce the application of the concepts discussed in the classroom. This makes mentoring a very challenging job, especially if this is met by an attitude that resists change. However, with the support of the other mentors in the group, and that of the SAI's top management, challenges may be easier to handle.

What incentivizes the Mentors Group is how the group discussions and debates have enriched and broadened our understanding of a particular topic. The disagreements that we have successfully resolved became an opportunity for us to strengthen our knowledge base and allowed us to develop training materials that address the issue that triggered the disagreements. It allowed us to discover our strengths, our wrong perceptions and interpretations, and correct ourselves in the process.

Not to be forgotten is what we have learned from the experts of SAI Sweden. The technical support that we generously received during our ASEANSAI workshops was overwhelming. Our questions were addressed with very practical answers that we can relate to our environment. Working with our SNAO experts makes me feel that if they are that devoted in helping our SAI and ASEANSAI, the more we should do the same to our SAI auditors. This is tantamount to giving back or sharing the opportunities given us by our SAIs. Thus, to reinvent the words of Spider Man, I say, “with great opportunities, come great responsibilities”. Indeed, our respective SAIs are our responsibilities.

I would also like to borrow a favorite line from Mr. Kimi Makwetu, CBC Chair and Auditor General of South Africa: “Global Profession, Local Solution”. Verily, solutions can be had locally with the presence of devoted Mentors and a SAI that commits itself to support these Mentors.



**MS LUZ LORETO-TOLENTINO**

*Assistant Commissioner, Professional and Institutional Development Sector,  
Commission on Audit, Republic of the Philippines*

## Retaining Staff

***Dec 21, 2016***

**We train them and then they leave!**

As we implement the ISSAIs, especially the financial audit ISSAIs, we need professional staff but how do we train and re-train them? In one way or other this was a constant refrain in the formal and informal discussions at the recent Congress in Abu Dhabi. Once we have trained people, and especially once they have professional accounting qualifications, how do we pay enough to keep staff. This is not an easy one to solve and is something Auditors-General and Senior Managers wrestle with across the SAI community. But there are some solutions which I have seen work.

At base, it is important to understand the market in which a SAI operates. What is the going rate in the private sector or in other parts of the public sector for qualified accountants or auditors? It is useful to engage a consultancy body with experience of carrying out such comparator exercises? In one country where we did this the comparators were some of the private sector firms but also the Revenue Authority. Knowing the going rate is a useful starting point. A SAI may not need to match the private sector completely because working in the public sector brings many other benefits which are not available to the private sector – usually better pensions, access to wider training opportunities, longer holidays and shorter days, better job protection, a wider variety of work, and the public sector ethos of contributing to wider social benefits. However, having hard data of this kind makes it easier to make a defensible case for salary uplifts (if warranted) with Parliaments and Ministries of Finance.

In situations where a SAI needs to follow public sector wide salary bands, then it can be difficult to make a special case for improvements to the salaries of SAI staff. Again data on turnover or problems with recruiting qualified staff should be collected to help substantiate claims. But equally a SAI can forge links with other key public sector bodies needing to employ qualified financial experts for example the Ministry of Finance, Revenue Authority and Internal Audit Services and make a joint proposal to the Public Service Board or equivalent putting the case for a more market responsive salary scale for financial staff. Such cases can be made stronger if the SAI shows how recruiting qualified financial staff can generate efficiencies and not just lead to an increased staffing bill.

Where the SAI is a training organisation, then it risks losing a proportion of these staff once they gain their professional qualification. The UK NAO provides for this risk by training more than it wishes to eventually retain – recognising that even during training such staff are productive and play a major role in carrying out the routine aspects of the annual audits. At the same time, it is important that these trainees are well supported and motivated during training so that they can see a satisfying career in the NAO when they become qualified. Early in their career we seek to expose these newly qualified staff to a wide range of interesting assignments, to continue to invest in their professional development and to make sure they feel valued members of the organisation. In Rwanda a number of years ago, a colleague asked one of the shining middle-manager stars what it would take from the SAI to keep people like him in the office, as she had identified him as just the type of person the office would need in order to keep progressing. His reply was that a recognition such as that would go a long way. If he only knew that top management saw him as an important part of the office's development and that they were willing to invest in him that would make a difference. He said nothing about the salary.

It is also sometimes practical to make sure that the accountancy or audit qualification offered by the SAI is one which is oriented to the public sector (so making private sector poaching less likely). In other situations, a SAI may choose to offer staff accounting or auditing certificates or diplomas which are at sub-professional level with only a few being taken through the full courses needed to become full members of the professional associations.

But staff will leave – and it is important that their leaving is managed well. They can be important ambassadors for the SAI when they move elsewhere, they can make useful contributions to improving public financial management elsewhere and in some cases they may want to come back with new skills and experiences into more senior roles in the SAI. It can be a win-win!



**DAVID GOLDSWORTHY**

*Former Head of Technical Cooperation and International Relations,  
National Audit Office - United Kingdom*

## The INTOSAI Journal: new ways of promoting SAI capacity building

**Sep 16, 2016**

The Journal is the official communication and information sharing tool of INTOSAI and is published by the Government Accountability Office—the SAI for the United States. The Journal is translated into its five official languages with the help and in-kind contributions of SAIs, and the Board of Editors, Board of Directors, and GAO’s Strategic Planning External Liaison provide oversight and/or operational responsibilities.

When I assumed responsibility as Assistant Editor for the International Journal of Government Auditing (the Journal), of course the first thing I did was take a look at previous issues. I wanted to get an idea of the typical content, the typical structure.

Mind you, I do not have a background in auditing and admit being unfamiliar with the International Organization of Supreme Audit Institutions (INTOSAI). But, what I do bring to the table is many years of experience in the communications field, including writing, editing, graphic design, broadcast journalism and public affairs. As I perused what was considered to be the voice of INTOSAI, I wondered...could it do more? Could it be more? Apparently, I was hungry when I began writing this blog, for the first thought that came to mind was that reading is a lot like eating.

You eat with your eyes first. One of my initial goals was to completely overhaul the layout and design of the Journal. I wanted to give it a more modern, yet corporate, look with an emphasis on accessibility and readability. And, you may have noticed the incorporation of fresh, dynamic graphics. Nothing quite says “dig in” like a good corresponding visual

or two. The idea is to get beyond the first bite, to engage the reader, to entice those who have opened up the pages to delve wholeheartedly into the articles.

A source of nourishment. Just as food sustains the body, reading feeds the mind. After having read numerous submissions, it was clear...the auditing community has a ton of good material to digest, and you can really get a lot out of it. What the Journal should be is what I would like for it to become...a more robust, helpful instrument for auditors.

The Journal should be a conduit for learning, a path to promote transparency and good governance, a means to communicate and transfer knowledge and experiences. I am captivated by the notion of capacity building and inspired by the efforts the INTOSAI community has embraced to develop and cultivate innovative practices that enable Supreme Audit Institutions (SAIs) to gain and enhance competencies.

To help fulfill this notion and further expand the mind (and not the waistline), the Journal will feature a new section, "Spotlight on Capacity Building." The goal is to highlight tools, guidance and testimonials from the audit community, inspire contributions and encourage the sharing of best practices.

You can eat something once, but you can read something several times. To broaden international auditing publicity, foster connectivity, and boost collaborative efforts, I would like to build on existing opportunities to share auditing news...whenever and wherever possible.

Blogs, articles, images, and links to published newsletters and journals developed by the various working groups, committees and regions throughout INTOSAI are just some of the things we can exchange to encourage readership and engagement. If we combine resources, use all of the media at our disposal and avoid duplicating efforts, we can certainly increase our efficiencies in disseminating news and events on a global scale. It isn't about what I do or what you do...it is about what WE do!

Working together to create an exciting, informative, educational reading experience that can further enable capacity building and grow from best practices in communication is my goal. I close by reflecting on a previous blog in the CBC newsletter authored by the SAI of Norway's Head of International Relations.

It is true..."No SAI is an Island", but a good Journal can be like an island to those who want an escape.



**HEATHER SANTOS**

*Assistant Editor, The International Journal of Government Auditing , U.S. Government  
Accountability Office (GAO)*

## No SAI is an island

*Jul 15, 2016*

Haraka haraka haina baraka is a Swahili proverb that directly translated says “Hurry, hurry, has no blessings”. This is the English equivalent of the expression “more haste less speed”. If something is important and needs to be done well then it should not be hurried just for the sake of completing it quickly.

This is a wise proverb for many aspects of life. In my experience, this is particularly crucial when seeking to build the capacity of institutions. For the last ten years, the Office of the Auditor General of Norway (OAGN) has been actively involved in helping strengthen the capacity of supreme audit institutions (SAIs) in developing countries and newly emerging democracies. What has struck me most is the long term perspective and endurance one has to have as a partner in trying to support often underfinanced, non-independent and understaffed SAIs in fragile countries. That is also why sister organisations, like my own, have not only an obligation to support other SAIs, but why we are often also in a better position to work on a long term basis with partner SAIs than private consultancies with staff on short term contracts. You need time if you want to contribute to lasting changes. The technical aspects of training auditors, introducing new standards, making manuals, and drafting a strategic plan are relatively easy to fix and can be signed off within a short time frame. If the goal, however, is to build mutual trust and change the way an organization works, reports and influences the society in which it operates, the supporting partner has to be prepared for a long and bumpy road. Our office, like others in the SAI community, has been ready for this journey when we enter into partnerships – as long as our partner is equally committed. It obviously takes two to tango!

My generation of Norwegians has enjoyed a sharp rise in its standard of living over the last 40 years; aided by the competent and transparent management of our country's petroleum resources. Receiving many requests for support from other SAIs, as their countries embark on petroleum production, made us realize that our SAI may not only have a moral obligation to support SAIs in such a context, but that we might also have a comparative advantage in assisting other SAIs when it comes to auditing the petroleum sector. Again, this is a sector where we have observed that it takes time for a country to develop strong institutions to help ensure that windfalls from the sector benefit the citizens of the country. So to help other SAIs play a constructive role in auditing their government's engagement with the petroleum industry, we have now established a petroleum programme. The aim of this programme is to help colleagues in other SAIs improve their understanding of the petroleum industry and build the auditing skills of staff. It would be an excellent idea for other well-resourced SAIs to explore their comparative advantages to see where they are best placed to offer targeted sector specific support to partner SAIs.

As the OAGN has celebrated its 200 years anniversary this year, I have also been reminded of the importance of time. There have been periods in our SAI's history that

can be described as a dark age for public auditing. Some 100 years ago, Norway was characterized by corruption and a lack of transparency. Our move towards being a professional audit office in a transparent country has not happened quickly nor in isolation. These improvements are very much a result of our active involvement in the global community of SAIs and our capacity to learn and adapt over time.

To paraphrase the English Elizabethan poet, John Donne: No SAI is an island, entire of itself.



**GRY ANETTE MIDTBØ**  
*Head of International Relations, SAI Norway*

## Communicating effectively with audit reports

**Jul 1, 2016**

“The single biggest problem in communication is the illusion that it has taken place.” – George Bernard Shaw

When it comes to communication, never have truer words been said. Too often, the act of sending an email, having a conversation or publishing a report, is considered to be effective communication. Less often, ensuring the intended message reaches the intended audience at the right place and time is given sufficient thought and planning.

Who is our audience? Despite popular belief, it is usually not other auditors! Our audience is the mailman, the street vendor on the corner, a politician, a grandmother, a small-business owner and a student. Our audience is the average “man on the street” who, whether they know it or not, need to be empowered to hold their governments to account. It is this challenge that must be confronted by SAIs if we want to make a difference in the lives of our citizens. We cannot simply be satisfied with producing technically excellent audit reports. To truly claim full compliance with the ISSAIs, the requirements of ISSAI 12 on the Value and Benefits of SAIs, demand that we consider the needs of our audience as a primary consideration when drafting an audit report.

A lot has been said and written about the need for simplified, clear and understandable audit reports, and yet this continues to be a challenge. Our audit reports, especially financial audit reports, walk a tightrope between providing objective, unbiased and factual

information and; providing understandable messages that enable change to happen. Striking the right balance requires careful planning and a clear intent of what impact the report should make. Unfortunately too many audit reports still require the reader to apply complex cryptography skills just to decipher what the real message is! However, by putting yourself in the shoes of your audience, and considering what they can and should do with the information, it suddenly becomes about more than just relaying the facts. We can make it easy for our audience by getting to the point, and getting to it quickly. For example, a short, jargon-free executive summary that highlights only the most important aspects of the report, is one of the simplest methods of getting the right message across.

An audit report is essentially a communication channel whereby the auditor can tell the executive where the shortcomings are in its operations; can enable the legislature to apply effective oversight and; can empower citizens to demand accountability on how their tax money is spent. That is a tall order, but challenge that we are uniquely capable of meeting. To quote Ms Obiageli “Oby” Ezekwesili, co-founder of Transparency International:

“...there are no [other] technical experts within the public sector that have the privilege of the depth and range of the information on adaptive problems that each of our countries and their institutions ought to be urgently remediating in order to entrench transparency and accountability, tackle corruption, improve good governance, raise our productivity and become competitive globally. ...You are more influential than you ever imagined.”



**ANNERIE PRETORIOUS**

*Communications Manager, AFROSAI-E*

## **Leadership Development – A Prerequisite for Sustainable Capacity Building**

***May 24, 2016***

Capacity building has occupied the centre stage in the INTOSAI arena for many years and will continue to do so for the foreseeable future. Over the years, the INTOSAI community has produced numerous guidelines, frameworks and best practices designed to help SAIs bridge capacity gaps in almost all aspects of SAI work environment, from auditing standards and methodologies to human resource management, performance management, information and communication technology, stakeholder relations and citizen engagement to name a few.

While this is a clear demonstration of the SAIs' overwhelming desire to achieve a greater impact on society through improved performance and better utilization of available resources, the undeniable fact is that many SAI's are still unsatisfied with the level of progress they are making in translating this aspiration into measurable and sustainable results.

SAI's continue to spend considerable resources in implementing new systems and methodologies only to see them sitting on the shelves gathering dust or confined to the bottom drawers in management offices. Many changes to working practices and procedures were painstakingly made but were either quickly rebuffed or quietly resisted by staff at the implementation stage. In all cases the end result is that SAI's have failed to realize the full benefits of such initiatives.

### “Capacity building involves change and change requires leadership”

According to the CBC publication entitled “Building Capacity in Supreme Audit Institutions – A Guide”, capacity building is a complex process of organizational change. The guide also states that “...Experience has shown that, to succeed, a capacity building program must have the full support and commitment of the senior management of an SAI”. If you look closely, you will realize that almost all of the capacity building interventions available to date require changes to be made whether in the organizational structure, legal framework, business processes, human resources, technology etc.

SAIs implementing such interventions without making the required changes will almost always fail to realize the benefits thereof. In cases where leadership skills are lacking, embarking in the implementation of such initiatives amounts to “putting cart before the horses” and, as a result, many SAIs will continue to revolve in the vicious circle of building technical capacity only to lose the best of their talents to other public or private sector organizations.

### “There is light at the end of the tunnel”

It is quite heartening to see the topic of leadership development gradually gaining priority and popularity in the INTOSAI community. The IDI has recently announced its Young Leaders Program to start in 2017. AFROSAI-E has identified leadership development as one of its strategic priorities and already launched a pioneering Executive Leadership Development Program in partnership with the Swedish National Audit Office (<https://afrosai-e.org.za/executive-leadership-development>).

Having been one of the participants in the latter program, I can now clearly see the positive impact of leadership development on the successful implementation of capacity building strategies. Gaining a better understanding of how my own behaviour as a leader is affecting the outcome of capacity building efforts was one of the most important learning points for me. Following a systematic change management approach, broader involvement of staff, communication and celebration of small successes along the way also stood out as critical factors that we need to take into consideration when implementing capacity building projects.

## Are SAIs ready for this mind shift?

No one can deny the need to build the technical capacity of those at the grass roots of the SAI; it is an absolute necessity for the SAI to function properly. However, to overcome the above mentioned challenges, SAIs should focus their attention more on the leadership skills of those at the top layer of the organization. This is where the strategic direction is set and decisions are made to ensure sustainability of success and retention of technically proficient and engaged work force.

With highly skilled and well equipped leadership teams, SAI's will be able to:

- Take a holistic and strategic approach to capacity building by articulating a vision, setting strategic priorities and managing implementation with the “big picture” in mind.
- Manage change in a realistic and controlled manner taking into account the crucial influencing factors such as organizational culture, staff readiness, communication and follow-through to achieve objectives.

As we all know, there is no shortcut to success. Leadership development is a long term undertaking which takes a considerable investment of money, time and effort, but the rewards will more than likely outweigh the costs.



**ABDALLA H. HAMID**

*Deputy Auditor General, National Audit Chamber - Sudan*

## The influence of climate change and the challenges created for small islands SAIs

**May 10, 2016**

When Tropical Cyclone Winston hovered around the Pacific south-seas in late February 2016, it reaffirmed the reality of impact that natural disasters have and the destructive effect of climate change that will continue to affect the Pacific region. As a Category 5 cyclone, Winston hit the Fiji Islands at an unprecedented scale. Two more cyclones followed in the same region.

In the Pacific, climate change is a matter of survival. The complex process of recovery, rehabilitation and reconstruction poses real threats and challenges to governments, institutions, communities, families, individuals, businesses and donors. The economic systems and social structures of these nations are tested; integrity, reliability and resilience within these systems are needed.

As much as natural disasters can create immediate infrastructure needs, government and non-government agencies are required to immediately galvanize to manage aid and financial assistance from various countries, donors, international institutions, and individuals. Strong in-country systems are needed to manage the use of emergency budgetary allocations and the distribution of aid — cash and in-kind — honestly and fairly to those most affected and truly in need of assistance. A responsive emergency strategy facilitates effective coordination, timely action, targeted programs, and improved public accountability (see INTOSAI's standards for auditing disaster related aid (<http://www.issai.org/media/79452/issai-5520-e.pdf>)).

In April 2015, PASAI reported its findings from a cooperative performance audit on Climate Change Adaptation and Disaster Risk Reduction Strategies and Management. I learned that these threats and challenges require strong individual commitment, collective stakeholder efforts, and robust institutional systems to prepare a country for the impact of natural disasters that are occurring as a direct result climate change. All of us in small islands need to be mindful of the risks we face and make sure that we have robust plans in place to deal with disasters. With this in mind we in the Pacific collaborated with colleagues in the Caribbean to produce the CBC Guide Business Continuity Planning. ([www.intosaicbc.org/business-continuity-planning](http://www.intosaicbc.org/business-continuity-planning)).

Equally important is the demand for a strong Supreme Audit Institution (SAI) to carry out its audit functions with accountability and transparency to ensure that allocated resources are used wisely and properly accounted for and reported. For these audit functions to be effectively carried out, SAIs need to be adequately resourced with both human and physical capital, with a clear strategic direction. Citizens of all countries should be entitled to quality audit services.

The small islands Pacific SAIs face ongoing challenges that could potentially impair delivery of a quality audit service. These challenges include a lack of audit capacity, lack of staff with professional accounting qualifications, high staff turnover, frequent staff absences due to communal or cultural imperatives, lack of strategic direction, and inadequate opportunities for professional development. Despite these challenges, significant efforts are being made by these small island SAIs to effectively carry out their mandates and to fulfil the accountability role given to them by their citizens. These efforts are supported by financial assistance from related institutions, donors and development partners. PASAI is working with our SAIs with the ultimate goal of reassuring citizens of small island countries that, despite the devastating effects of natural disasters, their SAI is watching to make sure assistance is shared and distributed fairly, leaving no one behind.



**TIOFILUSI TIUETI**

*Chief Executive , PASAI Secretariat*

## Expanding I – Leadership Development

**Apr 21, 2016**

During the IDI's Global Leadership Symposium in Shimla, India, last November the participants consisted of SAI young leaders – and SAI experienced leaders from different INTOSAI regions attending the meeting. Ms Archana Shirsat, Deputy Director General & Head of Capacity Development at IDI (INTOSAI Development Initiative) in this blog item shares her experiences from the symposium.

-“What defines your generation?!” I asked a bright young lady sitting in the leadership symposium.

-“It is all about me” she said!

The quieter young persons in the room nodded in agreement. The more seasoned leaders looked on with interest. So, the younger generation mainly think about themselves?? I found their honesty refreshing and I admired their courage! They were not afraid of being judged as selfish and self-centred. They said this as if it was the most natural thing to say. As I interacted and watched other leaders, as I reflected on my own actions, I became acutely aware that the young lady's response was true for all of us!! After all, it is only natural that each person mainly thinks about themselves, their thoughts, ideas, successes and failures.

On the other hand, many of the leadership development theories and best practices that I have been exposed to, talk about developing leaders who create opportunities for others, open doors, show compassion, care, and give back.

Are we chasing impossible dreams? More importantly, are we barking up the wrong leadership tree by requiring people to be other than what they are? How do we balance this contradiction between our nature and recommended best practices? I had been thinking about this for some time when I started browsing through my old copy of 'Little Prince' by Antoine De Saint-Exupery. This time when I read the conversations between the prince and the business man, the prince and the fox ... it got me thinking..... When the businessman in the story thought he owned stars because he counted them, the Prince reacted by saying 'But you are of no use to the stars'. The fox brought this truth again to the Prince by saying 'You are responsible for what you own'. If the younger generation's leaders primarily focus their attention on themselves, leadership development can be about facilitating a process of expanding their sense of self and 'I' to include and take responsibility for the things they own. My team, My SAI, My community.

What will it take to facilitate the expansion of 'I'? Exposure to a wide set of experiences, thoughts and cultures? Opportunities for deeper connect with the team, SAI and community? A recognition at the SAI and community level of the contribution made by the young leader?

A culture that encourages and rewards such contributions? I believe it will take all these and much more. A good starting point would be to provide opportunities for the individual to develop an understanding of their 'I'. It is possible to reach out to others only when you are comfortable under your own skin. For some of us, that is a lifetime effort .....



**ARCHANA SHIRSAT**

*Deputy Director General & Head of Capacity Development,  
IDI (INTOSAI Development Initiative)*

## **Business: the neglected stakeholder**

**Feb 11, 2016**

Much has been made in recent years of the need for Supreme Audit Institutions (SAIs) to engage with our key stakeholders. We need to reach outside our organisations to make sure that we learn: what the concerns of citizens are; where government services are under-performing; and where public funds are at risk. We also need to reach out to these key stakeholders to make sure that our messages and recommendations get widely disseminated, are understood and implemented.

When most SAIs think of stakeholders this is usually taken to mean civil society organisations, parliaments, auditees, or the media and very rarely business. Yet the existence of effective, and independent SAIs should matter to business; SAIs and business should be natural allies.

When companies invest in an economy they want to know that the public finances are well managed and the taxes they pay will be fair, efficiently collected and properly used. The routine financial audits conducted by SAIs can provide a degree of assurance that a government is managing public finances well and if it is not that prompt action is being taken to deal with weaknesses.

Businesses interact with the state at many different points – for example when registering new businesses, paying taxes, complying with regulations and when selling goods and services to the state. They often complain of the costs of such interaction – claiming that it takes too long to deal with government, that the regulations are excessive, or that goods are pilfered during transit through customs at ports. Some of this at times may be special pleading, a way of trying to reduce costs and not pay a fair and reasonable

amount into the public coffers. But equally many of these complaints are justified and too often states interact with business in ways which are a drain on the economy and reduce the overall rate of growth.

Well chosen performance audits or value for money studies can help highlight areas where government interactions with business can be improved and costs reduced. For example, when the UK National Audit Office examined whether government was paying business promptly for goods and services, we found that:

UK businesses welcomed the government's commitment to pay invoices early. However, there had been a disappointing lack of effort by government to check whether the implementation of the policy was actually helping small to medium size enterprises. We were also seriously concerned about the prompt payment performance figures publicly reported by departments. These were overstated by the four departments we looked at. Paying government suppliers on time HC 906 January 2015

Paying businesses late can be very costly for small businesses and in some cases force them to close down. Efforts by SAIs to improve government performance in this area can have serious long-term economic benefits. This is one example but there are multiple other studies which SAIs could undertake and which would have beneficial impact on business. For example, examining whether procurement rules are operating in a transparent and effective way, and whether tax repayments are made promptly.

Of course some individual businesses may not want reforms to occur believing that ineffective or corrupt government systems mean they can bribe their way to success but business associations and leaders usually take a more enlightened view. They are often keen to engage more closely with SAIs and this engagement can take many forms including:

- Talking at annual conferences of business associations so that members better understand the work of SAIs and the potential benefits to business;
- Encouraging business associations to bring to the SAI's attention areas of risk, waste, inefficiency;
- Communicating the results of key audits to business through articles in business journals or on their websites – encouraging them to monitor implementation of recommendations;
- Ensuring that in the SAI's annual plan of performance audit there are always a few which can be seen to have a direct relevance to business; and
- Demonstrating to business that SAIs are open, transparent, well governed institutions which practice what they preach and can be beacons for both the public and private sectors.

INTOSAI is currently developing a new strategic plan and is looking at how it engages better with all its key stakeholders. Developing links with business will grow in importance and it will be useful to share more widely examples of how our work has helped businesses in their interaction with the state.



**DAVID GOLDSWORTHY**

*Head of International Relations and Technical Cooperation,  
National Audit Office - United Kingdom*