



Insights Report by the SAI PMF Independent Advisory Group (IAG)

(Prepared for submission to the November 2024 INTOSAI Capacity Building Committee meeting)

1. Introduction

Given its advisory role regarding the strategic direction, maintenance and implementation of the SAI PMF, the IAG held four meetings in the last 12 months. At the meetings, the IAG received updates from the IDI and CBC Secretariat and, based on inputs from the IAG members, considered and discussed several issues relating to the relevance and the utilisation of the SAI PMF by the SAI community. This insights report provides an overview of the main issues considered and the IAG's advice on specific issues for the CBC to take into consideration.

The IAG discussed:

2. Publication of SAI PMF reports –

- The IAG acknowledged the slow progress on publication, stating that one main reason was fear of reputational damage to the SAI. Additionally, some SAIs are constrained from publication by political considerations.
- The chances of publishing the full SAI PMF report are higher when the assessment results are promising and lower when the assessment results are poor.
- An alternative to publishing the full report is to publish assessment findings without scores.
- Publishing an anonymized consolidated report highlighting trends in SAI PMF assessment results at the regional level is recommended.

3. Revision of SAI PMF –

- Feedback from the consultation phase confirms it is a good time to conduct a 'hard' revision of the SAI PMF.
- The SAI's HR strategy should include criteria on gender, inclusion, and diversity. In addition, it is important to integrate sustainability reporting because it is a rapidly growing governance practice.
- The IAG recommended to include criteria that assess if the SAI prepares a summary of its annual report with improved readability to enable a broader audience to read and understand it. This, in turn, will enhance the impact of the SAI's reports.
- The IAG also recommended to include criteria that assess if the SAI's annual report is published in a local language for easier understanding by the local population and in a foreign language where appropriate.
- SAI PMF criteria to consider aspects of risk management from various risk perspectives.
- The extent of the revisions to the framework should consider the SAI's capacity to conduct the assessment in terms of the available financial and staff resources.

4. e-SAI PMF –

The e-SAI PMF is a game changer as it comes with the benefit of streamlining the assessment process, resulting in improved efficiency and timeliness in completing SAI PMF assessments. It is available to all SAIs. However, the security of the information should be well-guarded.

The e-SAI PMF can facilitate anonymous consolidation of assessment results. Anonymising the assessment results can encourage the publication and sharing of assessment results. This approach has been adopted in Brazil at the subnational level.

The IAG was suggested to:

- Add the evidence as a link in the same workspace where the assessor is assessing an indicator, rather than placing the evidence in another separate workspace.
- An Inter-American Development Bank (IADB) experience was shared, having participated in the SAI PMF assessment conducted by the Bahamas (funded by the IADB). The e-SAI PMF was helpful in ensuring compliance with the assessment process, consistency within the assessment team, communication, quality control, and progress monitoring.

5. **SAI impact and how this can best be reflected** in the SAI PMF report -

- a) The difficulty in discerning impact was acknowledged. The current SAI PMF successfully addresses the idea of SAI impact and relevance in quite a few areas. The question, however, is whether INTOSAI can enhance the framework further to strengthen reporting on impact and relevance in the analytical section of the report. Assessors must have the technical ability to write the analytical section of the report in a way that vividly highlights impact and relevance.
- b) Many assessors seem to encounter challenges in demonstrating SAI impact and relevance in the analytical section of the report despite the guidance provided in the SAI PMF document. Spending more time training assessors on writing the analytical section of the report could be one way of addressing this weakness.
 - Even if the SAI has a great impact, it may be difficult to prove it due to the absence of data. SAIs should still be encouraged to identify and collect data that may measure their impact in one way or the other. The impact of a SAI can also be demonstrated by telling an impact story using example of how a SAI concretely made things better for society. This approach could communicate impact and relevance better to the broader public than pure numerical measures (figures).
 - It may be good to think about improving the methodology for measuring impact. The impact on the citizens is not immediate and not easy to see. The IAG proposed that a benchmarking exercise be conducted to establish the various methods SAIs use to measure their impact and relevance. This exercise will indicate if there are lessons to be learnt and practices to be shared.
 - In this context, improving the readability and understandability of the analytical section of the assessment report may be thought about.
- c) SAI Norway shared an experience **Assessment of SAI impact or results:**

- In Norway, the reputation of public institutions is measured against a set of criteria.
- In 2024, the SAI of Norway had the best reputation among public institutions. This means the SAI ranked high on public trust among public institutions in 2024. The SAI investigates issues that are important to the citizens. In turn, society views the SAI as a relevant institution.
- Effective and proactive communication is instrumental in demonstrating impact and relevance for the SAI of Norway.

6. SAI PMF 2025 version – broad (hard) revision of SAI PMF:

The IAG exchanged views about the following:

a) *Suggested ICT and Administrative Support Services – Domain D*

- ICT should be integrated into the SAI PMF because of its central role in the delivery of the SAI mandate. Exploring how SAI PMF can benefit from the use of artificial intelligence (AI) is recommended.
- Regarding the criterion on the responsibility for providing IT support under SAI 21, dimension (iii) – *Administrative Support Services*, it was observed that in some small SAIs, auditors have taken up the responsibility of providing administrative IT support in addition to their routine audit function. Ideally, this should not be the case since the competencies required for providing administrative IT support are different from the competencies required to conduct IT audits.

b) *Risk Management*

IAG members agreed with the proposal to integrate risk management in SAI PMF. They observed that it was necessary to note the distinction between risk management from the perspective of corporate governance and risk management at the audit engagement level (domain C) since these two forms of risk management serve different purposes. A comment was made that in some organisations, the importance of risk management is usually only seen once a crisis occurs.

c) *Gender, Inclusiveness and Diversity*

A concern was voiced that ISSAI 150 – Auditor Competence, does not cover aspects of gender, inclusiveness, and diversity. In the future, in the revised domain E, a criterion will be added that requires the SAI's HR Strategy to cover aspects of gender, inclusion, and diversity.

d) *Sustainability Reporting*

It is suggested sustainability reporting be integrated in the SAI PMF as per the suggestions received from the consultations. Sustainability reporting is a rapidly growing corporate governance practice, and there are standards against which the performance of the SAI can be measured, e.g. reporting under the SDGs.

e) *Proposed additions to Domain A*

the approach for selecting audit topics should be risk-based. It may be counterproductive to try to cover the minimum of six performance audits across the sectors prescribed by the criterion if these sectors do not align with the SAI's priorities from its risk assessment.

The criterion requirement should be adapted to the capacity of a SAI. Big SAIs may have the financial and human resources to conduct several performance audits and are consequently in a better position to fulfil the criterion requirement. However, small SAIs may need more resources to conduct performance audit at the scale prescribed by the criterion. Also, the number of audit topics should be re-considered as it can be a challenge to fulfil the criterion requirement due to inadequate staff resources in smaller SAIs. Additionally, it is important to consider that a SAI may have priorities that are not aligned with the audit areas prescribed by the criteria.

7. Reflection on IDI's Progress Note (for October 2023 – September 2024)

Following IDI's presentation of the Progress Note, IAG members:

- a) Reflected on performance against the 5 Outcome Indicators.
 - b) Agreed with plans to have intense promotion of SAI PMF, starting early next year and leveraging the revised framework in the process, especially among SAIs not participating in the SPMR programme.
 - c) Welcomed the suggestion of closer collaboration with other diagnostic tools custodians and offer to facilitate the relations.
 - d) Raised questions on the QA process and independent reviews, the geographical differences in the use of SAI PMF, the status of the SAI PMF 2025 revision.
 - e) Confirmed their willingness to be associated at an early stage to the review of SAI PMF 2025 update.
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