



EUROSAI regional paper for INCOSAI, theme I: Sustainable Development Goals  
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## Harnessing the potential for SAIs to contribute to the success of the Sustainable Development Goals

The United Nation's 2030 Agenda for Sustainable Development is of unprecedented scale, universality and ambition. For the next 15 years, the entire world, developed and developing countries alike, are committed to achieving sustainable development in a balanced and integrated manner, focusing on its three dimensions – economic, social and environmental – as well as institutional/governance elements. Progress on the Agenda's broad 17 Sustainable Development Goals (SDGs) and 169 targets will depend on how successful governments are in tackling key systemic barriers to sustainable development, and on how well they will reconcile these commitments with their own national realities, priorities, capacities and levels of development.

The SDGs have the greatest chance of being achieved if they are explicitly contained within a national plan with specific assigned responsibilities and accountability arrangements, and progress is measured through reliable and timely monitoring data. SAIs are well placed to help and contribute to this process through advice, assurance and assessment.

SAIs can demonstrate their relevance by taking advantage of this opportunity within the context of their individual mandates and available resources. SAIs should also continue to ensure that they are models of accountability and transparency in the way they are organised and run. Furthermore, through their active collaboration and interaction in regional, thematic and global groupings within the INTOSAI community and elsewhere, SAIs can make valuable contributions on issues affecting national readiness and preparations for the SDGs, as well as on the gradual implementation, monitoring and reporting on progress.

EUROSAI welcomes the challenge being presented to the SAIs and, through this regional paper, provides its feedback on the four approaches proposed in the INTOSAI Theme Information Paper, including the opportunities and implications for the region. The SAIs across the EUROSAI region can independently contribute to the UN and national processes by including in their strategic objectives and plans, the conduct of audits and reviews on the development of national systems to implement the SDGs and to measure and report on the progress made. EUROSAI, as a regional player, can support its member SAIs in their review and reporting on the SDGs through the exchange of related information and approaches via regular EUROSAI communication channels. SAIs in countries in similar circumstances are well placed to learn from one another and to develop methodologies that allow for collaboration and comparability.

Members of EUROSAI can also work with INTOSAI committees, working groups and IDI to strengthen capacity in this area, introducing specific standards and guidance and fostering broader collaboration and knowledge sharing. At a regional level, EUROSAI can proactively reach out to the UN's regional commissions and other international organisations, and encourage contributions from member SAIs for consolidation in a periodic INTOSAI-led SDG audit and accountability review.

## 1 Getting started: focusing on the preparedness of member states for applying the SDGs

The opportunities for audit and review on the preparedness of member states for applying the SDGs are boundless. SAIs in Europe and worldwide can – individually or collaboratively – use their work to:

- raise awareness of and foster reflection on the challenges for SDG preparations, implementation and reporting arrangements for the next 15 years, contributing in the process to the building of momentum for achievement of the goals;
- promote accountability, transparency and meaningful dialogue with all stakeholders on the implementation of the 2030 agenda, including the active involvement and efficient collaboration of relevant actors at the national and sub-national level - from ministries and national statistical bodies to the private sector and NGOs;
- focus on critical elements, such as the necessary level of leadership and ownership of the SDGs at a national level, explicit recognition of national responsibility, the setting of national priorities and SMART objectives, the alignment of legislation, policies and budget allocations with the respective national sustainable development priorities, and the benefit that can be derived from synergies;
- review the appropriateness of the framework and systems in place for the setting of baselines and for the subsequent collection and validation of UN-compliant data and analysis, including exploring ways of how to strengthen the quality, availability, accessibility and usability of data for future assessment and reporting; and
- reflect on and audit how their country is actively applying the 2030 Agenda for advancing economic, social and environmental sustainability on a local, national, regional and global level, and highlight opportunities to e.g. break down silos across government and between the public, private and non-governmental sectors.

Information and insights on the results, best practices and lesson learned from the SAIs' reviews and audits of national preparedness for the SDGs can be shared among members across the region and disseminated to the broader INTOSAI community through its working groups and initiatives, including the periodic INTOSAI-led SDG audit and accountability review proposed in the theme paper.

## 2 Approaching SDG audits strategically, collaboratively and innovatively

Governance and performance issues related to the implementation of the SDGs will gradually become a key challenge for many countries, once the first major steps and challenges related to the preparation for the SDGs and the establishment of appropriate reporting and monitoring systems are overcome. Depending on their mandates, strategic priorities and capacities, SAIs can respond to these national developments by systematically integrating in their future work and activities, audits and reviews on the implementation of the different aspects of SDGs in their countries.

Potential SAI audits on the SDGs can be divided into two distinct categories: one is on the organisation, monitoring and reporting aspects of the SDG process; and the other is on the many, varied and sometimes interconnected topics covered by the SDGs themselves. Both can be addressed through standalone tasks, or by integrating SDG elements into 'mainstream' audits.

As the wide-ranging SDGs cover the three dimensions of economic, social and environmental, it is evident that SDG audits should not be the sole concern and responsibility of environment audit teams.

While few SAIs in the EUROSAI region have directly conducted audits on sustainable development *per se*, many have audited issues which are now covered by the SDGs. The challenge now is to consider how SDG-linked issues can be

integrated into 'mainstream' audits. For example, social and economic issues – such as education, job creation and gender equality – can be examined in many tasks. Therefore, it would be advisable that the SAIs study the connections with SDGs already in the audit planning phase. Some issues cut across borders and therefore would benefit from cooperation and coordination between SAIs.

Within this context, EUROSAI supports the proposal included in the theme paper for the formulation of a multiannual INTOSAI plan for the life of the SDGs (until 2030) which identifies one or two goals to be collectively focused on by the INTOSAI community each year. This would allow the work to be planned sufficiently in advance, and any support prepared. Such prioritisation at an INTOSAI and regional level can already take place, given that some SAIs may have already started looking at the degree of national preparedness for the SDGs in their countries.

Theme I of the INCOSAI XXII on the SDGs can be an excellent opportunity for raising awareness on the role that SAIs, INTOSAI and the regions can play in response to the universal 2030 Agenda. It should also serve as a unique platform for discussing and rallying support on this theme. The event could also potentially lead to a formal commitment by the Heads of the participating SAIs to give adequate attention to the SDGs in their audit strategies and to actively seek ways of how to collaborate in this area through for example joint audits, the development of models and guidance for the audit of the SDGs, as well as other knowledge sharing and capacity building initiatives.

Furthermore, once a sufficient number of audit work has been undertaken by SAIs within and across different regions, the results framework referred to in the theme paper - currently being developed and refined by the SAI of Brazil – has the potential to become a useful mechanism for aggregating performance audit results and to highlight important observations that SAIs around the world are making when conducting their audits on the SDGs.

### 3 How the SAIs can contribute effectively to building transparent, efficient and accountable institutions

One of the targets of the SDGs covers the development of effective, accountable and transparent institutions at all levels (target 6 of Goal 16). The INTOSAI Theme Information Paper includes proposals on how INTOSAI can use the financial and compliance audit results of SAIs to assess the governance and financial management practices of public entities, and potentially aggregating these in a results framework (similar to what has been suggested for performance audits). This publicly available information collected on voluntary basis could then be used in the institutional exchange of information between INTOSAI and the UN, and can be used as a benchmark on a national level. The report can also provide general information on the implementation of the SDGs on an international level.

EUROSAI supports this proposal and will encourage its members to contribute to this effort to give an overall general view to our stakeholders on financial management and good governance. On a national level, SAIs across the region, through their work and outputs, are already contributing to building transparent, efficient and accountable institutions. SAIs' recommendations could focus on the inhibitors to good governance and financial management, including advocating changes to elements in the environment (e.g. rules, regulations, public sector procedures and accounting frameworks) in which the auditing takes place.

Within EUROSAI, members are encouraged to upload descriptions of their completed audits on a dedicated database (<http://www.eurosai.org/en/databases/audits/>). The results reported on this database could be used as a basis for deeper regional analysis of common challenges affecting governance and financial management as suggested in the INTOSAI theme paper. However, as already acknowledged, converting and consolidating country-specific audit results into a comprehensive assessment will undoubtedly be challenging and complex.

Regions can also play an important active role in advocating the benefits and added value of widening the scope of financial and compliance audits, to include the audit of non-financial information which is often related to key performance indicators.

Furthermore, EUROSAI and its members regularly contribute to and support initiatives taken by INTOSAI committees, working groups and regional partners for the improvement of public financial management and accounting

frameworks. This could be further enhanced through specific capacity building and knowledge sharing initiatives that focus on these issues and how they can be related to SDG target 16.6.

#### 4 Being models of transparency and accountability in their own operations, including auditing and reporting

SAls are subject to the same - or given their role, even higher - expectations of transparency and accountability as their auditees. They should lead by example and practice what they preach in order to be credible advocates for, and contributors to, building transparent, efficient and accountable public institutions. The foundation is relevant and effective audit work.

The prerequisites for effective external public audit lie in the independence and adequate mandate of SAls. In our societies, there is a contract between the citizens and the government that is built upon trust. SAls play an important role in ensuring trust, through providing information and assurance on the accountability of public institutions.

The impact of audit work carried out and reported by SAls can be seen to build upon five key elements: 1) the relevance of the audit topics and findings to decision-makers; 2) the quality and professionalism of audit work; 3) the effective communication of audit results; 4) the good working relationship between auditors and auditees; 5) the capacity to issue independent recommendations and perform follow-up on recommendations so as to ensure the implementation of improvements in the auditees' practices and behaviour.

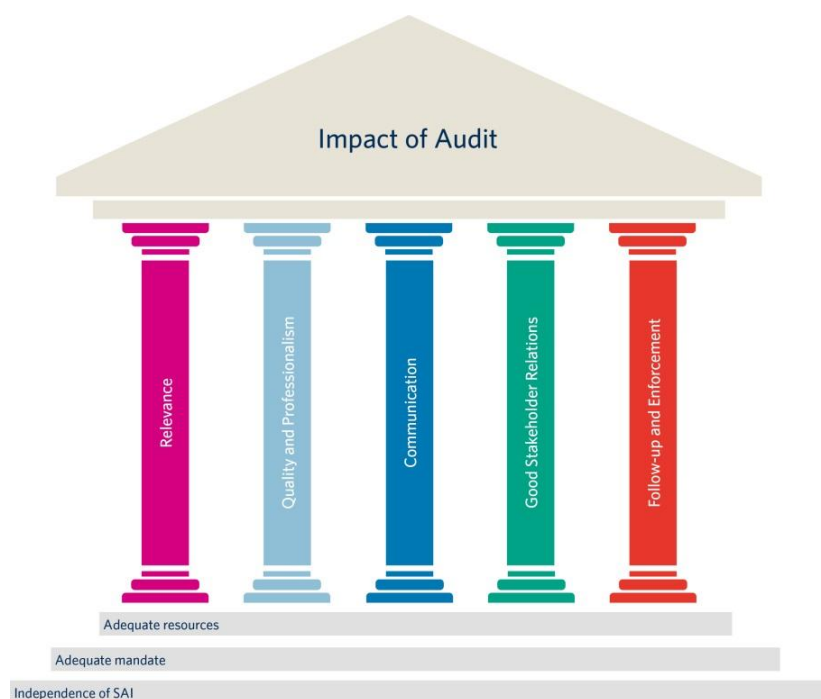


Figure 1: key elements that the impact of audits builds upon

In terms of ensuring the relevance of the audit to decision-makers, SAls can enhance the role of risk analysis in audit planning. An effective risk analysis helps define the audit themes and audit scope in order to make best use of scarce

audit resources. The important question is how to integrate stakeholder perspective in risk analysis to take into account the changing expectations of the users of SAI information and to choose audit topics while remaining independent and objective. This may call for a defined strategy with prioritised audit areas or themes. Also the timing of the audit is crucial. Even a perfect audit report is useless if it comes too late with regard to the decision-making phase. Furthermore the information provided in the audits needs to be accessible, comprehensive and include clear useful recommendations for improvement in financial management.

Quality and professionalism is built upon objectivity, integrity, competence and know-how as well as methodological soundness, audit documentation and quality control. SAIs may communicate better by focusing on timeliness, openness, reactivity and interaction. Societal expectations towards the availability of data and the timeliness of information continue to change with the advance of digitalisation and the wider use of social media channels. New channels of communication mean also “adapting to the user” and providing different discourses and levels of detail to different audiences, while ensuring that the key stakeholders receive information directly from the SAI as opposed to via the media.

Good stakeholder relations remain central to the successful work of SAIs. This is also important if the results of audit work are to be used to advocate public sector rules, regulations and accounting frameworks that provide a better basis for the management of public funds. Besides assessing the state of financial management and good governance at large, effective auditing may identify the needs for reform in public sector systems. Fostering good working relations with relevant institutions who can benefit from the SAI work (auditees, ombudsman, justice chancellor, internal control, evaluation agencies etc.) plays a key role when advocating reforms. Developing appropriate mechanisms for follow-up is equally critical for creating pressure for change and incentives for implementation. SAIs need to identify how best to ensure that appropriate actions are duly taken by the auditees in response to the audit recommendations. Moreover, SAIs should follow-up on their own work and performance, and measure how efficient and effective they are in achieving the desired impact.

The importance of SAIs being model institutions raises the question of how to assure the transparency and accountability of a SAI's operations. Recently, INTOSAI Working Group on the Values and Benefits of SAIs (WGVBS) has developed the SAI Performance Measurement Framework (PMF) which provides a shared benchmark amongst INTOSAI community against which to measure performance<sup>1</sup>. SAI PMF has already been applied in over 30 SAIs in all INTOSAI regions and, to a great extent, has proved to be useful. However using the SAI PMF for capturing information for a regional or global report might have its own risks, in particular when ensuring consistency and reliability of the responses. There is also the risk of low participation or interest in participating in this initiative, even if the initiative is advocated through a decision at INTOSAI and/or regional level. Indeed, the PMF allows for voluntary assessment of SAI performance and given this voluntary nature, the role of EUROSAI can rather be supportive and encouraging than demanding. Furthermore, some SAIs may be reluctant, or legally unable, to report the results. One possible solution could be anonymous reporting that is aggregated and consolidated at regional level.

## 5 Capitalizing on the potential

There are many potential ways of how SAIs can contribute to the success of SDGs and EUROSAI as a regional organisation supports its members in fulfilling these tasks:

- SAIs can focus on reviewing the level of preparedness of member states for the SDGs.
- SAIs can focus on conducting performance audits on the progress being made on different goals and targets.
- SAIs through their financial and compliance audit work can also focus on good governance and financial management issues, recommending improvements in the rules, regulations, systems, practices and the national accounting frameworks.

- SAIs need to be transparent and accountable in the way they are organised and the way they operate. By measuring and improving their own performance, the SAIs demonstrate good governance in practice.



Figure 2: Four potential ways for the SAIs to contribute to more effective implementation of the SDGs

#### References:

<sup>1</sup> SAI PMF Concept Note, INTOSAI Donor Secretariat for the INTOSAI Working Group on the Value and Benefits of SAIs, 2012, <http://www.idi.no/artikkel.aspx?MId1=102&AId=704>, access date 28.03.2016.