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22nd UN/INTOSAI Symposium
22^o Symposium ONU/INTOSAI
22. VN/INTOSAI Symposium
22^o Simposio NU/INTOSAI
الندوة 22 للأمم المتحدة والإنتوساي

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Audit and Counselling by SAIs: Opportunities and Risks

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

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SECRETARY GENERAL OF INTOSAI

Madam Speaker of the Austrian National Council,

Distinguished Minister of Foreign Affairs,

Distinguished Undersecretary General,

Dear Colleagues,

Participants at this 22nd UN/UNTOSAI Symposium

Welcome and Introduction

I am delighted to welcome so many of you at this 22nd UN/INTOSAI Symposium. The vivid interest among the INTOSAI community is ample evidence that INTOSAI had its fingers on the pulse of the times when choosing the theme for this Symposium – “Audit and Counselling by SAIs: Opportunities and Risks, as well as possibilities for engaging citizens“.

The active involvement of the INTOSAI members in the selection of a theme in the run-up to this event and the lively interest in the Symposium show that INTOSAI has once again read the signs of the times. As public resources are becoming increasingly scarce, citizens are justifiably asking

1. How can public governance be designed more efficiently and economically, and
2. What contribution SAIs can make?

In response to these questions, we as SAIs must develop proposals and solutions for more economic and efficient public governance on the basis of our audit work and integrate these as effectively as possible into the process of government reform.

Objective of the Symposium

In keeping with INTOSAI’s motto of *Experientia mutua omnibus prodest* (mutual experience benefits all), this Symposium aims at

- identifying prerequisites, ways and means for SAIs to make a most effective contribution improve and enhance the economy and efficiency of public governance,
- making visible the measures required to take advantage of opportunities and to avoid risks, and at
- highlighting practical examples that may serve as best-practice models.

Audit and counselling as a modern and effective approach of SAIs

The very title of this Symposium suggests that a modern and effective approach of SAIs towards better governance does not limit itself to auditing. The purely retrospective identification of shortcomings and deficiencies is no longer sufficient for SAIs to be perceived as an effective control element.

“Audit and counselling by SAIs: Opportunities and risks, as well as possibilities of engaging citizens“ underlines that SAIs can harness their full potential in striving for better public governance only if they develop a counselling approach on the basis of their audit work – and here I emphasize exclusively on the basis of this audit work – which offers specific recommendations to both auditees and government managers which they can practically implemented in their respective spheres of action.

Audit and counselling are therefore two faces of one and the same coin:

- problems and potentials for improvement are analysed and identified in the course of retrospective, fact-based audits, and
- complemented by the forward-looking counselling approach with recommendations to improve and enhance the economy and efficiency of public governance.

Prerequisites

For this type of audit and counselling approach to unfold its full effects in terms of better public governance, a number of prerequisites must be met

1. The selection of audit subjects must be oriented towards the future.
2. Audits must not be a part of the day-to-day operations of government i.e. they should be conducted as pre-audits or ex-post audits (retrospectively), and always purely fact-based; and
3. The recommendations furnished comprise a practical added value, embracing a forward looking perspective with concrete solutions to enhance the economy and efficiency of public governance.

1. Selection of forward-looking audit themes

As regards a forward-looking selection of audit themes, SAIs should also focus their audits on the most crucial future issues, especially as resources are becoming scarcer. The selected audit subjects should cover all major areas that are relevant for the future delivery of government tasks such as the financial viability of public budgets, social security (health and pension) systems, or environmental sustainability.

The selection of audit subjects is crucial for future governance.

2. Pre-audit or ex-post audit

In all efforts to become more efficient in their audit work, SAIs must always guard their independence. This can only be ensured if SAI audits are not concomitant, in other words, if they not an integral part of day-to-day government operations.

Essentially, audits must relate to government activities which have already been completed. Only then will it be possible avoid blurred responsibilities under public law as referred to in the Lima Declaration.

Importantly, audits must be conducted in a timely manner regarding the audited process, if they are to bring about concrete positive change.

Equally important, SAIs must deliver their assessment strictly on the basis of their legal mandates and within the framework of their audit findings. Only on this basis will the SAI be able to assert its objectivity and impartiality.

3. Future-oriented recommendations

The findings developed in the course of an audit together with the shortcomings and improvement potentials identified are the basis for the next crucial step towards enhancing the effectiveness of SAI work: the formulation of recommendations which are designed to improve governance.

From the data, facts and figures presented by the SAI it is possible to derive recommendations. These recommendations may either be used as specific instructions on how to redress the prevailing situation, or serve political decision-makers as information allowing them to exercise their political accountability; likewise they can spur reforms.

The recommendations resulting from SAI audits are addressed to both the auditees, and to Parliament and the public at large.

With these recommendations, SAIs can lay the foundations for reform and renewal which ultimately benefit society at large. In this context, the clearly and unambiguously stated recommendations generated by SAIs are a crucial element as they make the counselling approach visible and effective directly in the audit process.

Counselling

Counselling in terms of effectively striving for the implementation of the recommendations does not limit itself to the one-time presentation of recommendations to the audited entity, or the one-time submission of audit reports to the legislature. The work of the SAI does not end with the presentation of reports and recommendations; here is where activities and efforts to achieve greater effectiveness must begin.

For counselling to have the greatest possible effect, the audit findings and resultant recommendations require a targeted follow-up.

The counselling approach concerns several entities:

- the audited entities - through the audit findings and recommendations which have been directly addressed to them in the course of an audit;
- the accountable decision-makers - who exercise internal or political control over the audited entity within a given system, and
- the public at large, the citizens - who want to gain a picture of the quality of government management and of suggested improvements to enhance the economy and efficiency of public governance.

For audit findings and recommendations to be most effective with these groups of addressees, they must be

- stated in a clear, unambiguous and solution-focused manner;
- addressed to the competent decision-makers, also in thematic publications, in the course of the counselling approach,
- be actively defended by the SAI in the reform debate, and
- unfold a lasting effect beyond the scope of an individual audit.

Altogether, these counselling services create added value by enhancing the usefulness of individual audits, as well as the lasting impact of government audit.

Opportunities

The opportunities arising for SAIs from the implementation of their recommendations – reinforced by the counselling approach – are obvious:

- enhanced effectiveness of the SAI;
- more efficient use of taxpayer's money;
- greater economy, efficiency and effectiveness of government operations;
- improved social, economic and societal development, and
- contribution to the implementation of the Millennium Development Goals, and finally
- greater visibility of the value and benefit of the work of SAIs.

Risks

Given all the opportunities and chances which arise when SAIs enhance their efficiency, it is important not to overlook the related risks and to identify measures to avoid these risks.

As SAIs, we must act judiciously when auditing and counselling between the poles of opportunities and risks, in order to enhance our own efficiency and thus the benefit for society at large, without making ourselves vulnerable.

Here, the following prerequisites apply:

No involvement in the day-to-day management of government

To ensure SAI independence and credibility it is essential that SAIs are not involved in the day-to-day operations of government in their audits. A clear-cut separation of responsibilities between administration and control is a sine qua non for independence and credibility.

Criticising the process, not the objective

SAIs must always base their audits on the objectives defined by the competent bodies, to avoid exposing themselves to criticism of political interference.

It is essential that SAIs do not contribute political objectives to the debate, but limit themselves to assessing the economy, efficiency, effectiveness as well as regularity and compliance of the ways in which the objectives stated by political decision-makers are attained.

Traceability of decisions

Specific recommendations always bear the risk of being commended by one political grouping, and criticised by another. To avoid any reproach of bias, SAIs must ensure that every decision, starting from the selection of audit themes to specific recommendations, are purely fact-based and open to scrutiny in every phase.

Transparent and well-founded decisions are the best insurance against reproaches of bias and arbitrariness.

In order to take advantage of the opportunities arising from auditing and counselling, all while avoiding the inherent risks, the measures adopted on the basis of the counselling approach must ensure equilibrium between retrospective, fact-based audit findings and forward-looking recommendations and proposals.

Let me share with you one practical example from the Austrian Court of Audit:

Counselling practice of the Austrian Court of Audit (ACA)

The ACA's counselling approach is inspired by the desire to fully harness the counselling potential resulting from the audits, to enhance the value and benefits both for the audited entity, parliament, and citizens, as well as for the ACA itself, and thereby strengthen trust in the ACA.

1. The ACA delivers its counselling function already during the audit process and makes recommendations for improvements.
2. The audits reports and the recommendations they include are submitted both to the auditees and to Parliament and then published on the ACA website.

3. The recommendations contained in the individual audit reports are also assessed for their relevance beyond the specific case at hand.
4. In the affirmative, the recommendations are categorized into 25 overall themes – from outsourcing and anti-corruption/anti-fraud measures to advertising -, summarized as “core statements” and again published on the ACA’s website.
5. Based on the individual audit reports and the core statements which suggest approaches for structural reform, the ACA develops position papers which contain proposals for government reform, always on the basis of the audits it has conducted.
6. These position papers are likewise published by the ACA and proactively communicated to decision-makers and made accessible to the public at large.
7. This is achieved by a range of different measures such as press briefings, interviews, and target-group specific presentations.

One successful example for this approach is the “Position paper on government reform“ that was first published in 2007 and has now been re-issued in a third edition. It currently features 599 specific recommendations on reforming various areas of the Austrian public administration.

The proposals set out in the Position Paper were incorporated in the Austrian federal government’s current government programme for the period 2008-2013 on the basis of which the top-levels of government set up a working group that is to elaborate consolidation measures.

First concrete achievements that are attributable to this counselling approach in the area of government reform were recorded notably in the nursing-care sector (leaner structures) and in the pension system (harmonisation of pension ages at province level and greater sustainability).

When implementing reforms, decision-makers always refer to the counselling function of the ACA and point out that reforms are necessary because they were suggested by the SAI.

This demonstrates that auditing and counselling are two faces of one and the same coin:

- On the one hand, this approach makes the value and benefit of audits visible and enhances the impact of recommendations, since it leads to a more frequent implementation of recommendations.
- On the other, it strengthens popular confidence in the Austrian Court of Audit; among all state institutions, the Austrian Court of Audit enjoys the highest trust among Austria's citizens, ranking first in the so-called 'confidence index'.

Conclusion

Distinguished colleagues,

Recent developments have revealed an increasing need for strong and efficient external government audit. In various respects, citizens long for strong, effective control bodies to be able to detect and avoid ill-directed developments early on.

Pinpointing shortcomings and deficiencies retrospectively is no longer sufficient. The question as to the added value and the impact of control institutions is gaining ever more ground.

Therefore, there is a growing need for SAIs to engage in future-oriented counselling alongside retrospective auditing. In this process, the principles of the Lima and Mexico Declarations must in no way be compromised. On the contrary, only if this is heeded will it be possible to reach our principal aim which is the best possible use of public funds in a credible and objective manner.

I therefore look forward to interesting presentations and debates which will contribute to the goal of this Symposium, i.e. drafting conclusions and recommendations on

- prerequisites, ways and means for a most effective contribution of SAIs to enhancing the efficiency and economy of public governance; and
- measures for using the opportunities and avoiding the risks for SAIs, and on
- best practice models

Acknowledgements

To conclude I would like to thank the United Nations Department for Economic and Social Affairs, DESA, represented by Undersecretary General WU Hongbo most cordially for the joint organisation of this 22nd UN/INTOSAI Symposium.

The United Nations and INTOSAI share common objectives. SAIs around the world are in a position to contribute to the implementation of the Millennium Development Goals, and we will reinforce these efforts in the future, both in the interest of the citizens of our countries, and in our very own interest.

Let me thank you all most sincerely for having gathered to attend this Symposium. I am pleased that in 2013 again we will be able to host a multi-faceted and multi-cultural UN/INTOSAI Symposium on the United Nations premises.

My thanks go to the speakers who are sharing their technical expertise and who will without doubt provide us with sufficient food for debate and exchange. I would also like to extend my sincere thanks to the theme chairs who will guide us rigorously through the coming three days of this meeting.

I wish us all a successful and productive 22nd UN/INTOSAI Symposium.

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**MR. WU HONGBO
UNDER-SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL AFFAIRS
SECRETARY-GENERAL FOR THE INTERNATIONAL CONFERENCE
ON SMALL ISLAND DEVELOPING STATES**

**22nd UN/INTOSAI Symposium:
Audit and Counselling by SAI's: Risks and Opportunities
as well as Possibilities for Engaging Citizens**

Vienna, 5-7 March 2013

Secretary-General Josef Moser,
Distinguished Participants,

It is a pleasure to co-organise the 22nd UN/INTOSAI Symposium.

I thank INTOSAI for collaborating with the United Nations.

Indeed, the UN General Assembly noted with appreciation the work of the International Organization of Supreme Audit Institutions in promoting greater accountability, transparency, and efficient and effective receipt and use of public resources for the benefit of citizens.

In a recent resolution, the General Assembly encouraged Member States and relevant United Nations institutions to intensify their cooperation, including in capacity-building, with the International Organization of Supreme Audit Institutions.

The 22nd UN/INTOSAI Symposium is a timely response to the General Assembly's call. And, it is an occasion for us to better focus on the collaboration of the two institutions.

Today, I wish to share with you some thoughts on citizen engagement for public accountability and on our future cooperation.

I will begin by expanding on three concepts: (i) the post-2015 development agenda, (ii) public accountability, and (iii) citizen engagement in managing development.

You may recall that the Millennium Development Goals range from cutting extreme poverty levels in half, to halting the spread of HIV/AIDS.

With the approaching 2015 deadline, the international community is not only accelerating progress on the MDGs, but also starting to prepare the UN development agenda beyond 2015.

The current discussion on the post-2015 development agenda involves the agreement from Rio + 20 to design a set of Sustainable Development Goals (or SDGs), and on a long-term strategy for financing for sustainable development.

As part of these ongoing discussions, the United Nations Secretary-General's High-Level Panel recently highlighted:

- the need for good governance,
- investment in stable and accountable institutions,
- fighting corruption, and

- ensuring the rule of law.

At the same time, the Rio+20 outcome document, “The Future we Want”, acknowledges the necessity of democracy, good governance and the rule of law at the national and international levels for sustainable development. It also highlights the need for institutions at all levels to be effective, transparent, accountable and democratic.

Achieving the post-2015 development agenda, with sustainable development goals at its core, will therefore require institution building, with broad public involvement.

Indeed, public participation is essential to “public accountability”. It is key to ensuring that public officials and institutions be held accountable to citizens.

As I conveyed to the INTOSAI’s Governing Board in Chengdu last fall, your work gives the public assurance in the management of public accounts, and the overall performance of government operations.

Your institutions promote transparency and accountability, thereby contributing to effective public, and corporate, governance.

Given your expertise, your continued advice on safeguarding scarce public resources for financing competing priorities for sustainable development, is critical.

The World Bank estimates that over a trillion dollars are lost to bribes each year. As the United Nations Secretary-General recently stated, I quote:

“The cost of corruption is measured not just in the billions of dollars of squandered or stolen Government resources, but most poignantly in the absence of the hospitals, schools, clean water, roads and bridges that might have been built with that money and would have certainly changed the fortunes of families and communities.” Unquote.

At the United Nations, Member States have committed to fighting corruption through the United Nations Convention against Corruption, which requires each Member State to have in place a system of accounting and auditing standards and related oversight, as a corruption prevention measure. Such measures increase the credibility of public institutions.

This credibility of public institutions makes a difference – a huge difference – in development.

Whether a country can attract foreign direct investment, facilitate trade and build up human capital – often depends on whether there are strong, efficient, effective and transparent public institutions in place.

A hallmark of good governance is citizen engagement and participation in decision making on development.

Indeed, engagement has an intrinsic value for citizens to exercise their civic rights. It also has an instrumental value for public institutions to better formulate public policies and improve public services, through responding to citizen preferences and addressing citizen needs and concerns.

In today’s interdependent world, governments do not have all the answers. They need to work together with civil society and the private sector in defining the problems, and identifying the solutions.

Distinguished Participants,

The United Nations and the international community recognize that economic growth, social development and environmental protection form the three pillars of sustainable development. Cross-cutting, effective and efficient public administration is also critical in supporting the three pillars.

Some experts suggest that good governance is the fourth pillar of sustainable development. I agree. Good governance strengthens and reinforces the inter-linkages of the social, economic and environmental pillars, and ensures that the future we want is translated into reality.

Supreme audit institutions are an integral part of the fourth pillar.

I invite you to reaffirm your commitment to building stronger foundations for effective governance for the post-2015 development agenda.

And I look forward to hearing your proposals and ideas, including ideas on how to strengthen our future cooperation.

Thank you for your attention.



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Audit and counselling in the context of performance audit

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BRAZIL

ISSAI 3100 defines performance auditing as an independent and objective examination of government undertakings, systems, programs or organizations, with regard to one or more of the three aspects of economy, efficiency and effectiveness, aiming to lead to improvements. This definition expresses the two main objectives in PA audits: (a) to promote public administration accountability and (b) to promote government results improvements. The later one can be interpreted as a counseling activity done by SAIs and is the subject of this presentation.

The concept of counseling in SAI performance audits will be delimited in a sense of how it works. The risks and problems of using the counseling approach in performance audit will be mentioned together with ways of mitigating these risks. Some possibilities of engaging citizens in the PA counseling approach will be explored.

In many countries, one common objective of performance auditing is to assess and improve the functioning of government providing recommendations, as a legal advisor of public interest. When analyzing the differences between compliance and performance audit, Pollitt (1999) identified the role of the management consultant as one of the four possible roles for performance auditors. This role can be associated to the counseling activity.

Freitas (2005) associates this behavior with SAIs as an organizational strategy grounded especially in obtaining improvements in the procedures and processes of government agencies, projects and programs, as well as a partnership between auditor/auditee. The latter is considered a key element in order for recommendations resulting from the work to be implemented.

Under this model of performance, the SAI, in partnership with the agencies of the Executive branch – which then become the main “client” – attempts to define potential areas in which to identify measures that may increase the efficiency and effectiveness of their performance. In this context, the methodological design of government performance audit has three perspectives:

- detect and correct tasks that need to be redone, processes that do not add value, optimize and rationalize work processes;
- promote development of performance indicators;
- disseminate best practices in government by means of *benchmarking*.

Once the work is concluded, the corresponding report is discussed with the auditee. The auditee should accept the audit findings and, based on a process of persuasion, adopt the measures suggested by the auditors in order to obtain the desired results (SHAND & ANAND, 1996).

Acceptance by the auditee of the audit conclusions resulting from the performance audit depends on the methodological consistency of the work. These requirements are essential in order for the auditors to acquire legitimacy and be able to overcome not only the natural psychological resistance of being audited, but also the resistance of closed technical communities which have a tendency to view any outside analysis with skepticism (for example, a performance audit carried out in the health sector by professionals who are not from the same sector).

In this strategy there is prevalent use of persuasion mechanisms and managerial follow-up in order to generate results through the implementation of the recommendations resulting from the audits, (Shand & Anand, 1996). One notes a certain similarity with the principles of total quality or with the theory of organizational learning (LEEUEW, 1996).

Thus, it is natural that all methodologies used, in their majority, come from or are appropriated from the area of administration and evaluate predominantly the dimensions of efficiency and public management. Another implication of this close relationship with the administration is that the good management or *best practices* are analyzed from the perspective of predominant conventional theory (Shand & Anand, 1996).

A very interesting possibility for counseling in performance audit is to use citizen participation, which can take on several forms. The most immediate one is conducting an opinion poll regarding the quality of the public services delivered. In some cases, the manager did not carry out a user survey or did not have the means to do so. Focal groups can also be used in specific communities regarding implementation of social programs. In these cases the manager does not know the reality and the inputs are important in order to come up with suggestions for improvement.

The most evident difficulty regarding this strategy is that it is based on a relationship of trust between auditor and auditee, which is hard to gain, especially if the SAI also develops audit activities that sometimes result in investigation of those same managers with whom partnership is desired. The creation of a technical unit with the SAI dedicated to performance audit may minimize this kind of resistance due to the perspective of a new product, offered with the objective of improving public management.

It should also be noted that in a usual counseling process the “client” usually requests the service, whereas in SAI audits the auditees are chosen, in most cases, without wanting to be chosen. This renders the process even more difficult for the auditor.

Another question regarding this strategy refers to the possible loss of SAI independence, since the reports go through a process of negotiation and the findings have to be accepted by the auditee if they are to adopt the measures suggested.

A counter-argument for this issue is the fact that the greater the technical respectability and the image of the SAI vis a vis the public managers, the greater their perception regarding the benefit to be obtained from adopting the measures suggested as a result of the audit carried out, and the smaller the need to negotiate. This would be the intrinsic nature of the process of legitimation of this approach.

Furthermore, the greater the specialization of the auditors and the methodological rigor, the smaller the threat to its independence since the risk of “capture” of its opinion due to the expertise of the auditors in more complex topics will also be smaller.

Finally, suggesting improvements to be implemented does not necessarily mean that the SAI is a co-manager. The role of the SAIs consists only of guidance and follow-up to ensure that measures be taken to improve management, aiming at increasing efficiency, efficacy and effectiveness in the promotion of common good and to comply with the collective choices.

Thus, counseling is an important approach in performance audit and should be dimensioned according to the strategy of the SAI, taking into account the political and administrative reality of the country. Knowing their limits and possibilities enriches the scope of strategic options of SAIs.

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„Audit and Counselling in the Context of Performance Auditing“

(Executive summary)

In the pre-1980s, SAIs largely concerned themselves with financial and regularity auditing of government income and expenditure to assess its conformity with laws and regulations. Performance auditing was rarely practiced. In the course of time, SAIs began submitting reports assessing whether public funds were spent as appropriated by Parliament. The first independent Auditors General of Canada identified cases of waste, mismanagement and inefficiency between 1878 and 1960. It was only from the beginning 1980s that the Office of the Auditor General of Canada formally extended the scope of these audits by introducing performance auditing, and that the Canadian Comprehensive Auditing Foundation developed a specific methodology for that purpose known as ‘comprehensive auditing’. In the following, performance auditing was disseminated at the international level by INTOSAI through IDI and became a formal part of the mandate of the majority of SAIs in developed countries in the late 1980s. In Africa, the first performance audits were conducted in the early 1990s by SAIs in Southern Africa, notably the SAI of Botswana.

Performance auditing is today formally part of the mandate of virtually all SAIs which have seen their responsibilities and missions grow. In fact, they no longer satisfy themselves with auditing the financial statements of the government and its sub-entities. Their newly acquired performance audit mandate allows them to look into the way government manages its affairs and to draw attention to every element they consider material and conducive to questioning the performance of the public administration and of public programmes. Performance auditing (formerly called value-for-money auditing) in its modern and current understanding allows examining management practices, controls and communication systems of the public administration. It is designed to determine whether government programmes are managed in full regard of the objectives of economy, efficiency, and environmental impact, and if there are measures in place to determine their effectiveness. The ‘clients’ of performance auditing are Parliaments, governments and citizens in the wider sense.

At this 22nd UN/INTOSAI Symposium, the study of the subtheme ‘Audit and Counselling in the Context of Performance Auditing’ is pertinent and unique in several respects. First, the study of this subject will allow us sharing information about the specifics of performance auditing compared to other audit approaches. Second, it will

provide us with an opportunity to engage in an exchange about the way in which SAIs can become innovative in the way they conduct their audits and use them as a tool to deliver their statutory tasks within the framework of performance auditing. And third, it will allow us to identify the opportunities and risks which are related to these two functions of performance auditing.

I The control function of performance auditing

In modern democracies, SAIs have been set up to promote government accountability, a public service operating with integrity and effectiveness, good governance, and sustainable development. They attain these goals by basing themselves on their values, resources and conducting various types of audit, including performance audits. The control function of performance auditing has inherent specificities and limits which should be addressed.

A The specificities of the control function in the context of performance auditing:

1. An audit approach focusing on relevance and added value:

In a system of sound accountability and good governance, Parliament enacts laws and allocates funds to government which is held accountable for the management of these funds vis-à-vis the citizens. Citizens therefore expect that government will use these funds judiciously, in a concern for value for money, and that it will measure the effectiveness of programmes and submit reports thereon. In such a system, the significance of performance audit is measured by its specificities.

First, unlike other forms of audit, independently, objectively and impartially conducted performance audits allow to obtain assurance and to recommend improvements in order to help Parliament and government to scrutinize the management of public resources and programmes. They contribute to sound public institutions and good governance and accountability.

Second, performance audits as conducted by SAIs aim at promoting sound management of government operations and accountability. Performance audits, if conducted successfully, do not only furnish useful information to the addressees of SAI reports which will help them deliver their oversight responsibilities, but also prompt government to implement reforms in areas which should be improved according to the SAI findings. The success of a performance audit depends on the following factors:

- Performance audits must cover one or several material questions. Consistently, the strategic planning process for a performance audit must be rigorous. At all audit stages, this process must be accompanied by a decision-making process which aims at focusing the audit on issues that are considered relevant for the life of citizens, which bear inherent risks, and which - by their very nature - are of interest to the addressees of the audit reports. As a consequence, performance audit reports specifically must be convincing for government and prompt reforms in those sectors where a need for improvement was identified.
- Performance audits must be planned, conducted and reported on consistent with SAI policies. Moreover, they should be conducted at reasonable cost and in a timely fashion;
- The findings resulting from the audit must be communicated in a clear manner, in keeping with professional reporting standards. The best audit work in the world is worthless if its results are not communicated in a clear-cut and accurate fashion to the intended users. Similarly, the information communicated must be complete, meaning that all major findings.

2. An audit approach focusing on innovation and flexibility

Unlike other forms of auditing, performance auditing specifically gives SAIs and its auditors flexibility and a certain capacity for innovation. This becomes particularly visible in determination of possible audit subjects, the objectives and scope of a performance audit. In performance auditing, the present-day mandate of SAIs gives them considerable leeway to determine those areas of government which will be looked into during an audit. A performance audit may address one single government programme or activity, one area of responsibility which involves several ministries of bodies, or a cross-cutting issue affecting several ministries. By deciding on the subject of audit, the SAIs will focus on areas entailing high risks for the public administration, such as those which are costly for the tax-payer, or which present a health or security hazard for the citizens in emergencies.

Moreover, in contrast to the financial audits conducted by SAIs, performance audits do not deliver any assurance on a written statement provided by the auditee (such as financial statements). The SAI will rather provide assurance on the conclusions it was able to draw during an audit, basing itself on an evaluation that was made using applicable audit criteria. Performance audits differ from financial audits also in that the subjects of audit change from one year to the next, depending on the risks which government bodies are exposed to, and on the sectors which are of interest for Parliament, government and the citizens.

The process of planning for future performance audits allows the SAI to select possible audit subjects and gives the SAI flexibility and a potential for innovation. A performance audit may specifically address one government entity or activity, or one operation of the entire public administration or public body. The subjects of a performance audit may also be chosen in response to an audit request by government, Parliament, or even derive from the analysis of information ventilated by the media. This altogether means that a performance audit may address a variety of different subjects such as:

- the economic and efficient implementation of a policy;
- the degree of conformity of a programme with a public policy;
- the pertinence of an analysis supporting a policy or programme;
- the keeping of accounts and ledgers;
- the allocation of an amount for a given purpose; its judicious use as earmarked;
- the efficiency and effectiveness of procedures implemented within the framework of a programme;
- the environmental impact, spending in the context of sustainable development etc.

SAIs today conduct performance audits following a three-stage process (planning – examination – reporting) which is governed by professional standards and methods and which generally lasts between eight and eighteen months. In all stages, the audit team generally cooperates closely with an expert advisory board which furnishes advice and reviews the audit plans and the results achieved.

B Challenges and limits to the control function of performance auditing:

1. Challenges of maintaining an effective control function in the context of performance auditing:

As SAIs are tasked with furnishing information and reliable and independent assurance to the addressees of their reports, the quality of their work is instrumental, even more so in performance auditing. For SAIs to ensure the quality of their performance audits, they must first and foremost comply with the ISSAS or the national audit standards defined by the profession. In performance auditing, they must also apply standards and

practices applicable in other domains such as statistics, engineering and social sciences. Above and beyond these fundamental requirements, they must also take on several challenges, notably:

- *Ensure that their performance audit teams are composed of highly qualified professionals from various disciplines.* This adds to the credibility of the SAI and its performance audit work;
- *Ensure that performance auditors comply with a strict code of values, ethics and professional conduct* which clearly sets out their responsibilities vis-à-vis the audited bodies, external stakeholders and the SAI itself;
- *Heed the advice and guidance given by experts.* Such advice and guidance by necessity enhances performance audits, as they are often complex projects which require diverse qualifications, technical skills and experience;
- *Establish a permanent process to obtain independent assurance that the performance audit work conducted is of outstanding quality.* This process could be ensured by quality assurance experts, by a review of performance audit practices, or by an evaluation of the performance audit work by independent external auditors;
- *Contribute and keep abreast of innovations in the area of performance auditing at the national and international level;* closer cooperation with INTOSAI, its regional sub-groupings and with peer SAIs.

2. *The limits to the control function of performance audits:*

Whilst performance auditing is a flexible audit approach focusing on innovation, given limits must be respected when conducting performance audits so that they always meet their objectives and the resultant audit reports remain pertinent and credible.

Importantly, a performance audit can look into whether:

- a public entity is efficient or effective;
- a public entity complies with its statutory tasks;
- there are any actions or omissions which could lead to a waste of public resources;

- a public programme or entity shows (or apparently shows) a lack of probity and financial prudence in its management.

In performance auditing, SAIs are to furnish to Parliament, government and the public an assurance that the public entities are delivering the expected results and are lawfully and honestly managed. However, and based on these premises, SAIs do not have a mandate to comment on public policies when conducting performance audits. In other words, the SAI does not have the authority to question the public policies chosen by a government body or local authority, since policy-making is a task of government. This means, for instance, that the SAI may not comment or question the political orientation decided by government or a local authority during a performance audit, while it can however look into whether a public policy was implemented appropriately.

When a performance audit is conducted, the SAI will actually look at how public policies were implemented, all while avoiding commenting on the merits of these policies. Performance audits focus on a review of management practices, of public administration policies in force, and of best practices. The implementation of this principle in performance auditing therefore requires auditors to exercise a considerable measure of professional judgment.

Ultimately, these limits are an advantage, as they allow SAIs to provide effective and independent assurance to the audited bodies on their operations within the framework of their performance audits, as well as recommendations and advice to improve their performance.

II The counselling function of performance auditing:

The overwhelming majority of public administrations these days have espoused the notion of outcome-orientation called ‘results-based public management’. In the public sector, there is increasing reference to envisaged outcomes and objectives such as a strong economy, a sound environment, safe communities, dependable infrastructure, generally accessible health care, and world-class education. Results are important, yet knowing how to attain these results and at what cost is just as important. For this reason, performance audit ensures a counselling function, essentially through the recommendations it provides, which helps the public administration attain better results and improve its performance. To this end, SAIs need to take on a number of challenges. At the same time, this counselling function must be governed by limits, so that SAIs can exercise their mandates when conducting performance audits in full independence and without a conflict of interests.

A How the counselling function manifests itself in performance auditing:

1. Performance auditing: a reform instrument for better management

Thanks to performance auditing, auditing has come to be increasingly recognized by governments and by the audited entities for what it can be: a powerful tool for better management.

This is above all visible in the contents and usefulness of performance audit reports generated by SAIs, in contrast to financial audit reports. After a performance audit has been successfully completed, the audit report:

- Serves to convince government. This is generally reflected by the acceptance of the audit and by the responses to post-audit surveys;
- is useful for management. This is reflected by the implementation of the recommendations set out in the performance audit report;
- is useful for parliamentarians. This is reflected by recommendations being relied on in parliamentary committee hearings; the explicit or implicit support given to recommendations by parliamentary committees, and by the use of the results of performance audits by members of parliament for their on-going activities as well as during hearings dealing with audit reports on plans and priorities, as well as the performance reports of government departments.

Following the submission of performance audit reports, several countries issue instructions and manuals in order to curtail unsound practices, alongside follow-up reports which take stock of the progress achieved by government with measures adopted in response to the recommendations formulated in earlier performance audits. In the same vein, professional organisations, universities and even international organisations such as the IMF, OECD or the World Bank increasingly use performance audit reports produced by SAIs. Even in countries where performance auditing is still fledgling, managers increasingly understand that they will benefit if they use the data and results of performance audits for a better outcome of their programmes. They have come to see the control function of performance auditing as an instrumental resource which will help them enhance their productivity, as well as their management practices. In other words, performance audit allows establishing a link between control and management, since its results furnish practical guidance to managers and practitioners.

2. Performance auditing : an instrument for more effective accountability

Accountability does not simply consist of communicating results, it also presupposes that lessons are being learnt from experience and that appropriate corrective action is taken if and when necessary. SAIs play a vital role in promoting accountability and confirming the credibility of accounting records for government. To this end, SAIs apply specific audit methods such as performance auditing to performance data published in the annual reports of government and ministries. In this way, they can assure the public at large that these documents are fact-based and reliable and truly reflect the results attained.

In its performance audit reports, the SAI will generally present recommendations for improved accountability. Often, they come in the form of advice on the objectives and ways of applying the very principles of effective accountability, which are closely linked to the results-driven management framework. With entities subject to performance auditing, these principles generally relate to a clear assignment of roles and responsibilities, clear-cut expectations as regards performance, a balance between expectations and performance capacity, the credibility of the information communicated, and the need for reasonable scrutiny and adjustments. It is therefore in the follow-up given to SAI performance audit reports that government bodies find advice on the stringent implementation of these principles with a view to installing effective accountability within their own organisations.

3. Performance auditing: an approach to modernise the audit function

Performance auditing which is largely conducted by external audit, and increasingly also by internal audit, has decisively transformed the audit function, to date one of the principal tasks of management. Thanks to performance auditing, the audit function is no longer seen as one that can be largely delegated to ‘financial experts’. The results of performance audits suggest the implementation of new models, alternatives and advice in terms of economy, efficiency and effectiveness in public management. This has become possible as, in performance auditing, the auditor has gradually transformed from a “controller” to a partner, facilitator and advisor in the management of public programmes. In fact, performance auditing makes auditors focus on the communication of recommendations and furnishing advice on a comprehensive improvement of financial and non-financial results, on risk management, internal controls, values and ethics. In this way, the auditor has become an ally of performance.

B Challenges and limits to the counselling function of performance auditing:

1. The major challenges for SAIs:

- *Ensure an effective, wide-scale and appropriate dissemination of performance audit reports:* the principal means used by SAIs to disseminate their performance audit reports is their publication. The fact of being public lends SAI performance audit reports a special significance. Problematic as it may be, a situation of mismanagement or unsound management is often the result of countervailing forces which have reached some sort of balance. If the performance audit report were not public, it could be easily tabled; often, this is the least harmful solution for the audited bodies. Isn't there a saying that organisations will only truly change during a crisis? A public SAI report which alerts public attention to shortcomings that have been identified and the need for solutions, spurs a change in the relations of power and will be used by those agreeing with the SAI to stir into action those who are reluctant to move. Also, for the results of performance audits to have the desired impact in terms of advice and being a useful tool in decision making, the SAI must ensure that performance audit reports are disseminated effectively, widely, and appropriately among the major external stakeholders in all stages of the publication process, in particular to government bodies, Parliament and its committees, the media, civil society, as well as public organisations.

- *Remain proactive as regards counselling and forging closer ties with Parliament and the public at large:* when carrying out performance audits, there are a number of areas where the SAI must be proactive in terms of counselling. First, the SAI should develop its relations with the parliamentary institutions which ensure parliamentary oversight of public finances. Wherever the SAI has sought to develop this counselling role before and after performance audits, Parliament was able to better deliver its functions in this area for the greater benefit of democracy. If the SAI is not endowed with such a mandate, it ought to ask and lobby for it with members of parliament.

In addition, citizen participation in the audit and counselling function is equally indispensable for the continued existence and credibility of an SAI, given the permanent risk of attempts to curtail its function. This participation emerged from the relation which the SAI is to develop with the public by making its public reports accessible, their contents publicized in the media, and dealing with issues that impact the lives of citizens. Following a performance audit, the SAI must leave an imprint on public opinion and earn respect for its rigour, independence, professionalism and its ability to make a difference for society at large. Ultimately, this relation will elicit the interest of

the media and of opinion leaders. It will facilitate recourse to experts of different disciplines who will feel honoured to serve on SAI consultative committees in order to guide them in their audit work in their field of competence. Regularly published performance audit reports lend SAIs a new status and help them gain importance in the eyes of government. All that with a view to fully accomplishing the mission of the SAI and promoting the improvement of public services and supporting democratic control.

2. The limits to the counselling function in the context of performance auditing:

INTOSAI's founding documents insist on the need to maintain SAI independence at all times. This imperative sets the limits to the counselling role of SAIs, including the performance audit framework. It is indeed imperative that the counselling dimension of the role of the SAI in this framework is derived from the audit work. There are several organisations which can dispense advice on matters of public management, but only few which are able to make an independent critical assessment. This latter ability, which is specific to SAIs must be safeguarded and requests for advice on matters which have not been the subject of a performance audit must be declined. If an SAI engages in counselling only, meaning in the modalities to be established to organise a public service, it runs a high risk of no longer being able to credibly audit this service. In such a case, there would be a very strong presumption during a later audit that it is not independent, as it could not arrive at the conclusion it was mistaken when furnishing its advice.

Importantly, even if a performance audit was conducted on a given subject, it is not for the SAI to suggest or approve the detailed modalities allowing the application of sound management practices, but to recall the principles, objectives and good practices that were identified. The recommendations in a performance audit are a form of advice, suggesting the priorities and objectives of what needs to be done to improve a public service which was the subject of a performance audit. These recommendations, however, must be derived from findings which are based on the most universally accepted standards of assessment and should encourage those responsible for a programme or the public entity in question to redress the problem which has been brought to light. It is often said that stating a problem aptly is the first step towards its solution. This is what the SAI should do in its performance audits: identifying material, high-risk issues in the delivery of public services which are dysfunctional first, then stating the problem aptly after a systematic review, so that eventually the solutions appear to be clearer and can be cast in recommendations. In this context, the counselling function of the SAI in performance auditing vis-à-vis the bodies subject to its audit consists in making the audit criteria (for sound management) known together with the reasons why they are significant, and then identifying the shortcomings which need to be redressed on a priority basis. The counselling function must therefore not develop

independently within the SAI, but always remain a by-product of the audit function, aimed at disseminating sound management principles which are retained in the form of evaluation criteria, at the dissemination of findings of shortcomings so that they can be avoided by organisations which are exposed to the same risks, at the development of best practices identified in order to illustrate that the good practices promoted by SAIs are realistic, and at encouraging audited entities to adopt effective measures to implement these recommendations.

In conclusion, all these elements must be seen in one and the same context and part of one and the same trend. In performance auditing, the counselling function which derives from the control function should allow for an enhancement of the desired effect of the latter with the audited entities and the entire public sector all while avoiding that the SAI foregoes its independence. This counselling function includes an educational component which should prompt parliamentarians, government managers and the public at large to take an interest in the findings and recommendations of the SAI. Step by step, public expectations as regards the quality of public service delivery and standards of ethics will then be raised and positively impact the culture of public administration.



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Values and benefits of audit and counselling
from the perspective of donor organizations

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

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Values and benefits of audit and counselling from the perspective of donor organizations

Dr. Moser, Secretary General of INTOSAI,

Auditors General of the member SAIs of INTOSAI,

Ladies and gentlemen,

I am honoured to share with you some ideas on the ‘Values and benefits of audit and counselling from the perspective of donor organizations’ at this 22nd UN/INTOSAI Symposium.

In the past 20 years, the development cooperation institutions have come to appreciate the role of government audit. Particular challenges emerged in the process of promoting government audit, both risks and opportunities alike.

Strictly speaking I am not in a position to make a contribution to this Symposium from the perspective of a donor organization, since GIZ, the German Society for International Cooperation, is an executive organisation. It is the German Federal Ministry for Economic Cooperation and Development (BMZ) and not the GIZ which decides about whether, in which manner (technical or financial cooperation), and how much support will be granted. GIZ in turn is commissioned by the Federal Ministry with designing and practically implementing technical cooperation (what and how).

Because of this clear-cut separation of functions I will be able today not only to focus on support given to SAIs in developing and emerging countries, but - by way of introduction - also highlight the extent to which SAIs determine the work of organisations such as GIZ. Development cooperation (DC) is for itself one of the fields in which SAIs become active in an auditing and advisory role. Let me mention by way of illustration:

- the Austrian Court of Audit’s evaluation of the outsourcing of the Austrian Development Agency ADA,
- the German Federal Court of Audit’s analysis of the inherent risks of budget support, which has prompted a reticent use of this instrument in Germany by international comparison,

- the European Court of Auditors' criticism of the candidate countries' preparation by the European Commission, which led to the instrument of pre-accession (IPA), i.e. a structural fund for candidate countries, being introduced.

A number of audit reports deal with the system of development cooperation. They strongly impact policy design, and the programming and implementation of development cooperation funds. As in other fields subject to SAI audits, it is the task of the legislative and the executive to find answers to criticism which the audited entities can implement meaningfully, rationally, and correctly as part of the tasks assigned to them within the constitutional set-up. By their audit and advisory work, SAIs have a major role to play in shaping development cooperation, amongst other fields.

In its work with SAIs in developing and emerging countries, technical cooperation sees itself as an enabler for SAIs of development cooperation partner countries to deliver those instrumental tasks of audit and advice fully and in every policy area. Let me first briefly present and then further explain three propositions about why GIZ supports SAIs, in what way it does so, and which lessons we have learned in that process.

Three Propositions:

1. **Why should technical cooperation support SAIs: SAIs can make a difference to the lives of citizens;** this been stated by INTOSAI's Working Group on the Value and Benefits of SAIs. Resulting from the tasks of SAIs, specifically from the SAI's mandate to audit and to provide counselling, this claim is an incentive to support SAIs in developing and emerging countries by technical cooperation.
2. **In what way does technical cooperation support SAIs:** the provision of long-term advice on-site is instrumental to how GIZ understands capacity development. Advice will never be effective without a profound knowledge of the context, the possibilities, the limits, the players, their preferences, and their different agendas. Within this overall concept of advice, sharing of technical knowhow is only one aspect of many.
3. **Lessons learnt:** In many developing countries, there is still little understanding of the roles played by the different branches of government, and therefore of the **difference between control, audit and advice**. One challenge for technical cooperation is to contribute to developing a fundamental understanding of how these branches of government interact.

Proposition one: SAIs are catalysts of change

How can SAIs change the life of citizens? What impact does an audit have, and what impact does counselling have? How does the public see the work of SAIs, and how do other institutions?

It is a complex task to describe those interactions systemically, since we know too little about how government audit affects the formation of states, the coming into being of societies, and what impact it does not achieve. Therefore, it is impossible to furnish a general answer to the above question, as we are operating in a dynamic, multi-dimensional, hardly measurable context characterized by mutual interdependencies and interaction.

Alternatively, one could look at the likely impact of the work of SAIs, and try to explore the related risks and opportunities.

Given their audit and advisory function, SAIs can act as “**catalysts of change**“. Their contribution to a transformation of state (sub)systems is a key aspect when dealing with young, fragile or transforming states.

Independent government audit is a core element in a holistic, systemic understanding of government such as the one on which **good financial governance** (GFG) is based. Through their audits and advisory activities, SAIs contribute more to the process of governance than merely monitoring and, if necessary, correcting inadequate governance processes. SAIs generally audit and advise the entire public administration. Hence, they can be instrumental in triggering change in government administration and assisting on a long-term basis. In other words, SAIs may **act as multipliers** in the public administration which ultimately improves the lives of citizens.

This is why SAIs in the partner countries lend themselves for capacity building in terms of better governance, mainly as far as legitimacy, transparency, the rule of law, effectiveness, and accountability are concerned.

If, however SAIs are limited in their function, as is the case specifically in development and transformation contexts, such limitations will typically occur in other key areas of the state as well. And this brings me to the risks:

On the one hand, government audit has an indirect impact; normally, it can ensure only indirectly that its own findings are used. If the sound functioning of government is severely impaired, Parliament does not form a genuine counterweight to government, there is no parliamentary debate of the audit findings of the SAIs, laws are not

implemented but disregarded. This being the case, the effect of SAI's audit and advisory work might be reduced to a lone voice crying unheard in the wilderness.

On the other, the SAI is part of the governance system and as such also affected by the latter's general effectiveness. In such a context, which is typical of many developing countries, resources allocated to the SAI (organisation, funding, staffing) are often scarce. This makes it highly improbable for the SAI being able to deliver its core functions.

Practical experience corroborates this observation. Often, the need and the ability to change the governing framework are inversely proportionate. One can fairly state that in general the most burning need for reform is frequently faced by the most difficult political, social (historic, economic etc.) environment. To use a different imagery: if the chain of legitimation which links the citizens in a representative democracy via the legislature to the executive government is broken, the SAI is unable to repair it.

And yet there is a fundamental notion, a major and pertinent finding which was so aptly phrased by INTOSAI's WG on the Value and Benefits of SAIs: **SAIs change the lives of citizens**. This very claim is the reason why donor organizations support SAIs. This promise of change is one – perhaps the all-important – chance, even if it cannot be systemically proven: a strong institution can act as a model, motivate other institutions to change the entire system for the better. Given their special position in the constitutional set-up and their audit and advisory tasks, SAIs are ideally positioned to act as such a model.

Proposition two: How can technical cooperation support SAIs in their audit and advisory functions?

The range of approaches, projects and support offered by donor organizations is manifold. At this point, I should like to single out one specific feature that characterizes the support provided by GIZ to SAIs: long-term, comprehensive and structure-forming cooperation (in contrast to repeated short interventions, the provision of defined training modules, or a limited focus on given audit areas).

This form of support will be effective if a good, trusting and open cooperation can be established with the partner, when the contents of the advice to be provided can be expanded on. Presentations alone, for instance, create little applicable knowledge at first; it is important to cooperate for a longer period of time on given issues in working groups. Only then will it be possible to find context-specific answers to the concerns of SAIs. If the SAI is to derive any benefit, it is of paramount importance to be context specific.

How can the advice provided by technical cooperation help in this process? Not because of the technical knowledge which we share, which is available in the overwhelming majority of cases anyway, and very often not the root of the problem. The value added lies in that additional vistas are opened to solve current problems, in that technical cooperation contributes an “external view” as a second opinion, or allows access to international experience, or that education and training needs can be specified more clearly. As an external party, an advisor from the SAI is able to help firmly embed and integrate sound professional practice, create demand for performance (ministry of finance, Parliament, media) and bring about a change of behaviour (e.g. cooperation between different institutions).

Proposition three: Lessons learnt

The audit and advisory activities of SAIs which are being discussed today serve as a case in point. We assume that good audits and sound audit findings will bring about behavioural change among the audit entities. But how important is e.g. customer orientation of SAIs as partners of government in the advisory process in a given country? Is it culturally possible at all to voice public criticism of a state institution? How would such public criticism affect future cooperation in the next audit, and in the implementation of the recommendations?

Especially as far as this advisory role of SAIs is concerned, this function is laid down in the Audit Acts of many of our partner countries, but seldom filled with life. It appears as if audit were the compulsory exercise, and counselling just an add-on elective. For the many opportunities it holds, there are equally many risks it entails. It may be highly prestigious for an SAI to be asked to give advice, or an opportunity to be perceived in the public when current or controversial issues are being discussed. The dangers lie in those very aspects: to what extent can an SAI allow itself politically to venture into the unsafe terrain of matters of the day and controversial debates?

Again, a general answer cannot be given. Let us retain that the interaction between the institutions and the political system as such must be definitely more stable to allow the SAI to act in an advisory role. If, however, a country understood audit to mean control, then a request for advice would be tantamount to a change of paradigm. Cooperation that is based on trust and partnership, which is the very prerequisite for the SAI acting as an advisor, must be developed gradually, in small steps, and sustainably. Setbacks, while being inevitable, often jeopardize the credibility of this approach. In other words: The basic requirements which must be in place for the SAI to act as advisor are always higher than those needed to conduct an audit. The understanding of roles can be changed only if the true motivations for the insistence on the established role models, specifically in the context of SAIs, are brought to light and barriers can be overcome.

If the support granted by technical cooperation is to be of benefit, utmost attention must be paid to establishing links with internal audit, administrative procedures and the public service, financial management, parliamentary control etc., in other words to always bear **good financial governance** in mind. This is where, from the angle of technical cooperation, the initial question on the value and benefit of audit and counselling by SAIs comes full circle.

Let me close on a quote from the anniversary publication on the occasion of the 200th Anniversary of the Bavarian Court of Audit (the regional audit office for the German land of Bavaria):

“Like other institutions, the government audit institution (the audit office), too, was not constructed on the spur of the moment, but built on long-standing historic developments. This is what one should have understood in general, before busying oneself with the administration and government of a country; only in this manner will one be able to meet the social and historic expectations of the citizens, who - after all - are at the focus of all government operations.“



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المالية والمحاسبة: المخاطر والفرص وإمكانيات مشاركة المواطنين

Values and benefits of audit and counselling from the perspective of audit clients: the legislature and the audited entities

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

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**SOUTHERN AFRICA DEVELOPMENT COMMUNITY ORGANISATION
OF PUBLIC ACCOUNTS COMMITTEES (SADCOPAC)**

22nd UN/INTOSAI Symposium

SUMMARY

**Value and benefits of audit and counselling from the perspective of audit clients:
the legislature**

**Paper presented by Hon. A F Mahlalela,
Chairperson of the Southern African Development Community Organisation of
Public Accounts Committees (SADCOPAC), and
Chairperson of the Association of Public Accounts Committees (APAC) in South
Africa**

Value and benefits of audit and counselling from the perspective of audit clients: the legislature

- **Introduction**

The value-adding role of Supreme Audit Institutions (SAIs) in strengthening the oversight function of legislatures is well understood in Southern Africa, and in particular South Africa. In its conference resolutions adopted in September last year, the Southern African Development Community Organisation of Public Accounts Committees (SADCOPAC) acknowledged the need to forge strong relationships with SAIs, and resolved that the legislatures in all the member states should ensure the independence of SAIs. In my paper, however, I will concentrate on how the South African legislatures have benefited from the insight and counselling we receive from the SAI of South Africa.

Exercising oversight over the executive regarding their use of public resources is no easy task. Oversight committees of the legislatures are expected to scrutinise the actions of numerous executive departments and public sector entities. We have to process large amounts of information, often quite technical, and we have to carry out our oversight work with limited expertise in financial matters and limited resources. However, our impact depends on how quickly and accurately we can derive the insight we need to conduct effective oversight – and this is where the SAIs come in.

I wish to argue that SAIs are perfectly positioned to support and enable legislatures and their oversight committees to obtain the insight and perspectives they require for high-impact oversight. This has been our experience:

- **Audit reports with clear, simple and relevant messages**

We have been privileged to receive increasingly user-friendly and needs-based audit reports from our SAI. These reports clearly establish the status of financial and performance management in the various government departments and entities, and correctly diagnose the root causes of poor management. This enables us as oversight committees to pinpoint the sustainable, correct practices that are lacking and insist on the appropriate remedial actions that need to be taken by the executive. Over and above the individual audit reports, we have greatly benefited from SAI reports of a transversal nature. The SAI's analysis of government-wide root causes in these reports has enabled us to identify the key areas on which we should focus our attention. We can therefore direct our efforts of holding accountable those charged with governance by pinpointing the key focus areas requiring corrective measures.

- **Regular interaction**

Regular interaction with the SAI has definite benefits. Based on well-established relationships between the various legislatures and our SAI, and based on the realisation that oversight is most effective when it takes the form of a coordinated effort by all the oversight committees in the respective legislatures, we have a pre-agreed programme of interaction with the SAI as soon as the annual audit cycle has been completed.

This programme of interaction commences with the head of SAI providing strategic insight to the collective oversight leadership in each of the legislatures, in the form of a briefing on the trends underlying the overall outcomes. The SAI follows this up by briefings to the individual oversight committees on department-specific root causes, which in turn are followed up by updates to the chairpersons of the various oversight committees on a quarterly basis.

The public accounts committees (PACs) and portfolio committees (PCs) in our legislatures have agreed to cooperate and not compete with regard to the scrutiny and oversight of individual departments: The PACs take up an overall assessment role with regard to all departments with poor audit outcomes, predominantly at year-end, while the PCs focus on the in-year scrutiny of the corrective actions in response to the audit findings.

It is important to note that the South African SAI has a similar programme of regular leadership interaction with the executive in order to encourage the desired momentum towards proper financial and performance management, thereby including everyone who can have an impact on introducing corrective measures and implementing sustainable good practices.

- **Support and counselling at APAC level**

Based on the alignment between the mandate of a SAI and the role and functions of a public accounts committee, the South African SAI and the public accounts committees in our national and provincial legislatures have entered into a memorandum of agreement for purposes of strategic collaboration. The Association of Public Accounts Committees (APAC) and the SAI support each other in utilising collaboration opportunities in respect of all platforms available to them, in order to strengthen financial administration, oversight, accountability and governance.

To this end the SAI has kindly been providing secretariat support to APAC. Similar support is also being provided to SADCOPAC by the Tanzanian SAI.

- **Conclusion**

SAIs are uniquely positioned to cooperate with various stakeholders in the interest of a better managed world. I have no doubt that the cooperation between legislatures and SAIs is one of the most beneficial and valuable relationships supporting good governance throughout the world. I trust this symposium will assist in providing insight on how this relationship, as well as SAIs' relationships with other stakeholders, can be strengthened in the interest of improved accountability and democratic governance.

Presentation by Jacek Jezierski, President of the Supreme Audit Office of
Poland

22nd UN/INTOSAI Symposium, 5-6 March 2013

Assuring positive impact as the main challenge for SAIs

Ladies and Gentlemen,

It is an honour for me to participate in this Symposium on risks and opportunities of audit and counselling by SAIs. I would like to thank the organisers for inviting me to take part and take the floor during this conference. I would also like to thank our hosts, colleagues from the Austrian Court of Audit, especially from the INTOSAI Secretariat, for organising this event in such a smooth and effective way.

The theme of this session is dedicated to “challenges of SAIs regarding sustainable and efficient ways to communicate their audit findings and recommendations”.

The notion I would like to put in the centre of my presentation is assuring impact. Why that? I believe that the sense of having a Supreme Audit Institution in a given country, in fact of having any public institution, is to assure positive impact by such an institution on the functioning of the state in general, and in particular on the functioning of public services. This is a great opportunity and a great challenge. The serious risk is that sometimes we may end up having a Supreme Audit Institution producing brilliant recommendations but not listened to at all. I do believe this is not at all the case in Poland, however it does not mean we take the opportunity of having impact as much as we could.

How to assure that impact when a distinctive feature of a Supreme Audit Institution is not being directly part of processes? We keep our distance, we want to be objective, we may not be involved in implementing policies or in doing politics, all this to stay credible as an independent auditor. How to assure that impact?... In the first place by keeping in mind that Supreme Audit Institutions not being a policy maker, are still the owners of the responsibility for the states. One of co-owners to be precise, together with all the other authorities.

So, how to assure that impact then, when you are so much aside?

How do we tackle this in the Polish SAI?

A few years ago we held a serious and stormy debate in my SAI. We were worried that we did not have as much impact as we would like to have. We believed we were doing good audits, reaching at appropriate conclusions, giving bright recommendations, but the impact we had did not make us feel enough happy and comfortable. We had to admit our reports were not very much read, although there was so much professional and valuable knowledge in them...

We concluded we had to do something about it as we wanted to end the frustration that we were not as useful as we felt we should be and would like to be.

We decided that the first reason for not being listened to as much as we wanted was not what we were saying, it was rather how we were saying this. We simply decided we needed modern communication.

In the SAI we have two main channels of external communication: the first one is that with our auditees, with the public administration, more procedural one, more formal one, and the other one is with the public and the Parliament. In both those channels a few years ago we were “traditionalists”, which means that we exchanged many formal and usually very long letters and reports with our auditees, we wrote, they responded , we asked, they explained etc., we published wise and technical reports that we printed or put on the website. Once a month we would have a press conference, and once a year I would present our annual report to the Parliament. We really wanted to share what we knew. But somehow we felt we could share better.

So what we changed? First of all we changed our thinking.

We realized that communication is a two-way process: to inform effectively, it is not enough to inform, you have also to assure the genuine feedback from your interlocutors, whoever they are: the audited minister, director general of a central office, Members of the Parliament or citizens themselves.

At present we live in the information society, and so communication has become an issue of vital importance, also for SAls, whose task is to provide citizens with information on the condition of their states. However, the point is not just to inform citizens, by saying “Your money is spent well. Full stop”. SAls need to cooperate with citizens. And in order to cooperate successfully, we must communicate effectively. And such communication is possible if, and only if, it is a two-way process, as its key aspect is feedback.

Communication between public institutions and the society makes one of the pillars of democracy. Citizens who jointly govern the state must be informed in order to take informed decisions. A civil society are not the inhabitants of a state ruled by officials. It is a civil society who rules the state, through its officials. Information on the results of our audits, and information on our functioning, is just a small package of data that a civil society needs to take decisions. Officials' task is to execute these decisions, auditors are to check how officials do their job, while the society is to govern the state, and so it needs information. And it is our duty, and our privilege, to provide this information. We want to reach the public opinion, because we feel co-responsible for the state. After publication of information on our findings, we should expect a reaction. It can vary: these may be coverage in the media, TV, internet, it may be letters from citizens, MPs, NGOs, it may be complaints, or results of opinion polls. Whatever its form, feedback is a must. We will know then, what effect our information has, we can explain things, and prevent misinterpretations. Comments and questions received as feedback are both a gift and a challenge. They can inspire, show areas which should be audited – which are close to our citizens and their problems. And then we really participate in the communication process which goes two ways.

But this is just one part of the story. As I have said before, the other of the two main channels of external communication are our auditees. Our auditees means above all government, guys who plan, design and implement policies. It is only through their work that we can have real impact on how our states are run and how they function. To have that impact is our basic role in fact, you will all agree with this.

In my SAI we have recently been subject to a peer review, carried out by colleagues from Denmark, Austria, Lithuania and the Netherlands. A peer review is always a very good opportunity for debate, both debate with peers doing the review, as well as with your colleagues inside the organisation. That recent peer review, a very good one... - I can see Henrik Berg Rasmussen from Denmark, who was the leader of that project. Henrik, thanks again for your brilliant job – ...so that peer review evoked also a discussion on how we communicate with our auditees and how we could improve that.

If we want to have impact in a democratic state, we need to make our auditees co-owners of the audit process. If we somehow manage to make auditees identify, at least to some extent, with our audit results, they will be far more eager to take our recommendations as common ideas, and will be far more eager to implement them. It is in fact nothing new, it is a well-known management rule, this is psychology. People need to have the sense of ownership if they are to be truly involved.

We can try to involve auditees in the audit right from the start, when you start your preparations for the audit, at the audit programme stage. Why not involve your auditees in the risk analysis? Discussions with the auditees would provide a better basis for SAIs to identify the most important risks at an early stage of the audit and SAI may get access to more information, and for sure to more information at an earlier stage.

In the Polish SAI every year we carry out a huge project called the analysis of the state budget execution. The report from that audit is presented to the plenary session of the Parliament and is the most recognizable product delivered by my SAI. Most of central ministries and offices are covered by that audit directly, I mean they have an audit team working every year at their premises and their budget audited. And for this audit we have decided to make our assessment criteria fully transparent and public. We have simply put them on our website. It may seem quite an obvious thing to do, however, believe me, that a few years ago such a document was considered in my institution as in fact confidential.

But this is true only for part of our work. For other audits we are considering at the moment how to involve more our auditees in the audit process at its all stages.

Now let me move from the programming and implementation stages of the audit process to the final stage that is to reporting. As I have already told you, a few years ago in my SAI we adopted a new communication strategy. Its main idea was to get through with our message. If we produce a report, a piece of news, a presentation: we have decided that we do want our products to reach addressees. We have made a major shift in our communication with the public, with the citizens. However, we have also taken some steps to make our reports better, to get them read and be understood.

It concerned the volume of the reports, the language and the layout, the style. It applied especially to the very final report, which is published and addressed as much to auditees as to the Parliament and the public - as in Poland we have a multi-stage reporting process, before it comprised three stages, now it has been reduced to two. So of course our major focus was on the final product that is published and hopefully read by auditees, the public, journalist, academics, students etc. And these reports have improved greatly. They are now much more concise, easier and more pleasant to read, more accessible.

Why is it in my opinion so important to have reports which are not only true, objective, full, but also reader-friendly? As we do want to have impact, as I have said before.

Improving the readability of reports will help NIK to ensure that its messages get across to its stakeholders than the auditees.

Then, if we come back to the notion of having impact on public policies and their implementation, you must also treat your reports as a learning tool for the administration. If we do our best for our reports to be read, and if they are read more, it creates an opportunity to treat the reports as a platform for disseminating good practices. Traditionally, auditing is focused on finding errors and irregularities and less on identifying positive examples and good practice. However, it is considered good practice for SAIs to focus also on examples of good practice found during the audit. Focusing on good practice among auditees promotes positive changes and provides benchmarks against which auditees can measure themselves.

And finally, when speaking about having impact, I may not fail to mention the follow-up on audit results and recommendations

International standards require that SAIs follow up on whether or not the auditee has carried out measures based on the results and recommendations of previous audits. Such follow-up on previous results

should be conducted in a structured manner, so that it can provide a comprehensive and full picture of the SAI's impact.

The follow-up procedure differs from SAI to SAI and some SAIs have a legal obligation to follow-up after each audit. In Poland, according to the Act on NIK, our auditees, when they have received our audit report, are required to describe the measures that will be taken in response to the audit. However, NIK does not systematically check whether the measures described are implemented.

We have implemented a follow-up procedure as each new audit always includes a status on the implementation of previous recommendations and in our big project, in the audit of the state budget execution, we always ask our auditee to present the measures that have been taken in relation to previous audit results and recommendations. However, not all our audits are covered by this procedure and we are not in a position to fully report to the Parliament on whether or not the administration takes action on the audit findings and implements our recommendations. This is undoubtedly a challenge for the future, to establish a system of procedures and good practices that will give us a more or less full picture of how our audits are followed up, which will let us know what is the size and quality of the impact we have, which is the key word of this presentation of mine.

In my opinion, whether we deal with auditing or counselling, we should stick to the idea of impact we want to have. We should treat communication and reporting as tools for assuring that impact. And we need good follow-up system to be sure that the impact we provide is value for money.

Thank you very much.



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Challenges of SAIs regarding sustainable and
efficient ways to communicate their audit findings and recommendations

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

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UNITED STATES OF AMERICA

Summary of Presentation

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22nd UN/INTOSAI Symposium

5 March 2013

Vienna, Austria

Introduction

Supreme Audit Institutions (SAIs) make significant contributions to their societies by bringing accountability, integrity, and transparency to government. These contributions are maximized when the SAIs are able to clearly and effectively communicate the results of their work to citizens and other stakeholders. In today's world, SAIs have many channels available for communication. To help maximize the effectiveness of this communication, INTOSAI's Working Group on the Value and Benefits of SAIs (WGVBS) has produced a guideline for use by SAIs, which is currently available within the INTOSAI community as an exposure draft.¹ This guideline describes the different channels SAIs can use to communicate and interact with citizens and other stakeholders. The guideline draws from INTOSAI's Communication Policy, the recommendations of the June 2011 UN/INTOSAI Vienna Symposium, and the external communication practices of INTOSAI members. It focuses on key communication principles and the use of instruments and tools for external communication, including approaches to fostering constructive interactions with citizens.

When preparing this guideline, WGVBS members were mindful that communicating and interacting with citizens can take many forms. As a result, multiple instruments, tools, and approaches are cited in the guideline, along with brief references to SAIs that have implemented some of these tools. The focus is not only on traditional communication tools such as the print media, but also on leveraging technology through social and other electronic media.

The purpose of this presentation is to discuss the key principles and tools SAIs can employ to meet the challenges of communicating to their diverse audiences in a sustainable and effective manner. The presentation draws upon the exposure draft of the guideline and is intended to elicit comments and suggestions on the draft.

Communication Challenges facing SAIs

The challenges SAIs face in communicating to their citizens and other stakeholders are many and varied. First, the audiences with whom SAIs must communicate are often extremely diverse. For example, most SAIs must communicate with parliaments/legislative bodies, government organizations/executive bodies/agencies, audited entities, news media, special interest groups, development partners, the general public/citizens, academics and public policy organizations, and professional and standard setting bodies. The needs of each of these targets for communication can be very different, e.g., the level of detail, technical sophistication, and method of

¹ *Communicating and Promoting the Value and Benefits of SAIs: An INTOSAI Guideline*

presentation appropriate to members of the general public, legislators, and academics may require three different and carefully tailored approaches.

Second, these diverse audiences can have widely differing preferences for the channels of communication used. For example, younger and more urban demographic groups may communicate largely through social media such as facebook and twitter, while remote populations may need to rely more on print media, town hall meetings, and radio broadcasts.

Third, SAIs in countries that have multiple languages in daily use may face translation and cultural issues that can make communication more complicated and absorb additional resources.

Fourth, SAIs themselves may have limited access/resources for communication. For example, not all SAIs have equal access to advanced technology in computers, telecommunications, and video.

Key Communications Principles for SAIs

Given these challenges, it is important that the key principles for communication be understood. In general, SAIs have found it a good practice to support ongoing two-way communication with citizens and other stakeholders involving openness and transparency that is objective, timely, clear, and available in channels, formats and media that are commonly used by citizens and other stakeholders. This commitment to transparency and clear communication can be demonstrated by the leadership of the SAI through the development of a strategy for communication that 1) articulates a clear vision for effective communication; 2) identifies appropriate instruments, tools, and approaches for this communication; and 3) establishes processes for ensuring these approaches are appropriately and effectively implemented both now and in the future.

In making use of different channels and vehicles for communication, the same information can be re-purposed and re-packaged in different media and formats to meet the needs of multiple users, such as citizens, the media, public policy organizations, and others. However, the quality assurance processes governing the underlying audit work remains the same. Regardless of the intended recipient, the message should be delivered in clear language and be consistent in content.

Clarity and consistency of message can be enhanced by establishing clear lines of responsibility and accepted processes for communication on behalf of the SAI. Individuals authorized to deliver key messages should also receive appropriate training, whether it be in delivering formal statements to legislative or executive authorities, or

providing briefings to the media or the citizenry. A successful communication strategy is aided by adherence to a “one voice principle” – meaning there should be no confusion or contradiction in messages from the institution, regardless of spokesperson.

Communication should not be a one-way channel; rather, it should involve dialogue among parties. Communications from the SAI can be directed to many different types of audiences: from the largest audience of the citizenry and news media to more specialized and targeted audiences such as governmental authorities and specific international and non-governmental entities. In addition, the SAI should find ways of receiving information as well as providing information. With an open channel of communication, the SAI can enhance the quality and responsiveness of its audit work. External entities can provide information that may help the SAI identify issues for audit and determine whether recommendations the SAI has made have been implemented. For dialogue to be effective, mutual respect and confidence should be established and maintained between the sender and the recipient. It is important that the SAI develop credibility for its findings with its many audiences.

Finally, it is important to recognize that change is inevitable—particularly in the world of technology. SAIs may establish dialogue with stakeholders using a variety of instruments and tools, but these may change rapidly as technology advances. It is imperative for SAIs to ensure that they maintain an awareness of and capacity to respond to these developments in order to ensure that they are reaching their stakeholders.

Instruments and Tools for Communicating to Citizens and Other Stakeholders

One of the most important ways to promote the value and benefits of SAIs is to publish and disseminate audit reports in a timely and accessible manner. Reports may be published and/or disseminated in many ways, including the following: testimony at hearings before legislative bodies and other appropriate high level stakeholder forums; electronic reports distributed via SAIs’ websites that can include interactive media such as video, audio, and graphics; and hard copy reports distributed to legislative bodies, audited entities, media sources, and citizens (including via public libraries and SAI offices). This can be particularly appropriate where many citizens do not have easy access to information technology.

In addition, there are many ways to publicize the release of new audit reports and disseminate their content in user-friendly formats. For example, SAIs could utilize a variety of means (as appropriate to the environment and using appropriate safeguards to prevent misuse), such as:

- a) notices posted on the SAIs' web sites;
- b) email sent to the SAIs' distribution lists to alert users to new products;
- c) videos posted on YouTube, including videos of SAI representatives testifying before legislative bodies;
- d) podcasts posted on iTunes (and available on RSS feeds), such as taped interviews of SAI executives discussing their recent products;
- e) updates to SAI Facebook pages or other social media, providing information on new products, open recommendations, and financial or other results of audits;
- f) messages sent via Twitter feeds to alert legislative and executive officials, citizens, academics, and others to the publication of new SAI products;
- g) graphics and visual images from reports posted to Flickr or SlideShare;
- h) the use of QR (quick response) codes, sharing widgets, and mobile phone apps to allow users to quickly access the SAI's website and products;
- i) online chats and blogs with SAI executives on topics relating to recently issued products, current issues, etc.;
- j) appearances by SAI executives on television and/or radio shows (including participation in public/academic debates);
- k) interviews of SAI executives by newspaper and other print reporters;
- l) simplified presentations of the technical audit reports that are designed to reach a popular audience; and
- m) public dissemination points at the SAIs' official locations, such as interactive touch screens delivering news and items of interest regarding the SAIs at the entrance to the SAIs' establishments.

As noted above, the different instruments and tools can be used at different points in the auditing process. For example, Twitter can be very effective when alerting citizens and other stakeholders to the availability of newly issued reports and other products, while electronic surveys can be useful during the implementation phase of the audit. The different instruments and tools also provide different levels of information and analysis that are appropriate for a variety of audiences. For example, a podcast can provide a high-level summary of a report's message for easy and rapid consumption, whereas an electronic report with interactive media provides an opportunity for readers to delve as deeply into the subject as desired. The key is to communicate with citizens and other stakeholders in a manner that allows them to access the content produced by the SAI in a variety of ways that can best meet the users' needs. Consideration should also be given to how SAIs can communicate with remote and rural areas and overcome existing language barriers.

Instruments and Tools to Promote Stakeholder Participation in the Auditing Process

SAIs should take steps to interact with key stakeholders in order to promote and be responsive to stakeholder participation in the auditing process. These steps may take many forms, including:

- a) creating frameworks outlining how the SAI receives information/input from citizens, how this information is used, and how the SAI provides feedback to citizens to afford transparency over how their concerns were addressed. The frameworks could include avenues whereby citizens can 1) report fraud, waste, and abuse, e.g., "hot lines" and other approaches through which citizens can anonymously identify potential areas for investigations and audits; 2) suggest audit topics for review; 3) encourage citizens to participate in audit assignments, where appropriate; and 4) allow citizens the opportunity to follow the disposition of their questions and suggestions and how they are handled. In short, questions and suggestions from citizens can trigger evaluation by the SAI, integration into the SAI's annual work plans or other transparent vehicles, participation by the citizens in the audit process where appropriate, and provision of responses from the SAI concerning the final disposition of the questions/suggestions to the citizens who made the requests. It is important to note that although citizens can play an appropriate role in the audit process, the analysis and the conclusions based on the analysis remain the responsibility of the SAI;
- b) conducting training classes and publishing guidance materials on audit processes for other government agencies, legislative staff, the news media, and potentially interested citizens groups. This could include holding "open house" opportunities to allow citizens to visit the SAI and receive briefings on the SAI's mission and work results;

- c) conducting town hall meetings in local jurisdictions to gather views that can inform SAI engagements and provide information on how the SAI works;
- d) convening citizen focus groups for the express purpose of encouraging citizens to provide information and data for specific audits;
- e) soliciting citizen feedback on issues under review by SAIs or to determine the usefulness of the SAI's work to citizens via surveys on SAIs' web sites (see guiding principle to fundamental requirement 13 of the Johannesburg Accords);
- f) conducting joint/participatory audit projects with non-SAI organizations (where appropriate);
- g) soliciting legislative feedback (via in-person talks or surveys) to determine the usefulness of the SAI's work to the legislatures; and
- h) testifying before legislative bodies on the results of the SAI's work to inform the processes of oversight, appropriating funds, and drafting legislation.

In order to sustain external stakeholder interest and participation in such interactions, SAIs should ensure as far as possible that the purpose of these interactions is clearly described and communicated in advance so that the relevant external stakeholders can be prepared to provide their input. Further, SAIs can also publish reports (where appropriate) describing how they have used inputs provided by external stakeholders in their audit agenda.

Performance Measurement

Several of the above instruments, tools, and approaches for communication may also provide opportunities for measuring the success of these efforts. For example, if conducted in a methodologically sound manner, user surveys and focus groups of citizens, audited entities, and legislative bodies can provide important feedback on the perceived value and benefits of the SAI's work. If monitored and recorded over time, this sort of performance measurement can provide valuable information and serve as a basis for enhancing opportunities for communication.



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الندوة 22 للأمم المتحدة والإنتوساي

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Supreme Audit Institutions Performance Measurement Framework
(SAI PMF)

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

prepared by | préparé par | verfasst von | elaborado por

IDI

22nd UN/INTOSAI Symposium, Vienna, 5-7 March 2013

Supreme Audit Institutions Performance Measurement Framework (SAI PMF)

Presented by: INTOSAI Development Initiative

ISSAI X: The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens emphasizes the role of Supreme Audit Institutions in promoting the accountability, effectiveness and transparency of government and public entities. It sets forth the principle of the Lima Declaration that independent and well functioning Supreme Audit Institutions (SAIs) constitute an important part of the accountability cycle, as they objectively scrutinize on behalf of the citizens the executive's stewardship of public funds. ISSAI X is meant to provide guidance to SAIs on what they can undertake and how they should act in order to be as relevant as possible to society. ISSAI X also encourages SAIs to communicate their value and benefits to their stakeholders.

To be able to act as watchdog over the use of public funds, and thereby make a difference in the lives of citizens, SAIs must objectively be seen as credible and trustworthy. They must themselves live up to high standards, and lead by example. The work on developing a SAI Performance Measurement Framework (SAI PMF) originated from this notion. In Johannesburg in 2010, INTOSAI adopted the International Standards of Supreme Audit Institutions. The Johannesburg Accords also called on SAIs to assess and report publicly on their performance. The Working Group on the Value and Benefits of SAIs was therefore mandated by the XX INCOSAI to develop a framework for objective assessment of SAI performance and capabilities against the ISSAIs, the framework for communicating and promoting the Value and Benefits of SAIs, and other established INTOSAI good practices, but also of course in consideration of the SAI's own mandate and legal framework. Carrying out a SAI PMF assessment will provide SAIs with a solid basis for communicating their value and benefits to society and will help them identifying strengths and weaknesses.

The SAI PMF is currently at a drafting stage. A first draft was recently circulated and piloted in three countries as a first test of the framework. The pilots were useful in showing the draft's strengths as well as identifying room for improvement. On the basis of the pilots' results and the comments received from initial consultations, members of the SAI PMF's Task Team met in January 2013 to develop an exposure draft of the framework. This exposure draft will be presented at the XXI INCOSAI in China later this year. It will be subject to global consultation and piloted in a range of countries during 2013-2015 to ensure worldwide applicability. The final document will then be presented for endorsement at INCOSAI in 2016.

The SAI PMF measures the respective SAI's performance by indicators in seven domains. Subsequently, linkages between the domains and external factors like country context and political economy, which may enable or hamper the SAI's performance, are analyzed in a narrative performance report. This will provide a holistic, high level picture of the SAI's performance. The seven performance domains are:

- A) SAI Performance, meaning audit results and annual reporting;
- B) Independence and Legal Framework;
- C) Strategy for Organizational Development;
- D) Audit Standards and Methodology;
- E) Management and Support Structures;
- F) Human Resources and Leadership; and lastly
- G) Communication and Stakeholder Management.

The SAI PMF can be used for self assessments, peer reviews or external assessments. Use of the SAI PMF will be voluntary, and the SAIs themselves will decide what to do with the results. An important feature of the SAI PMF is that it will allow for measurement of progress in an SAI over time, thus enabling the SAI to learn from experience and to understand and improve its performance. Repetition of assessments may be a valuable source of information on whether initiatives to improve organizational performance have had the desired effect. Consistent with the ideas and mandate of the Working Group on the Value and Benefits of SAIs, the SAI PMF also aims at giving an assessment of the SAI's impact on society and public financial management – in other words its value and benefits. This is done by looking at changes the SAI's reports may have led to and by analyzing whether the wider environment constrains or supports the impact of the SAI's work.

Training for potential assessors on use of the SAI PMF is commencing in 2013, in parallel with the piloting. It is foreseen that the INTOSAI-Donor Secretariat will provide guidance and support to pilots.

For more information, see www.idi.no



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Enhancing SAIs' Effectiveness through
Cooperation with the Legislature, Judiciary, and Executive

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

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JAMAICA

Presentation to UN/INT Symposium

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WORKING GROUP – VALUE AND BENEFITS OF SAIs

Enhancing SAIs' Effectiveness through Cooperation with the Legislature, Judiciary, and Executive

During XX INCOSAI in Johannesburg, South Africa in November 2010, the INTOSAI members recognised that, “The effectiveness with which Supreme Audit Institutions (SAIs) fulfil their role of holding government to account for the use of public money not only depends on the quality of their work, but also on how effectively they are working in partnership with the accountability functions of the legislature as well as the executive arm of government in making use of audit findings and enacting change”.

The *Lima Declaration* outlines the purpose of an audit. It states: “*Audit is not an end in itself but an indispensable part of a regulatory system whose aim is to reveal deviations from accepted standards and violations of the principles of legality, efficiency, effectiveness and economy of financial management early enough to make it possible to take corrective action in individual cases, to make those accountable accept responsibility, to obtain compensation, or to take steps to prevent – or at least render more difficult – such breaches.*”¹

At the 4th meeting of the INTOSAI Working Group on the Value and Benefits of Supreme Audit Institutions (WGVBS) held in Montego Bay, Jamaica on 4-5 August 2011, the 4th task group was established which includes Jamaica (Team Lead), Canada, France, Namibia and Peru.

The group was tasked with the responsibility to prepare a guideline that will promote “***cooperation between SAIs, the legislature, the judiciary and the executive that focuses on the SAI’s ability to promote accountability that leads to administrative and / or corrective sanction[s]***”.

We conducted research and issued questionnaires in order to develop a generic guideline that included best practices for specific models whilst paying particular attention to the SAIs’ interaction with the three arms of government.

¹ ISSAI 1 –Lima Declaration, section 1

The final questionnaire was distributed to the entire INTOSAI community in May 2012 and responses were received from 73 SAIs representative of all the INTOSAI audit models, namely Westminster, Judicial/Court, Board/Collegiate, and others.

The draft guideline reflects a compilation of the best practices we gleaned from the survey results. It is structured in a manner to reflect the practices of SAIs in a generic form. Importantly, in recognition of the legislative impediments in some jurisdictions and SAI models, the guideline is not intended to impose upon an SAI, but meant to be used as a guide to improve current practices where the legislation allows, or as an aspiration where it does not. Though the guideline considers all SAI types, it is not divided in this manner. Instead it is categorised in the three main relationship areas: legislature, judiciary and executive. This structure was used because we found that to a large degree the specific guidelines were applicable to all SAI models. However, we qualified these guidelines, where we identified ineligibility for some SAI types. In general, the guideline identifies and acknowledges the symbiotic relationship of cooperation and communication between an SAI and the three arms of government. It is important to note that the guideline is not exhaustive and the current draft will likely be improved significantly after exposure.

COOPERATION WITH THE LEGISLATIVE ARM OF GOVERNMENT

This section acknowledges the necessity for a robust relationship between an SAI and the legislature. Specifically, it identifies the need for SAIs to establish proper communication mechanisms to facilitate cordial relationships. It proposes that an SAI may wish to involve the legislature in setting audit priorities; establish a central point of contact such as a liaison officer or unit; improve accessibility to the head of the SAI and host sensitization sessions; and also conduct surveys to obtain feedback.

COOPERATION WITH THE EXECUTIVE ARM OF GOVERNMENT

The relationship with the executive is for the most part covered in other ISSAI standards and guidelines. Consequently, this section is concise in relation to the others. SAIs are encouraged to establish proper communication channels and host sensitization sessions to discuss historical trends, risks, and audit related issues. Moreover, the point is made that meeting with the responsible personnel of government to discuss concerns, methodology, and appropriate systems will also aid to foster better relationships with the executive.

COOPERATION WITH THE JUDICIARY

This section outlines best practices for cooperating with the judiciary to enhance the work of the SAI. It is an important area, because it underpins the mechanisms that will aid an SAI and the judiciary to hold responsible officers accountable for their actions. The guideline underscores the need for an SAI and the judiciary to enjoy a shared understanding of their procedures. This will foster a collaborative relationship between both and may serve to enhance existing systems intended to hold responsible personnel accountable. However, it is recognized that some SAIs may not have constitutional or legal authority to interact with the judiciary. In this instance, the specific guideline is qualified to indicate applicability where legislation allows.

GENERAL GUIDELINES

The general guidelines are the very basics that SAIs may wish to consider in order to liaise with the different arms in ensuring that responsible officers are appropriately sanctioned for breaches. In this section, it is reiterated that SAIs should designate a person/unit to communicate with the different arms of government.

CONCLUSION

The task group is currently preparing the draft guideline. On the completion of this process it will be circulated to the wider SAI community.



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**Boundaries between audit and counselling of SAIs
and concurrent/internal audit**

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UNITED ARAB EMIRATES

Boundaries facing external and internal audit- UAE prospective

Dear Chairman of INTOSAI, distinguished guests, ladies and gentleman good morning

The topic to be discussed includes many relevant issues facing SAI in their quest for professionalism and relevance. In this presentation I will firstly consider the role of public sector external audit and its relationship to counseling or advisory services. This will lead onto my assessments of the boundaries facing internal and external audit as well as considering the role of concurrent or pre audit for both. The experiences I will draw from obviously relate to the United Arab Emirates environment but as many of you may be aware the society has recently undergone significant change and federal government is no exception. Therefore our experiences cross a broad spectrum from the developing through to some good practices.

Firstly, the role of public sector external audit: According to the draft ISSAI 100 framework “in general auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions correspond with established criteria” [paragraph 20 Draft ISSAI 100] It goes on to discuss the format of communication and includes “reports/opinions/conclusions and recommendations” [paragraph 20 continued].

The nature of this description is set out clearly that auditing requires a view to be expressed on certain criteria assessed. In forming the view the external auditor is placed in a unique position to provide unbiased, objective assessments of whether public resources are responsibly and effectively managed to achieve intended objectives. This in turn, makes SAI play important role in helping government entities achieve accountability and integrity, improve operations, and instill confidence among citizens and stakeholders. This confidence stems from three main roles that SAIs play: **oversight**: addresses whether government entities are doing what they are supposed to do and serves to detect and deter public corruption. **Advisory**: assists decision-makers by providing an independent assessment of government programs, policies, operations, and results. **Insight**: identifies trends and emerging challenges. However, these roles cannot be seen to be compromising the very impartiality that it was derived from. This is in effect the dilemma facing the external auditor and represents the boundary as to what type of advice or counseling is provided.

A critical element for the recipient of audit advice is to understand the audit process. When providing advice the need for emphasizing that the auditor is not covering all transactions and is basing their conclusion on samples and judgments. Therefore conclusions are not absolute but based on the balance of evidence.

We are all aware that understanding the stakeholders' needs and expectations require a strong professional position of the external audit, as well as a robust strategy of promoting the SAI's counseling mandate.

Looking at the format of communication from the draft 100 ISSAI, recommendations can often fall under the arena of advice or counseling. These recommendations and based on the external auditors knowledge and expertise may include technical advice on issues related to good governance, accountability, ethical practices, and anti-corruption programs; effective risk assessment and management; internal controls; information technology (IT) systems development; and other areas affecting the effectiveness, efficiency, and economy of operations. To this extent, it is imperative that whilst such recommendations can add value and provide unique consultancy they must be prepared carefully and auditors should always maintain independence and objectivity when carry out their audit. In other words, they should guard against the risk of auditing their own work. Within my environment the SAI does not question policies but does offer recommendation regarding the implementation of policies.

[types of audits] – counseling as a byproduct?

To facilitate this process my SAI has prepared best practice guides on areas such as the role of boards and fraud prevention. Such guides do not endorse specific systems or present actual policies but provide broad guidance on the important characteristics required to support effective governance, risk and control within an entity. Also, such guides can also provide a basis against which to audit an entity if there is an absence of regulation in a certain area. An example here is under the area of procurement where the laws do not consider aspects relating to the business case for procurement. In this situation guidance can provide a basis under which more penetrating audits can be carried out.

In the last 3 years my SAI has consistently used the corporate governance framework as an approach of reviewing the use of public money. I believe that the recommendations made and advice given to the audited entities has improved the general understanding of the corporate governance in the UAE environment.

When looking into the boundaries with internal audit functions there are often other challenges and constant developments taking place. For example the financial audit standard relating to the reliance on internal audit is currently being revised to consider direct assistance which is providing more opportunity for closer cooperation between external and internal audit.

I believe that audit being a limited resource should be maximized for the benefits of all stakeholders and ultimately the citizens we serve. To this extent the management of the relationship between internal and external audit is crucial. Audit committees and reporting requirements have improved the visibility of this relationship in recent years. However, the distinction between the roles can become blurred. It is important to reiterate the definition of internal audit namely “independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process” [*International Professional Practices Framework IIA Research foundation*].

Internal audit is clearly a tool to improve the overall internal control within the entity. This obviously assists in providing higher quality information and thereby facilitating the accountability and transparency required for external reporting purposes.

From my experience when it comes to providing advice the internal and external audit functions can in fact become victims of their own success. If the objectivity is not appropriately managed then advice and guidance in “real time” can effectively make the audit part of the quality control process. This is one of the risks faced in concurrent or pre audits where auditors can effectively become authorizing agents. The onus then moves away from audit towards control.

This can happen under many scenarios for example, where a function involves many consultants and little capacity in house. The auditors (be they internal or external) can be asked to guide the officials in their management of the consultants. Another example is where auditors are asked to comment on the proposed actions to correct internal control weaknesses that may have been identified through auditing. In my experience auditors can also be requested to undertake observer status within projects. This again can inevitably result in compromising the independence of the auditor if not managed effectively.

Outsourcing the internal audit function can easily increase the risk of conflict of interest and decreasing the objectivity of the advice given by the internal audit. The need for separating the consulting from the auditing function has been a topical issue in the recent past. The distinction between advising and counseling to actually consulting is very significant. This comes back to the nature of audit recommendations and the skill with which they are crafted. Furthermore, the value of outsourcing can diminish the value of the internal audit to the entities institutional memory. In summary it means valuable insights and understanding are held outside the organization.



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KOREA

ABSTRACT

In Korea, public auditing is conducted in two ways: external auditing by the Board of Audit and Inspection (BAI or the SAI of Korea), and internal auditing conducted by internal audit units (IAUs). A role division is necessary as it is practically impossible for the BAI to audit all public entities. Under these circumstances, the IAUs are established to play the roles of: (1) reducing the possible blind spots of auditing; and (2) preventing inefficiency and waste in government operations by arresting corruption and by promoting effective internal control.

However, there has been a continuous concern that the internal audit tended not to be as effective and systematic as desired. In response, in July 2010, the *Public Sector Internal Audit Act* (hereinafter referred to as the Act), was established as a legal basis for resolving the problem. The Act aims to enhance the effectiveness of the public auditing system in Korea, especially by helping the IAUs function properly.

- Main Pillars of the Public Sector Internal Audit Act

The Act defines the basis for the Constitution and operation of the IAUs of public sector (i.e., the IAUs should: (a) be independent; (b) enhance their internal audit capacity; and (c) have a set of standards for transparent audit procedures in place). The Act also stipulates the requirements for an effective public auditing system (i.e., improvement of the public auditing system as a whole, and BAI's assistance for the IAUs). The prime purpose of the Act is to contribute to enhancing the adequacy and fairness of internal auditing and the IAU's accountability to the citizens.

- Achievements and Challenges

In an awareness survey on internal auditing conducted among internal auditors and their auditees in November 2012, 59% of the respondents answered that the independence as well as professionalism of internal auditors have been greatly enhanced since the effect of the Act. Interestingly, the auditees showed higher satisfaction than the auditors.

The Act requires the standardization of internal audit procedures. Now, for example, it is required to ask the auditees for their opinions on the audit findings. Also, the BAI, as the Supreme Audit Institution, provides educational opportunities and support for the IAUs. For instance, the BAI has formulated a *Manual for Internal Auditing* for the IAUs. All these improvements in the audit infrastructure of the IAUs seem to have contributed greatly to the positive responses in the awareness survey.

However, many areas still need to be improved. For instance, heads of the IAUs have been seldom appointed from the private sector, and the preferential incentive system has yet to be settled in internal auditors. More efforts should be made for the public release of audit results.

- Role of BAI in the Development of Public Auditing in Korea

Because the IAUs in Korea have not been functioning appropriately, the BAI or the Supreme Audit Institution of the country, now functions as an overall coordinator for the policies of internal auditing. This may be said to be due to the reflection of the ill-functioning IAUs in the past. The BAI will continue to play a leading role in promoting development for the public auditing system of Korea as an overseer, cooperator, promoter, and coordinator.



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Timeliness of audit and counselling as a factor for the effectiveness of SAIs

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NEW ZEALAND

presented by | présenté par | vorgetragen von | presentado por

SAMOA

**22nd UN/INTOSAI Symposium
Vienna 5–7 March 2013**

Agenda item 12

**Timeliness of audit and counselling as a factor for the
effectiveness of SAIs**

Lyn Provost
Controller and Auditor-General
New Zealand

1 Introduction

- 1.1 In New Zealand, the Auditor-General is an officer of Parliament and is therefore constitutionally independent of Government. The Auditor-General supports Parliament in its scrutiny of the Executive government by auditing all government entities. The Auditor-General also audits local government entities.
- 1.2 The Public Audit Act 2001 sets out the role, functions and mandate of the Auditor-General, and establishes the Auditor-General as the auditor of all public entities in New Zealand. The Auditor-General appoints auditors from her staff and from chartered accounting firms to carry out audits on her behalf.
- 1.3 There are about 4000 public entities in New Zealand and they come in all shapes and sizes, from the very large government departments (such as the Inland Revenue Department), or Crown companies (such as Air New Zealand Limited), to the very small (such as a small rural school).
- 1.4 Public entities in New Zealand are required to publicly report each year on their activities. For many public entities, the timeline for this reporting is specified in legislation. For others, it is contained in their founding documents (e.g. Trust Deeds).
- 1.5 Audited information is seen as more reliable than unaudited information and, as a result, all general purpose financial reports produced by public entities in New Zealand are required to be audited by the Auditor-General. We refer to these audits as “annual audits” rather than financial audits, as they have a broader scope than the audit of financial information.
- 1.6 The timeline for the annual audit process is specified in legislation for many public entities and varies between 3-5 months after the entity’s balance date. In other cases, where the timeline is not specified in legislation, the Auditor-General has set a default timeline of five months after balance date for completion of the annual audit. A timeline of five months after balance date is therefore the maximum time for completion of the annual audit of each public entity in New Zealand.

2 Reporting requirements for public entities in New Zealand

- 2.1 The publication of general purpose financial reports by public entities, which compare actual performance against what was planned or budgeted, is one of the main accountability mechanisms in New Zealand’s system of public sector management.
- 2.2 General purpose financial reports for many entities in the public sector include both financial and operational performance information. Together, the financial and operational performance information is expected to tell a meaningful story about the entity’s performance, position, and future capability to keep delivering services in the future.
- 2.3 With a few exceptions, general purpose financial reports produced each year by public entities are required by legislation to comply with generally accepted accounting practice. In New Zealand, generally accepted accounting practice requires all entities, except the very small entities, to apply accrual accounting.
- 2.4 Over the last 20 years the quality and timeliness of external reporting has steadily improved.
- 2.5 Such external reporting has now become business as usual with public entities annually reporting on their activities and having such reports audited.

- 2.6 Many public entities complement their annual external reporting with more regular (often monthly) internal reporting to their management and/or governing board. This more regular internal reporting uses the same accrual accounting disciplines as the annual financial statements. Internal management reports are not subject to audit. Nevertheless, these internal management reports are often prepared using the same systems, people, and processes as those used to produce each entity's annual report.
- 2.7 Such regular reporting in the New Zealand public sector has played an important role in helping to ensure a generally high standard of timely external reporting by public entities, and one which compares very favourably with the private sector in New Zealand.
- 2.8 By way of example, the Treasury publishes consolidated year-to-date financial statements for the Government of New Zealand monthly from September to May. These financial statements incorporate the financial information of all entities comprising the Government Reporting Entity. In doing so, the Treasury is able to rely on management information produced by public entities for the purposes of external reporting by the Government as a whole.
- 2.9 The external reporting timelines for public entities, many of which are specified in legislation, are as follows:

Type of public entity	Date for completion of audited financial statements/non-financial performance information		
	3 months after balance date	4 months after balance date	5 months after balance date
Government Departments	√		
State owned Enterprises (Commercial)	√		
Crown Research Institutes (Scientific)	√		
Council Controlled Organisations (Local Government)	√		
Energy Companies	√		
Port Companies	√		
Local Authorities		√	
Crown entities		√	
District Health Boards		√	
Tertiary Education Institutions		√	
Schools			√
Other types of public entity			√

- 2.10 While not all public entities meet these timelines every year, the following aggregated results demonstrate a consistently high level of timeliness of reporting in the New Zealand public sector:

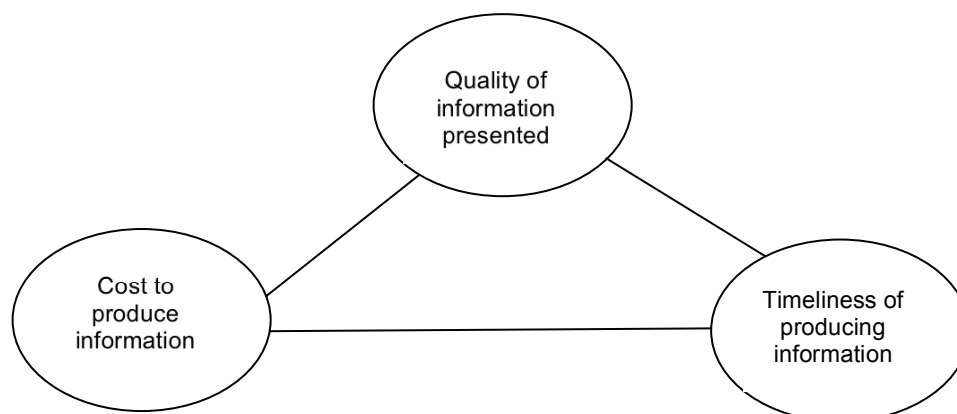
	<u>2011/12</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2008/09</u>
Overall % of public entities reporting in accordance with deadlines in paragraph 2.9	88%	87%	88%	82%

3 Factors affecting the timeliness of reporting by public entities in New Zealand

- 3.1 There are a number of factors which have contributed to the timeliness of reporting by public entities in New Zealand:

- Reporting timelines for many public entities are specified in legislation.
- The Accounting Framework established by the legislation limits the opportunity for political interference in the external reporting by public entities.
- Large public entities are subject to scrutiny by Parliament, which increases the perceived value of the information presented and strengthens the accountability arising from external reporting of an entity's performance.
- The Parliamentary scrutiny process, as specified in Standing Orders, requires that the financial review of public bodies be completed within nine months of the close of the year. This process requires the financial statements to start the examination process.
- Accountability for reported performance by each public entity rests with the Governing Body or, where there is no Governing Body, the Chief Executive.
- Failure to meet reporting deadlines by public entities is generally considered to be an important audit matter and, as such, is normally publicly reported either by the entity or the auditor.
- Public entities generally have sound systems and processes in place to generate reliable information about their performance and position in both financial and non-financial terms.
- Regular internal management reporting by public entities using accrual accounting disciplines has meant annual external reporting has become relatively routine.
- On the whole, good relationships exist between public entities and their auditor appointed by the Auditor-General, which aids timely reporting.
- Qualified accountants are able to move relatively seamlessly between public and private sector entities, meaning the public sector has access to the right capability to produce accrual-based information.

3.2 External reporting involves a trade-off between:



- It is important to get the balance right between these three aspects, otherwise accountability will not be well served.

3.3 In New Zealand, the healthy tension between these three aspects means that external reporting is generally achieved within the timelines specified, at a reasonable cost, and to the quality expected (that is, accrual accounting in accordance with generally accepted accounting practice).

4 Importance of timeliness of the audit process

4.1 An important feature of many of the reporting timelines specified in legislation is that timelines are specified for both the entity to prepare the information to be audited (and make it available to the auditor), and for the auditor to complete the annual audit.

4.2 Such dual reporting timelines are useful from an audit perspective because they make it more difficult for an entity to lay the blame for delays at the doorstep of the auditor.

4.3 Key steps that the SAI has taken to reach a position where it has the capability and capacity to audit about 4000 public entities each year include:

- Having the appropriate balance of annual audits that are completed in house by staff vs those that are completed by auditors from chartered accounting firms (the current distribution means that about 50% of the audit effort is in-house and 50% external).
- Investing sufficiently in auditor tools and professional development and support so that auditors are appropriately equipped to audit in the public sector environment.
- Influencing the nature of the reporting requirements that public entities have to comply with, through providing advice to Parliament and Government agencies on proposed legislation, and through contributing to financial reporting standard setting.
- Having a culture of working with public entities to help ensure that they can meet their accountability requirements. In effect, this requires auditors to see audited general purpose financial statements as a joint product between the public entity and the auditor.
- Recognising the importance of maintaining audit independence and audit quality so as to protect the reputation of the audit process and the role of the Auditor-General. In this way, the credibility gained by public entities through the audit process is highly valued.

- Conducting regular independent surveys of key stakeholders (for example, Parliament), and public entities, to test the quality of services delivered by the SAI.

4.4 While challenges remain in consistently delivering timely annual audit services that are of appropriate quality, at the SAI of New Zealand we aim for:

- audit planning that responds appropriately to the risks identified, and is designed to deliver effective and efficient public sector audits;
- auditors who understand the public entities that they audit so that, as far as possible, they are able to anticipate issues that might arise and deal with them in a timely manner;
- good relationships between the audit team and senior management, and members of the governing body of the public entity;
- well resourced audit teams with the appropriate skills that are scheduled to carry out each audit at the optimal time to meet the reporting deadlines specified; and
- continuity within audit teams from year to year (not always easy).

5 Observations about how timeliness impacts on SAI effectiveness

5.1 Based on the New Zealand experience, there are a number of observations that may have implications for other SAIs.

5.2 A cornerstone of accountability in the public sector is reliable and timely reporting by public entities on their activities, including:

- the amount of public money spent;
- the outputs delivered for that money; and
- the results achieved.

5.3 If public reporting is not timely, the relevance of the information presented reduces and proper accountability is difficult to achieve.

5.4 SAIs can play a key role in helping to ensure timely reporting by public entities. In doing so, SAIs can increase their relevance and help ensure that citizens are able to properly hold public entities to account.

5.5 SAIs need to ensure that they have the capacity and capability to perform audits of public entities in a timely manner. This means appropriately resourcing each SAI and building capacity where it is needed.

6 Concluding comments

6.1 The role played by SAIs in auditing public sector entities is a very important one. A key outcome of the audit process is that the information published by public entities about their performance is able to be relied upon by those looking to hold public sector entities to account.

6.2 The impact of this public reporting is reduced if the public entities do not produce timely information, or if the audit process is not timely, or both.

6.3 SAIs need to strive to play their part in the accountability process if the citizens are to fully benefit from the activities of SAIs.



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Timeliness of audit and counselling as a factor for the effectiveness of SAIs

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RUSSIAN FEDERATION

Theses of the report of S.V. Stepashin:

**“Timeliness of Audit. Analysis and Elaboration of Recommendations as Factors of
SAIs’ Effectiveness”,**

Vienna, March 5-7, 2013

Dear colleagues!

First of all, I would like to join the previous speakers and express my gratitude to our hospitable hosts for the traditionally good organization of this event.

When we speak about the effectiveness of the work of supreme audit institutions, it is important to remember that it is not just about identifying various violations. **Control is not an end in itself, but rather a means to improve the efficiency of the entire state administration system**, the use of national resources managed by the government and the social and economic development of our countries in general.

Not only quality of audit, but also its timeliness is of great importance to address these issues. The earlier we reveal these or those deviations, the sooner measures can be taken to improve the situation, the easier the optimal vector of development can be restored with fewer losses.

We, the Accounts Chamber of the Russian Federation, came to the understanding of this side of our activities long ago and pay great attention to it. I am grateful to the organizers of the INTOSAI-UN symposium who gave me an opportunity to tell you about our experience in this field.

Various kinds of errors and deviations from the planned course are inevitable in any complex system. Even the most perfect planning and forecasting are unable to consider all the circumstances and events that are possible in the future. This especially relates to economy, where, among other things, there is a complex system of personal and group interests, which sometimes directly disagree with national goals and objectives.

The accumulation of emerging deviations may lead the entire system in a wrong direction and even cause a system crisis. Duly organized control should timely, and as soon as possible, identify deviations from the planned course and their reasons, analyze them and give recommendations on making the necessary adjustments.

Control identifies effective and ineffective links, decisions, fields of activities and the use of resources. Besides, it should be noted that it is important not only to identify, but also to terminate the facts of inefficiency. It is equally important to identify and support the useful elements of the system, and this goal is also achieved in the course of control activities.

Timely control is a necessary condition for achieving the goals set and addressing strategic issues, one of which is determined in most countries as the improvement of the efficiency of public expenditure and the use of national resources. The time factor is of

particular importance **in the conditions of modern instability of world economy development**, when the consequences of a delay in identifying and troubleshooting problems increase with each missed month, and even day. Therefore, it is important to emphasize that the organization of the activities of supreme audit institutions requires precise time planning of activities and coordination thereof with each other and with the processes occurring in the field under control.

The timeliness of control is determined, first of all, by the ability of the recommendations on the findings thereof to influence the process under control: to diminish risks, prevent the loss of property or inefficient use of money, indemnify the damage caused, etc. Of course, the timeliness is by far not a solitary one, but an important condition of effective control. Without taking into account the time factor, control drops out of the public administration system. The feedback function and the interest of consumers of audit findings disappear. But the most important thing is that the ability (and sometimes even feasibility) to implement recommendations is reduced if they are late.

As you know, preliminary and follow-up control are the priority audit forms in the Accounts Chamber of the Russian Federation.

Effective preliminary control is an integral part of a reliable public resource management system; its advantage is the ability to **prevent possible violations before they take place**. A supreme audit institution carries out preliminary control in accordance with the legislation, conditions and requirements to audit institutions in every particular country.

Russian legislation provides for **preliminary control as one of the most important functions of the Accounts Chamber**. We attribute great importance to it in our practical work, not only in the system of comprehensive control over the formation and execution of the federal budget, but also in the audit of various federal and regional programmes.

Preliminary control is carried out through preparing expert opinions on the drafts of appropriate budgets, estimates of extra-budgetary funds, draft federal and regional target programmes and other regulatory legal acts of the budgetary legislation of the Russian Federation, as well as the constituent entities of the Russian Federation. The purpose of the preliminary control of drafting the federal budget and government programmes is to determine the validity and reliability of the figures used for their drafting.

In accordance with the Russian legislation, preliminary control is an important part of budgetary process, which makes the Accounts Chamber one of its key participants. As early as at the stage of the draft budget preparation consideration by Parliament, the Accounts Chamber prepared a professional opinion on the most important parameters of this document and presents its recommendations. This allows providing the Parliament with up-to-date information, which is taken into consideration when it forms its opinion on the draft budget.

This is **timeliness of such control that determines its efficiency**. Actual or potential problems related to the draft budget presented by the Government are identified and analyzed at the earliest stages of the budget process. Thanks to this, the effectiveness of the dialogue between the Federal Assembly and the Government significantly increases during the discussion and adoption of the draft budget and the quality of the final document improves.

Among the objectives of the preliminary control of drafting the budget, the most important are the following ones:

- to determine the validity, feasibility and reliability of the figures contained in the draft law on the federal budget;
- to assess the effectiveness of the draft federal budget for the next financial year and the planning period as a tool of socio-economic policy of the government and its consistency with programme documents and the terms of medium-term effect-oriented planning;
- to evaluate the quality of forecasting the federal budget revenues, budgetary spending, investment and debt policy, as well as the efficiency of inter-budget relations.

Thus, when preparing the opinion on the draft federal law on the budget for 2013 and the planning period of 2014 and 2015, the Accounts Chamber paid special attention to **the availability of system risks** associated with the continuing high dependence of the Russian economy on the situation in the world commodity and capital markets. This pertains, in particular, to the risks of reduction of the world oil prices below the projected level, as well as to problems of providing the projected growth of investments in fixed assets and maintaining consumer demand without accelerating inflation. The problems of inter-budget relations were also mentioned in the opinion of the Accounts Chamber. This involves a significant burden on regional and local budgets due to the return of previously granted budgetary loans, which may complicate the social and economic development and modernization of the economy of these regions.

A number of findings and recommendations of the Accounts Chamber were reflected in amendments to the federal budget for 2013-2015, as well as in amendments to the federal budget for 2012, including the amendments of those macroeconomic parameters which attracted attention during the audit. As for regional finance problems, the recommendations of the Accounts Chamber were taken into consideration, and **the Government was granted the right to conduct restructuring of regions' indebtedness on budgetary loans.**

The timeliness of control is important not only from the viewpoint of preparing opinions at the stage of preparing these or those projects, but also from the positions of appropriate implementation of projects and programmes that have already been approved. In other words, **the principle of timeliness is not limited to the application of preliminary control.** Effective and timely actual control, i.e. in the process of the activities of the object under control, seems to be no less important.

Actually, these two types of control, which differ by the time of their conducting, pursue the same objectives, but in different ways. While preliminary control performs more proactive, preventive function, allows reducing the risk of future violation, actual control (or follow-up control) is intended to ensure timely detection and correction of errors, identify the causes of deviations and contribute to their elimination. Of course, only those findings of control that have been obtained in a timely manner and recommendations based on them can be used effectively.

At the same time, it is not true that it is totally impossible to apply the findings of control that have not been obtained in a timely manner, for instance, after the expiration of a certain term after the completion of this or that project. Indeed, such control would have no impact on the amount of resources spent, certain parameters of the quality of the project implemented and the effectiveness of budgetary spending in the process of its implementation. However, the findings of such control, even if it was conducted in violation of the rule of timeliness, could be used in certain cases for the punishment of those responsible for violations and for recovery of damages, that is partly it can perform its correctional and restorative function.

Nevertheless, as the time passes, the possibilities of beneficial use of audit findings are more and more lost. This is also associated with the limitation of action period, the period of criminal prosecution, imposition of administrative and disciplinary sanctions, with the physical disposal of various assets and other factors. In this case, the findings of control fulfill informational functions only. They do not provide the basis for elaborating useful recommendations and taking effective measures. It is possible to say that the expenditures on such control could be characterized as insufficiently effective.

The current INTOSAI standard ISSAI 400 “Reporting standards in Government Auditing” enshrines general principles, which shall be the base for all audit opinions. One of them is the timeliness of audit. The principle of the timeliness of audit suggests that “the audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action”.

The same approach has been implemented in Russian audit standards. The procedure for conducting control and expert-analytical activities and taking decisions based on their findings is enshrined in the Regulations on the Accounts Chamber of the Russian Federation and Standard SFK 101 “General rules for conducting a control activity”, which works out in details the main provisions of the Regulations. They suggest that the recommendations should be:

- aimed at eliminating the causes of violations and deficiencies, and, if any, at indemnifying damages caused to the federal budget, state extra-budgetary funds and federal property;
- oriented at encouraging the audited entities to take specific measures to eliminate violations and deficiencies revealed, the implementation of such measures to be subject to verification, assessment of measurement;
- specific, concise and simple in form and content.

It is quite evident that the effectiveness of activities of supreme audit institutions directly depends on the degree the problem solution and the elaboration of clear and specific recommendations based on the audit findings. The implementation of recommendations based on the audit findings contributes not only to elimination of the violations revealed, but also, which no less important, to the improvement of the activities of the audited entities.

As an example, I would like to mention the case of **the audit of construction of a new football stadium in Saint-Petersburg**. In the course of this project implementation its ideology was changing. Due to the fact that FIFA had taken the decision to hold the World Cup 2018 in Russia, the size of the future stadium was to be increased to enable it to receive the semi-final match of the World Cup. Then, the management of the Zenit Football Club, which will play at this stadium, made a number of new proposals, which will allow using it as a ground for concerts and entertaining events. As a result, the cost estimate of the construction increased several times and exceeded \$1 billion, which makes it the most expensive stadium in Europe, after London’s Wembley. Meanwhile, the project was fully funded from the budget of Saint Petersburg.

In response to the request of the city administration, the Accounts Chamber conducted a thorough analysis of the reasonableness of the cost estimates proposed by the contractor and developed the proposals, which will allow reducing the cost of construction by one third. First, a number of factors that had enabled the contractor to significantly inflate the cost of construction were identified. Second, we suggested that the city administration use more widely the mechanisms of private-public partnership and attract commercial structures, including the sponsors of the Zenit FC, to fund fairly expensive technical innovations, such as “a pull-out rolled-over football pitch”.

In such situations it is very important not only to timely terminate violations leading to inefficient budgetary spending, but also to propose solutions that might prevent their recurrence in the future on other objects. For instance, after the audit of another football stadium, in Kazan, where the summer Universiade is to take place this year, the Accounts Chamber recognized its project to be optimal in terms of price-quality ratio. Due to this fact, **we recommended to use as a model project** for the construction of other stadiums in the frame of preparation to the World Cup 2018. This will significantly constrict loopholes that might be used by unscrupulous contractors for unjustified increase of budget estimate.

Unfortunately, there are also examples of the opposite, when the findings and recommendations of the audit are not taken into consideration properly. In 2009, a terrible tragedy occurred at the **Sayano-Shushenskaya hydroelectric power plant**: 75 people died as a result of the accident. Besides, the work of one of the largest of the Russian power industry facilities was disrupted, enormous material damage was inflicted.

Meanwhile, the Accounts Chamber had warned about the possible problems two years before the accident of 2009. Our auditors noted that many electric power plants belonging to OAO RusGidro “operate morally obsolete and worn out equipment that has reached the standard economic life of 25-30 years, which is worn by almost 50%”, while “the degree of depreciation of certain kinds of hydraulic engineering equipment – hydro turbines and generators of water-development structures – **exceeded 60% or reached its critical level**”. It turns out that the correct and timely conclusions were made based on the results of control. However, in practice, no necessary measures were taken timely to implement them.

This, of course, raises the issue of guilty persons’ responsibility to a completely different level. Although it is impossible to bring the dead people to life and it is not easy to compensate for the gigantic damage, a negative experience is still an experience. Now, the Federal Assembly is working on **a new version of the Law on Accounts Chamber**. In December it was adopted in the first reading. One of the tasks we are

trying to accomplish is to ensure that greater attention, in particular, from the part of law enforcement agencies, should be given to taking measures based on the findings and conclusions of our control activities.

In accordance with best world practice, the new version of the Law grants to the Accounts Chamber the right to carry out **the performance audit**, which involves not only correction of the violations and shortcomings revealed, but also making recommendations to avoid them in the future. After the adoption of this Law, we are planning to tighten control over the implementation of our recommendations, which is to contribute to improving the timeliness of decision-making based on the findings of our audits.

We also hope that the adoption of the new version of the Law “On the Accounts Chamber” will enhance its role in providing objective and timely information for international investors and representatives of world business elite as an additional independent and reliable source of information for taking important decisions.

Supreme audit institutions ensure the performance of a very important public demand for objective information about the activities of government authorities in managing national resources. They contribute to improving the efficiency of the entire system of government, especially in the economic sphere. In the conditions of world financial instability, the issue of control over budget spending has acquired **particularly high social status**. Its importance and value go far beyond the professional community of auditors.

The importance of effective external control is confirmed by longstanding practice of SAIs in many countries of the world. Its effectiveness is not in the least determined by the timeliness and quality of recommendations based on the findings of audit. It is safe to conclude that the improvement of methods for the timely preparation of audit opinions and recommendations implies a significant potential to improve the efficiency of SAIs’ activities.

Thank you for your attention.



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Practices of engaging citizens in audit and counselling by SAIs

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DENMARK

Abstract:**Involvement of Citizens and use of counselling in auditing**

By Director Henrik Berg Rasmussen, Rigsrevisionen (National Audit Office of Denmark)

Historically supreme audit institutions have been seen as rather closed in relation to public insight. In order to demonstrate more transparency it is a challenge to adapt a more open approach to society. Firstly it is a challenge to move towards a good practice public sector institution and secondly it is obviously that supreme audit institutions - similar to other public financed institutions - have to demonstrate value to citizens and the society as such.

In the Danish context for public sector auditing it is important to take into account that we have rather strong institutions to deal with citizens' complaints and laws that gives the public insight in public institutions.

Due to Danish culture and tradition civil society organisations plays a very important role in society. Most civil society organisations have well established relations to the public sector.

Other aspect that gives the public insight in the public sector is the developing transparency in annual reports including results and effectiveness of public sector activities.

One of the challenges we phase trying to include citizens aspects in our audit is to understand the different roles a citizen plays. However we are very eager to have external input to our audit planning activities. Apart from the input we have from the Public Account Committee who can ask Rigsrevisionen to undertake certain audits; we cooperate with civil society organisations in many ways.

It is our experience that there are many advantages by cooperating with civil society organisation. Basically they contribute to our understanding of subjects in a general ways as well as they often contribute substantially to design of specific audits. Choosing subjects for auditing we aim at selecting subjects of importance to the citizens. Finalizing our audits we aim at publishing our audit results in a way that makes it readable and understandable to citizens.

Nevertheless we have a number of challenges trying to put more focus on citizens in our audits. Some challenges are related to how we urge public sector institution to have a more open approach to society and citizens and other challenges are related to the methodological choices we make in order to undertake performance audits including citizens' aspects. Finally we also find it challenging to get a better contact between citizens and our own institution. There are limits to the inclusion of citizens in our daily work but in general we have moved towards a more open approach to the society and demonstrating value to the society, by means of transparency etc.



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CHILE

UN/ INTOSAI SYMPOSIUM PRESENTATION: Good practices for citizen participation in the auditing and consulting functions of Supreme Audit Institutions (SAI): A Latin American perspective.

Ramiro Mendoza Zúñiga. Comptroller General of the Republic of Chile and Executive Secretary of the OLACEFS. Vienna, March 5 - 7, 2013

I. Prior fundamental concepts: governance and social cohesion

Referring to the role played by citizens when SAI functions are being carried out requires highlighting slightly more comprehensive notions, such as those that aim at answering the following fundamental social inquiry: How do societies remain united, especially when traditional integration mechanisms disintegrate? Or, if the recently adopted term were to be preferred, “how can *social cohesion* be achieved?” In a second place, issues relating to civil society also refer to the notion of *governance* or good governing.

This presentation shall expose data on social cohesion as well as findings from the 2007 ECosociAL survey, carried out by a group of regional academic institutions¹. With regards to governance, currently popular ideas within international organisms as well as relevant literature will be cited for each case illustrated in this presentation.

Certain assertions that characterize social cohesion and governance in Latin America will be formulated, considering the nature of civil society in the Latin American region along with an extended sense of distrust in institutions.

Social cohesion mechanisms in Latin America are not essentially linked to the State, as in Europe, nor to an economic dynamism which facilitates social mobility within a traditionally autonomous civil society, as in North America, these last two regions being considered as the predominant models in this regard. Consequently, the type of civil society and the people involved have a strong sense of community, in many cases adopting a contrary position to the government, thus generating a governance style where networks play an increasingly major role.

Moreover, it is important to highlight the fact that a steady democracy was not always the norm within the Latin American region. However, a progressive consolidation of the democratic system has been observed during the last decades, thanks to which certain institutional axes that were not completely valued are now emerging, particularly those relating to good governance.

Greater awareness of values such as transparency and accountability has promoted citizen public participation and, more precisely, engagement in public institutions and its decisions.

Thus, relationships that citizens and civil organizations generate with SAIs in this context also have identifiable characteristics within Latin America. In order to illustrate

¹ Universidad Católica de Chile, Universidad Católica de Perú and Universidad Católica de Buenos Aires, as well as consulting agencies in Brazil (Sensus), Colombia (Centro Nacional de Consultoría), Guatemala (Borge y Asociados) and Mexico (IPSOS-BIMSA).

the latter, a study carried out between 2010 and 2011 will be described. This study identifies good practices in this domain, which were analyzed in terms of transparency, citizen participation and accountability.

II. Control and citizens in Latin America

Innovative and highly interesting citizen participation experiences have recently developed in Latin American countries with regards to the auditing function. In this sense, a link between the institutional control exerted by the SAIs and the social control implemented by citizens and their organizations could be deemed to be in the process of being established.

1. Transparency Practices of a SAI

Considering the current process of democratic consolidation throughout the continent, modernization efforts on behalf of the State have been observed to be accompanied by a growing relationship between public agencies and citizens.

SAIs are pivotal within the government's accountability system and its public control responsibility should be visible to the eyes of the citizens. Nevertheless, SAIs are mostly perceived as technical organisms within the institutional external control system, being their products relevant only to other agencies, which are technical as well. Only in a few countries are SAIs considered to be agents that produce valuable information about the government, and directly benefit citizens by helping to shorten information gaps, which are common among agents (the government and public officials) and the main body (the citizens).

This presentation shall expose experiences of high interest according to the following classification:

1. The existence of a normative framework regarding the degrees to which SAIs can access public information
2. The implementation of an active communication policy
3. Open publications of auditing reports
4. Transparency in how auditing entities put forth resources
5. Transparency in bidding and contracting processes put forth by the entity
6. Open publications of SAI staff, indicating posts and remunerations
7. Open publications that include SAI officials' declarations of assets and previous professional backgrounds.

2. Accountability Practices

The notion of accountability relates to the government's obligation to provide clear explanations of its initiatives to the public and is, thus, part of the governmental control system. Higher control organisms, in turn, must also report on their own activity.

Furthermore, the authority and legitimacy of the SAIs in their mission to ensure proper liability of public management and government resource administration largely depends on the quality of their own accountability processes. Therefore, adopting good transparency and accountability practices would strengthen the auditing organisms' public image in the eyes of the citizens and would contribute to legitimizing their authority to control.

Based on the above orchestration of ideas, a few accountability experiences will be exposed based on the following criteria:

A) Management accountability of a SAI

1. Periodic reports on SAI management, with quantitative and qualitative performance indicators
2. Presentations to and discussions with public and citizen organisms on management reports
3. Other management accountability mechanisms
 - 3.a Peer reviews
 - 3.b Self-evaluations
 - 3.c Management quality certifications

B) Integrity and quality of staff within a SAI

1. Implementation of institutional ethical norms
2. Evaluations and background checks when selecting personnel and granting promotions within the entity

Citizen Participation Practices

Citizen participation in a SAI assumes the presence of cooperation and articulation mechanisms that facilitate active control by the citizens and civil society organisms.

Currently, there is an agreement between the SAIs in Latin America with regards to the potential implications of involving the public in control initiatives, so as to facilitate and consolidate auditing processes. An example of such is the creation of the Citizen Participation Commission (Comisión de Participación Ciudadana-CPC) within the OLACEFS framework.

Instances of civil participation may be classified into three major levels, according to development degree: an initial level where there are mechanisms that take into account complaints and reports placed by citizens as primary means of citizen participation; an intermediate level, where trustworthy means of providing information, knowledge and training have been developed, thus allowing for easy communication between the SAIs and the citizens as well as with civil society organizations; and a third advanced level, where there are mechanisms that allow for active and regulated participation in the auditing processes, which assume alliances between the SAIs and the civil society organizations that collaborate in control initiatives.

The experiences gathered may be organized as follows:

1. Participation in auditing programs: participative planning and citizen reports and complaints
2. Participation in control initiatives: articulated auditing and citizen oversight
3. Participation in appointing the comptrollers and auditors, as in Ecuador, Guatemala and Columbia
4. Participation in follow-up stages: citizen involvement in monitoring implementations of auditor recommendations
5. Dissemination of information related to citizen control and participation mechanisms



UN Public Administration Programme

Division for Public Administration and Development Management (DPADM)
UN Department of Economic and Social Affairs (UNDESA)



The potential of engaging citizens by SAIs to increase public accountability in sustainable development

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United Nations



Introduction

- **The future we want**
- **Public accountability in the future we want**
- **SAls and public accountability**
- **Citizen engagement: the rhetoric**
- **Citizen engagement: the practice**
- **Can practices inform rhetoric?**
 - UNPACS interim findings on citizen engagement
 - INTOSAI citizen engagement preliminary survey results
- **Implications for the future ... we want**

The future we want

- **Rio + 20 renewed commitment by the international community to the 3 pillars of sustainable development:**
 - **Economic**
 - **Social**
 - **Environmental**
- **the need to accelerate progress on MDG' s**
- **enablers that put people at center of sustainable development:**
 - **Democracy, good governance, rule of law**
 - **Effective, transparent and accountable institutions**

Public accountability in the future we want (1)



- **The notion of government accountability developed through**
 - moral education of leaders (e.g. China), and
 - formal procedures (e.g. England)

(Fukuyama: *The Origins of Political Order*, 2011)

- ***“I have been struck again and again by how important measurement is to improving the human condition.”***

(Bill Gates’ Annual Letter, 2013)

- **How can SAIs better target their contribution to public accountability in a world of multi-stakeholders who define public policies and deliver services?**



Public accountability in the future we want (2)



- the Open Working Group on defining sustainable development goals (SDG's)
- a Working Group on defining a long-term strategy for financing for sustainable development
- Is there an opportunity to help conceptualize the accountability framework for the post-2015 development agenda?
- What advice should the audit community give for safeguarding streams of financing, from traditional and new sources, for sustainable development initiatives?
- How do citizens figure in public accountability in the future?



SAIs and public accountability



- Domestic and external resource mobilization essential to the post-2015 development agenda
- Quantitative aid and development effectiveness targets help quality of aid
- Greater mutual accountability, based on multi-stakeholder participation, needed between recipient and donor countries
- National accountability mechanisms at heart of successfully implemented development programmes
- SAIs can measure performance of public service delivery in key sectors and advise on institutional capacity-building measures and improving administrative performance
- SAIs can engage citizens in their own work for improving public accountability



Citizen Engagement: the Rhetoric



“In principle, a more engaged citizenry should be able to achieve a higher level of cooperation and make government more accountable.”

(World Bank: Localizing Development, Does Participation Work? p. 1, 2013)

“... Convinced that strong partnerships between supreme audit institutions and citizens significantly advance economic and sustainable development, improved service delivery and the fight against corruption; ...”

(INTOSAI: Conclusions and Recommendations, 21st UN/INTOSAI Symposium, 2011)

Citizen Engagement: the Practice

“In practice, little is known about how best to foster such engagement.”

(World Bank: Localizing Development, Does Participation Work? p. 1, 2013)

“... Recognizing that supreme audit institutions need to safeguard their own reputations by only collaborating with those organizations representing citizens in legitimate, honest and inclusive ways and through channels that will secure the good standing of the supreme audit institution; ...”

(INTOSAI: Conclusions and Recommendations, 21st UN/INTOSAI Symposium, 2011)

Can practices inform rhetoric?



From UN DESA DPADM:

- **UNPACS (UN Public Administration Country Studies)**
- **Conceptualizing citizen engagement stages:**
 - Information: precondition
 - Consultation: outreach actions
 - Decision-making: interactive processes
- **Mapping readiness for citizen engagement:**
 - Policy and regulatory framework
 - Organizational framework
 - Channels and modalities of engagement
 - Cases of effective practices

UNPACS: Information Stage

Constitutions, FOIAs, DPAs as legal framework to access to public information

- Constitutional provisions for the **right to information** important
- Explicit laws providing for the **access to public information**
- **Restrictions to access** to public information
- **Protected and/or classified data** categories
- **Designated institutions** that ensure implementation e.g. office of information commissioners, data protection commissioners

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Organization: DESA/ DPADM
Title: Brazil: Freedom of Information Act - Law No. 12.527.18 - 2011
Abstract: The Freedom of Information Act regulates access to information under item XXXIII of Art. 5 a, in Part II of § 3 the art. 37 § 2 and in the art. 216 of the Federal Constitution, the Law amending the 8112 of 11 December 1990, repeals Law No. to 11111 of May 5, 2005, provisions of Law and the 8159 of January 8, 1991, and gives other measures. The procedures provided in this legislation are intended to ensure the fundamental right of access to information and must be executed in accordance with the basic principles of public administration and with the following guidelines: i)observance of advertising as general precept and secrecy as the exception; ii)dissemination of information of public interest, regardless of requests; iii)the use of media enabled by information technology; iv)promote the development of a culture of transparency in public administration; v)development of social control of public administration. Art. 11 states the obligation of public agencies or entities to grant access to public information.

Restrictions on access to information are stated in Art. 23, including those essential to security of society and state and those that threaten defence, international relations, occur financial risk or compromise intelligence activities. According to Art. 24, information held by public agencies may be considered secret or reserved and may be withheld up to 25 years.

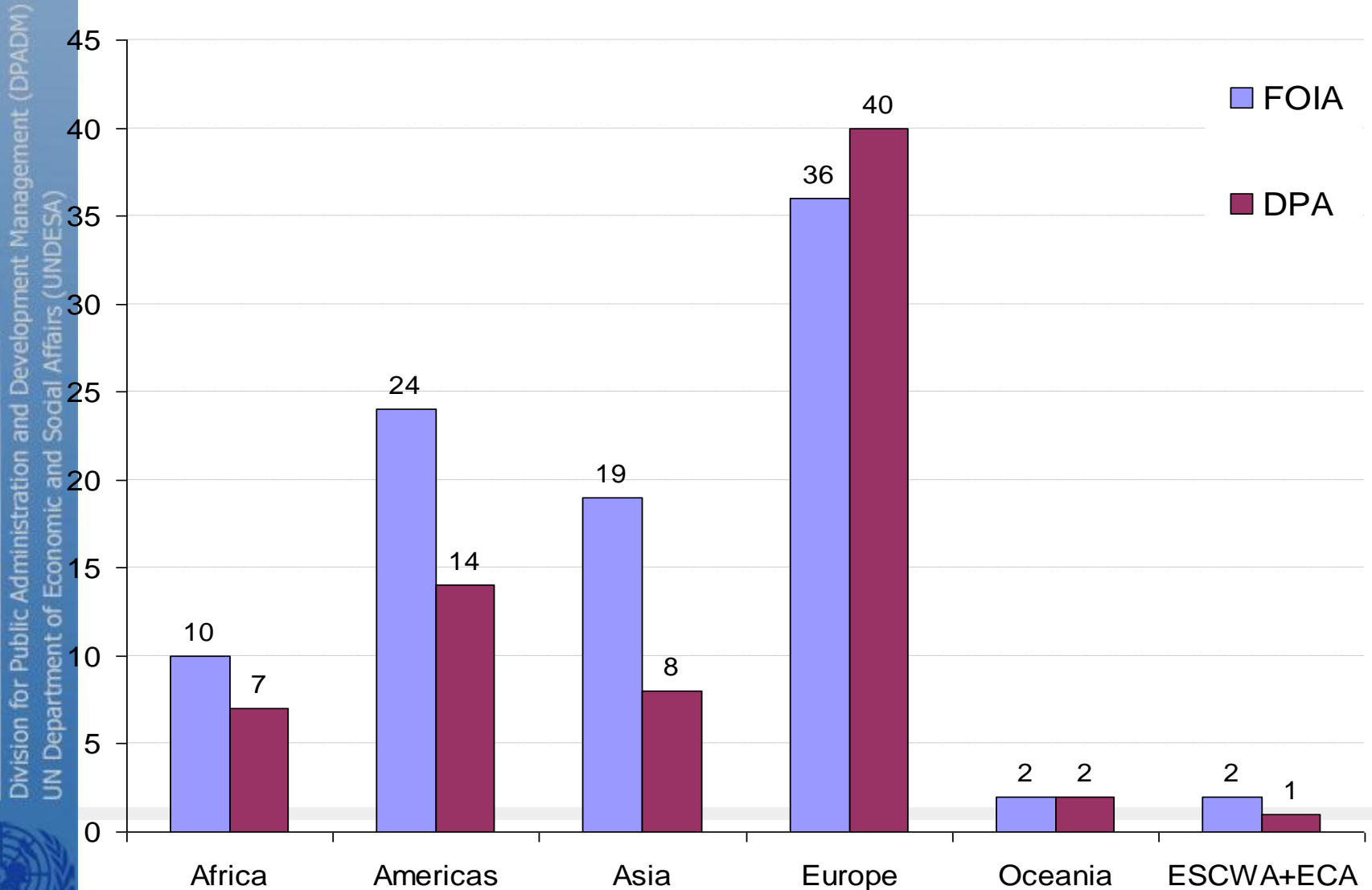
Procedures for providing public information:
Means: "all legitimate" including internet
Timeframe: within 20 days
Language: in clear and easily understandable language
Fees: free, excluding costs of reproduction

Appeal mechanism: An applicant may appeal refusal to give access to information within 10 days (Art. 15); Superior authority must respond within five days. If denied by the Federal Executive branch of government, appeal can be made to the Comptroller General of the Union within 5 days (Act. 16), Joint Committee on Re-evaluation of Information (Art. 35), and then the Minister of the State (Art 17).

Outreach to special social groups: Ensure accessibility of content for people with disabilities

Document Theme: Citizen Engagement in Managing Development; Open Government Data and Services; Knowledge Management in Government; Public Governance for Development
Document Sub Theme: Freedom of Information Act
Document Content Type: Law/ Regulation/ Amendment

Interim Findings: INFORMATION



Division for Public Administration and Development Management (DPADM)
UN Department of Economic and Social Affairs (UNDESA)



UNPACS: Consultation Stage

Economic and Social Councils or similar institutions as institutions for consultative processes:

- The purpose of establishment of the consultative institution (e.g. ESC)
- Provisions and arrangements for consultative processes
- Typology of ESC (e.g. forum for inter-sectoral/social dialogue, advisory body)

The screenshot shows a document viewer interface with a top toolbar containing icons for View, Edit Item, Manage Permissions, Delete Item, Version History, Manage Copies, Alert Me, View Workflow History, Check Out, and Workflows. Below the toolbar is a table of document metadata.

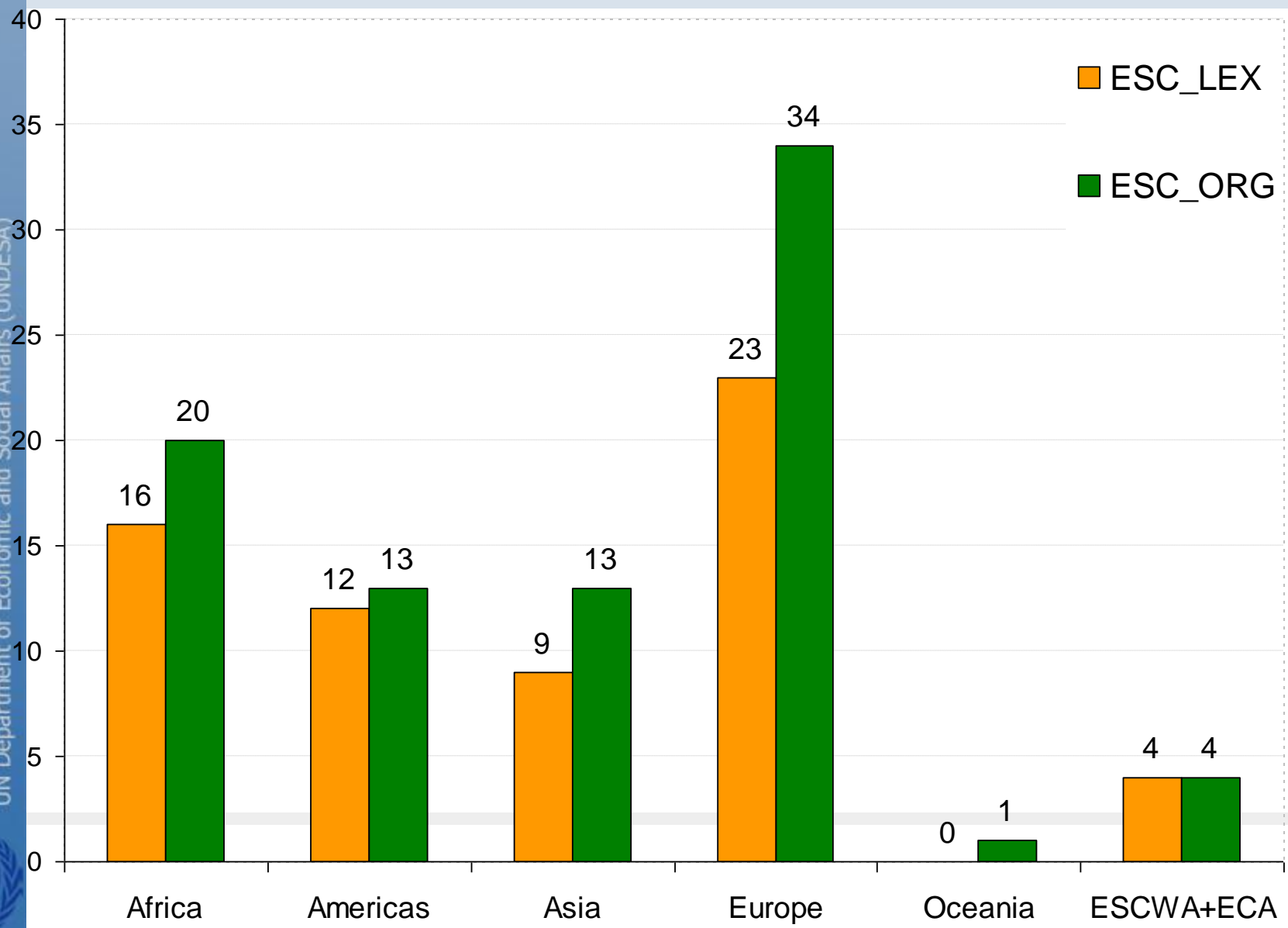
Organization	DPADM / UNDESA
Title	Ireland: National Economic and Social Council (Alteration of Composition) Order, 2010
Abstract	<p>The National Economic Council was established in 1973, and in exercise of the powers conferred under Section 17(1)(a) of the National Economic and Social Development Act, 2006. The purpose of the act is the establishment of the National Economic and Social Development Office comprising National Economic and Social Council, National Economic and Social Forum and National Centre for Partnership and Performance.</p> <p>The National Economic and Social Council (Alteration of Composition) Order, 2010 was signed by BRIAN COWEN, Taoiseach, on 14 December 2010 (SI603-2010_NESC_Alteration_of_Composition_Order.pdf).</p> <p>The National Economic and Social Council's (NESC) purpose is to advise the Taoiseach on strategic issues for Ireland's economic and social development.</p> <p>The NESC has a history of producing reports with strategic, long-term analyses of key economic and social development issues affecting Ireland. Its early work focused on the economy, taxation, population and emigration, and agricultural policy. It has also produced reports over the years on employment, housing and education, social policy, Ireland in the EU, public services, and well-being. From 1986 to 2006 the NESC regularly produced strategy reports which were the basis for negotiating the social partnership agreements, as well as contributing to development of overall Government policy.</p>
Document Theme	Citizen Engagement in Managing Development; Open Government Data and Services; Knowledge Management in Government; Public Governance for Development
Document Sub Theme	Legal Framework for Citizen Engagement in Public Affairs
Document Content Type	Law/ Regulation/ Amendment
Region / Country	Ireland
Document Tags	Legal and regulatory framework, Legislation, administration, Public services development, Transparency, Citizen participation, Public Consultation
Document Language	English
Author (Individual(s) / Institution(s))	N/A

Interim Findings: CONSULTATION



Division for Public Administration and Development Management (DPADM)
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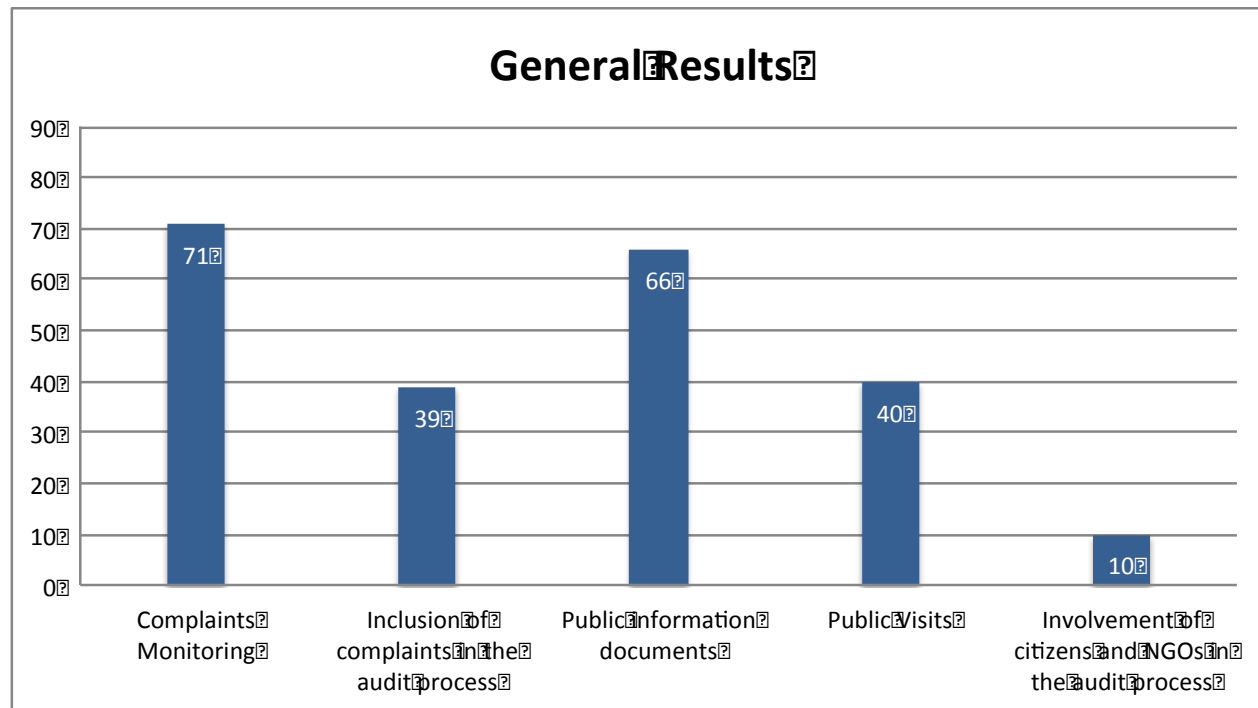
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Can practices inform rhetoric (2)?

INTOSAI survey on SAI interactions with citizens:

Analysis of responses



INTOSAI interim results

Management of complaints:

- 78% (71 respondents) have mechanisms to receive complaints from the public
- 43% (39 respondents) include received complaints in the audit process.

Provision of information

- 73% (66 respondents) provide regular written information to the public in addition to tabling audit reports

INTOSAI interim results

Open to the Public

- 44% (40 respondents) open their offices to the public

Citizen engagement in the audit process

- 11% (10 respondents) stated to have tools to involve citizens or NGOs in the audit process.

Implications for the future ... we want



- Governments coordinating action for:
 - Eradicating poverty
 - Fostering equitable social development and inclusion
 - Changing unsustainable and promoting sustainable consumption patterns
 - Protecting and managing natural resource base
 - Promoting sustainable, inclusive and equitable economic growth

Should provide a framework for optimally engaging citizens.

- SAs can also benefit from optimally engaging with citizens.

Implications for the future ... we want (2)



- Potential INTOSAI contributions:
 - Advice to the international community on safeguarding new sources and streams of financing for sustainable development initiatives
 - Defining auditing standards for citizen engagement
 - Providing ex-ante advice in addition to audits on the costs and benefits of citizen engagement
 - Identifying and improving effective engagement with citizens in the work of SAIs

Thank you for your attention.
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22nd UN/INTOSAI Symposium
22^e Symposium ONU/INTOSAI
22. VN/INTOSAI Symposium
22° Simposio NU/INTOSAI
الندوة 22 للأمم المتحدة والإنتوساي

5 – 7 March 2013, Vienna, Austria | 5 – 7 mars 2013, Vienne, Autriche
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Audit and Counselling by SAIs:

Risks and Opportunities, as well as Possibilities for Engaging Citizens

Les fonctions de contrôle et de conseil des ISC :

Risques et opportunités, ainsi que possibilités de participation des citoyens

Prüfung und Beratung durch ORKB:

Risiken und Chancen sowie Möglichkeiten für die Beteiligung von BürgerInnen

Función Auditora y Asesora de las EFS:

Riesgos y Oportunidades así como Posibilidades de la Participación de los Ciudadanos

الرقابة المالية والخدمات الاستشارية من خلال نشاطات الأجهزة العليا للرقابة

المالية والمحاسبة: المخاطر والفرص وإمكانيات مشاركة المواطنين

**Good Governance: Safeguarding Public Resources
for the Benefit of the Citizen**

BASIC PAPER | RAPPORT DE BASE | GRUNDLAGENPAPIER | PONENCIA BASE

prepared by | préparé par | verfasst von | elaborado por

UN COMMITTEE OF EXPERTS ON PUBLIC ADMINISTRATION (CEPA)

Good Governance: Safeguarding the use of Public Resources for the Benefit of the Citizen. Margaret Saner CBE, Vice Chair of the UN Committee of Experts on Public Administration (CEPA)

*Paper Prepared for the 22nd UN/INTOSAI Symposium: **Audit and Counselling by SAIs: Risks and Opportunities, as well as Possibilities for Engaging Citizens***

1. Introduction

1.1 This paper addresses aspects of good governance as they relate to the relationship between Citizens and the public policies and services of their countries. The primary focus is on good practice in relation to Citizen Engagement however the paper also emphasises the need for an appreciation of the requirement for analysis of the current situation and for a foundational framework including effective policy development and performance measurement to be in place in order to achieve effective engagement. The paper is written from a practitioner perspective, based on experience of working with several different administrations in different countries and with international organisations. It serves as background to and the basis of a presentation to be made at the 22nd UN/INTOSAI Symposium.

1.2 Much has been written about Citizen Engagement which will not be repeated here. The purpose of this paper is to consider Citizen Engagement from the perspective of an Auditor, a title which is interpreted broadly, given the varying nature of responsibilities in countries around the world. Audit was traditionally a post hoc function, a check after the event; however certainly in recent years in public administration the emphasis has shifted to also include the prevention of ineffectiveness and inefficiency through the provision of advice ‘before the event’. Initial concerns as to whether giving advice would somehow impinge on the impartiality of the later audit has been overcome by the obvious benefits of seeking to safeguard public expenditure, to prevent wastage of scarce resources and to ensure good governance in the use of resources.

1.3 Over the last twenty or so years many countries have moved to a position where there are increased safeguards in connection with the proper delivery of public services; many of the interventions involve Inspectorates whose reports identify good service but also highlight to the public where there are shortcomings and the severity of them. During this period there has also been a drive to improve ‘Delivery’ which to be effective must involve Citizens¹ and there is an understanding that to be considered effective a policy must be successfully implemented and the results be capable of assessment.

2. Audit in the Local Context

2.1 Countries vary however, and the picture far from universal. While there is a detectable trend toward more open government, effective implementation and protection of public resources; rates of progress vary and priorities and philosophies are different. In the context of Audit the concept can sometimes be very narrowly

1

http://webarchive.nationalarchives.gov.uk/+http://www.cabinetoffice.gov.uk/media/cabinetoffice/strategy/assets/publications/world_class_public_services.pdf

interpreted to cover only a restricted interpretation of financial audit. It remains based on whether papers match entries rather than a broader investigation into whether the situation is credible or could have been manipulated in some way. Mechanisms do not always exist for reviewing whether a particular policy or service offered value for money and more often the concept of assessing potential value for money in the process of developing the policy or service is absent as is the participation of those most affected by the decision. This results in expenditure being committed on the basis of an 'idea' rather than on the basis of a thoroughly researched decision making process.

2.2 Proceeding in this way is counter to the principles of Open Government and lays open public sector decision making to the possibility of fraud, substantial waste of public money (in the UK the phrase would be 'white elephant') and or sub optimal use of public funds ie there is some benefit to the public but not nearly as much as there could have been with better policy/service development processes. Effective consultation can often save public money by avoiding legal disputes or poor design.²

2.3 Advocacy of preventative action does not preclude subsequent audit and indeed the one should inform the other in a continuous process of improvement and deepening of understanding. The importance and value of the National Audit Office in the UK as an independent body to whom public servants are accountable through Parliament is absolutely vital as a check within the system, yet from the Citizen's perspective it is when their reports are published in the media that the Citizen is able to understand how their taxes are being used and whether choices are being made wisely.

2.4 Moving beyond the above comments about the quality, value and effectiveness of the provision of public policy and services is a much more fundamental change in attitude and approach. There is a marked shift away from viewing public policy/service as being initiated and driven centrally and 'given' to the Citizen to an approach whereby public policy and service responds to contributions, ideas and proposals from the Citizen; sometimes also implemented or 'co-created' by the Citizen.

3. What is Citizen Engagement?

3.1 In discussion of this topic several strands of development in public administration are frequently conflated; typically people think of the engagement of citizens as consumers of public services in decisions about the nature and delivery of those services, but another strand is the concern to raise participation levels in democratic government (and related to this the aim to expand the role of civil society as a proxy for making governments more accountable to their people); a third, and often overlooked strand is the involvement of citizens in matters of public policy and decision making.

² <http://www.involve.org.uk/wp-content/uploads/2011/07/Making-the-Case-for-Public-Engagement.pdf>

This latter area is concerned with ensuring that Citizens are directly involved in decision making about choices that will affect them ie not simply how long they have to wait to get a Doctor's appointment but whether or not for example the nearest hospital should have eg maternity provision. Citizen Engagement usually also infers a sense of community or groupings of people whether based on a characteristic such as 'the elderly' or an interest such as 'no third runway at Heathrow'. Citizen Engagement therefore encompasses; issues of service delivery, of open government, policy development and of community and the issues involved in each can range from fairly straightforward to highly complex.

3.2 The phrase Citizen Engagement can be used somewhat disingenuously to cover one way communication eg the publication of basic information in a newspaper or the display of information at a counter or entrance. This falls a long way short of what is intended by the term and identified by for example the OECD which has comprehensively reviewed practice across member countries, particularly in relation to both services and policy³. There is a spectrum of forms of 'Engagement' ranging from simple provision of information through consultation and participation in decision making all the way through to co creation of solutions. Without access to information the citizen cannot take an informed view so the availability of information is vitally important but 'we published' does not equate to 'we engaged'⁴, however impressive the newspaper article or leaflet appears in print.

4. The Changing nature of the Public Service

4.1 Attitudes of public servants around the world vary as a result of many factors such as cultural issues, economic success and democratic development. In many of the more advanced economies there has been a dramatic shift in relationship between public servants and citizens; the latter having access to more information than ever before, being more vociferous and demanding, while public servants have endeavoured to improve services and increase engagement. There are cultures however, where the public servant is still 'king', an elite who are expected to know better than the rest of the population (and indeed may well be highly educated) but who are remote from the day to day experiences of citizens (and possibly key stakeholder groups such as Business).

4.2 The role of the public sector is becoming ever more fluid and complex in response to global issues and the development of policy or delivery of services may be carried out by business, by the voluntary sector, by public servants or a mix of these. In this context there are risks attached to holding on to the elitist approach. Rigid, hierarchical

³ <http://www.oecd.org/gov/publicengagement.htm>

⁴ <http://www.lsis.org.uk/Services/Publications/Documents/CitizenEngagement.pdf>

structures are not going to be as responsive as is required and public servants who are out of touch are more likely to make poor decisions about the use of public resources.

4.3 Thinking therefore that it might be possible to adopt Citizen Engagement approaches when the reality is that the public servant believes the Citizen has little to offer but complaint and personal pleading will always be problematic. First, the public servant must actually see themselves as a servant of the Citizen. Some countries, perhaps driven by public sector reform programmes have done a good deal of window dressing in terms of publishing citizen's charters which is a start, but when you look below the surface there is little genuine engagement with citizens.

4.4 It is vital therefore that when thinking about Citizen Engagement the precise context and purpose is well understood – is the issue a simple matter of how often rubbish should be collected (although this has proved far from simple in the UK) or is it a more fundamental questions such as the nature of secondary education, curriculum and examination in our schools? In countries where political parties clearly set out their policies before a general election it can be argued that this 'manifesto' and the decision of the electorate in terms of how they vote gives the ultimate example of citizen engagement.

4.5 Even in this scenario though, the broad statements of a manifesto will require further decision making and choices as part of the implementation process eg 'free primary education' – provided by the state or through vouchers for private education? Which would be 'better'? A further problem is that in many democratic countries policies are not so clearly articulated at the time of elections, frankly the problems are more fundamental and the choice of the electorate may be made on an entirely different basis whether it is personality or local loyalties. The UK Parliament has recently been considering Public Engagement in Policy Making in the Public Administration Select Committee⁵ which has prompted some thought on the understanding amongst some politicians of the term public engagement⁶.

4.6 Auditors should also be familiar with any legal requirements in connection with Citizen Engagement, whether specifically identified as such or implicit in broader statements, often linked to Human Rights issues, such as 'fair and reasonable administration' or 'non discrimination'⁷. It is impossible to know if you are being fair if you do not ask whether your policy or service will adversely affect one portion of the citizenry or if you do not understand their culture or needs.

⁵ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-administration-select-committee/inquiries/parliament-2010/public-engagement-in-policy-making/>

⁶ <http://www.involve.org.uk/politics-public-engagement-and-mob-rule/>

⁷ <https://www.gov.uk/government/publications/complying-with-the-equality-duty>

4.7 A further challenge is that people, whether elected representatives, public servants or influential sponsors, often have their 'preferred solution' which is based on their own assumptions and experiences rather than on evidence. Auditors should therefore be wary of 'consultations' designed to 'prove' the preferred option and in worst case scenarios 'consultations' which are part of the disguise of a conflict of interest. It is as important to consider what is not present as it is to look at the data provided. It may not be realistic or indeed sensible to make all information available to everyone; the issue for you as Auditor is whether the decision making process has been as open as it could/should be.

4.8 Relevant to your assessment of whether Citizens are being effectively engaged will be your assessment of the policy/service development process itself. There is wealth of information on effective policy development processes – are these standards being adhered to? Have the decision makers been fully informed as to the possible implications of different options to achieve their goal? Have all Ministries affected been properly consulted and are the citizens' views fully understood and expressed? The final choice may not satisfy everybody but the impact should be clear beforehand. There should also be a degree of proportionality ie the scale of the engagement should be appropriate to the impact of the decision to be made.

5. Approaches to Citizen Engagement

5.1 Public services operate in an increasingly complex environment and sometimes hard choices need to be made, especially in the current economic climate. This does not mean that it is wise to take shortcuts in the policy or service development process. It is however, sensible to make an assessment of the likely cost, value to be gained and risks associated with different forms of engagement. As mentioned above, care has to be taken to comply with any legal requirement, beyond that, the emphasis should be on an appropriate level and type of involvement to ensure that effective choices are made based on sound evidence, which as a result of engagement will be based on not only opinion but local and often technical expertise. The broad term of Citizen Engagement should rightly be focused on all citizens but should also include people with specialist understanding whether by group eg representative organisations or by user or by resident.

5.2 The views expressed by the different groups may well be conflicting; it is part of the policy/service development process to work through these differences and to propose options to decision makers which present an assessment of the risks and impact of the possible ways forward. This development process must be based on evidence and in our system conform to certain requirements with regard to specific assessments eg environmental impact. Where a decision does not satisfy a particular group the

important issue is to be able to show the relevance and appropriateness of the consultation, the range of views received, the reasoning behind the decision and cost or risk factors that had a particular bearing on the decision.

5.3 The quality and effectiveness of Citizen Engagement is therefore likely to be closely related to the quality and effectiveness of policy development and/or service delivery. A Government's policy preferences will understandably reflect their political agenda and the manifesto as referred to above, however, at the next level of option appraisal, there may well be consultation by market researchers, through expert contribution and research of past experience to reach a stage where a new policy proposal is published – usually on the web site of the relevant Government Department (Ministry). Usually bodies that are known to have an interest are notified of the publication but unless an ordinary member of the public is monitoring web sites they will be relying on the media to inform them of prospective policies or some other group of which they are a member eg a charity or members club etc.

5.4 It is always going to be a point of judgement as to whether publication is sufficient in the early stages and, for example, whether it is appropriate if the group primarily affected may not be the most likely to have access to the internet. In such cases and certainly as the policy proposal begins to be implemented more participative approaches will be required. In your assessment of whether the most appropriate methods have been adopted you will naturally need to factor in how people actually communicate in your society, it may well be the radio, through village communities, using mobile phones or via newspapers rather than computer based internet access.

5.5 Citizens are understandably often most interested in an issue that directly affects them but may also have a broader interest in matters that affect people more generally or the economy or society. Sometimes views as well as being based on personal experience are also formed through others eg friends but also the media and the level of understanding may be narrowed as a result. For this reason and to have effective engagement Citizens must have access to information and resources and in specific situations may need to be given background information which will help them make a more informed assessment of what is being proposed. For issues which will have a major impact such as a new railway line or housing development there will usually be exhibitions of plans and options followed by a period for people to present their views. Where there is clearly a dispute about the way forward a public enquiry may be held.

5.6 Smaller scale issues but ones which nevertheless will impact on individuals should be consulted on appropriately, for example one would expect to see local healthcare proposals widely advertised in the local area, in Doctor's surgeries, local newspapers etc and for there to be a survey plus not just one meeting but a series of meetings in easy

reach of all the residents, with the results of the survey published in such a way that residents will see it. Local councils may have a Residents panel, consulted on an annual basis about priorities for local spending and on occasions when key choices have to be made. Broadly speaking surveys will provide useful quantitative data but focus groups and meetings may be needed to secure qualitative data. Care should be taken not to skew results by designing survey questions in such a way that Citizens are effectively prevented from expressing their views eg by being asked to choose between two options neither of which may their preference.

5.7 Representative bodies can be useful to the policy developer or service planner but they are proxies for the Citizen and may have coalesced around a particular view point. If they form part of the engagement process care must be taken to ensure that groups from all spectrums are included and that one does not have greater access to decision makers than others. For example in the context of a new railway line there may be any number of interest groups clamouring to be heard from those determined to protect wildlife, to those wanting to protect/enhance the value of their house or those who look forward to using the railway.

5.8 Where the issue is connected with the welfare of individuals and/or families it has been demonstrated that considerable thought needs to be put in to engaging with ‘hard to reach groups’. There are many examples where policies designed to deal with issues such as poverty⁸, health, alcohol abuse etc have helped the majority but a small but significant minority of people are not reached or may actually be disproportionately negatively affected by a national policy⁹. The reasons for this can be complex but may well include the fact that such groups of people are living ‘below the radar’ of the state machinery and are much more likely to be reached through informal mechanisms such as charitable groups.

5.9 Once a decision has been made as to ‘What’ is going to be done the next stage is usually ‘How’ and options around implementation or service delivery can be extremely complex. Once again the effectiveness of the end result may well be strongly influenced by the effectiveness of the process used for implementation. For this reason it is as important to carefully plan for engagement through the implementation stage. In the UK under previous administration there was a Prime Minister’s Delivery Unit¹⁰ which amongst other things worked with Government Departments to ensure there was a Delivery plan in place and one factor against which these plans were assessed was the effectiveness of the Citizen Engagement. Put very simply if the purpose of government is to serve the people then their views and expectations must form part of the decisions taken by government.

⁸ <https://www.education.gov.uk/aboutdfe/departmentalinformation/consultations/a00216896/measuring-child-poverty>

⁹ http://www.aic.gov.au/media_library/publications/proceedings/09/dunn.pdf

¹⁰ <http://www.oecd.org/gov/budgeting/44291124.pdf>

5.10 The discipline of working through these Delivery plans and evaluation of the extent and level of engagement with Citizens often revealed not only practical challenges and policy conflicts but often led to creative solutions which were not initially apparent. Where for example an issue affects a particular group of people it has been possible to move from a position of consultation to co-creation of local services which are designed and run by the citizens affected.

6. The Vital role of the Auditor

6.1 Citizens are often capable of making balanced choices but to do so they must have access to information and the ability to question and to express their views. Citizen engagement is a two way process that requires aspects of good governance to be in place before it can be said to be genuine and meaningful. As Auditors it will be a question of your judgement as to whether Citizen Engagement has been genuinely conducted and whether the information gained from the process has been successfully and usefully integrated into the decision making process.

6.2 In summary therefore Auditors have an essential role in both setting standards for Citizen Engagement and in ensuring that it has been properly and effectively conducted. Auditors are in a privileged position whereby they may investigate whether information has been accurately conveyed to citizens and whether they have been afforded an appropriate option for asking questions or conveying their views and proposals to public servants and decision makers. Auditors may investigate particular Government organisations, cross cutting issues or themes and indeed should consider systems of 'intelligence' whereby patterns of good practice or conversely areas for improvement are identified across government.

6.3 To be successful in this you will need to familiarise your selves with the technicalities of the different types of engagement (several of the references I give lead to descriptions of these) but perhaps most important is the initial question as to whether there is evidence that the people who will be affected by a decision have been involved in the process in the way that you would expect. Has the engagement been proportionate to the issue? Have the right groups of people been involved in the most effective way? Were they given sufficient information to express an informed view? Is there evidence that their views have influenced the final decision? How have conflicting views been resolved? Is the impact of the decision going to be measured and are there mechanisms in place for these results to be fed back to the citizen in a meaningful way?

6.4 Decision making in the public sector has always been complex and involved matters of judgement. Even with templates and checklists to support good practice, scientific

research and data analysis issues of judgement will remain. Citizen engagement enriches the decision making process, it does not provide the solution which must still be arrived at through effective use of all the skills and expertise available to the adviser and decision maker. Effective engagement can enhance trust in the public sector but the reverse is also true, failure to engage genuinely is likely to increase dissatisfaction and distance from the state. One of the things you might wish to consider as Auditors is what role you have to play, not only in inspection, but also in reporting exemplars of standards of good practice in citizen engagement so that citizens and public servants know what to aim for.

6.5 Citizen Engagement should be bringing about a fundamental change in the attitudes and behaviour of public servants. While it is just one aspect of policy and service development and there are other factors to be worked through to arrive at the final decision it is perhaps the one element that should ensure that public servants, in whatever capacity they serve, are daily reminded that they are there to serve the public and not the other way around. Auditors have an even greater responsibility to bear since they not only are public servants themselves but are entrusted by the public with the authority to safeguard their rights and responsibilities in a free society.

Margaret Saner CBE

January 2013

22nd UN/INTOSAI Symposium: 5-7 March 2013, Vienna, Austria
*Audit and Counselling by SAI's: Risks and Opportunities as well as Possibilities
for Engaging Citizens*

DESA's Closing Statement on 7 March

by Ms. Elia Armstrong
Chief, Development Management Branch, DESA/DPADM, United Nations

Dear Secretary-General, Mr. Josef Moser,
Distinguished Participants,

On behalf of Mr Wu, the Under-Secretary-General for Economic and Social Affairs of the United Nations and the United Nations Department of Economic and Social Affairs (UN DESA), it was a great pleasure to co-organise the 22nd UN/INTOSAI Symposium. It was rewarding to see that our discussions have led to useful conclusions and recommendations. We at DESA look forward to follow-up activities.

I found the discussions on the evolving role of SAI's in fostering public accountability of particular interest. In addition, I was impressed by the seriousness with which the government auditing profession jealously guards the independence of SAI's in order to ensure technical credibility of their audit findings. With the addition of advisory activities, I believe that SAI's have much to offer in improving public governance, thus contributing to enabling sustainable development.

In his opening statement, Mr. Wu invited SAI's "to reaffirm their commitment to build stronger foundations for good governance for the post-2015 development agenda". During this Symposium, I observed that you took a big step in this direction. I was pleased to note the suggestion that the INTOSAI Working Group on Financial Modernization on Regulatory Reform of Financial Markets and Institutions monitor measures to mitigate the risks of waste and loss of public funds in order to give technical advice to the international community. INTOSAI's advice on safeguarding existing and new sources and streams of funds will be valuable to any long-term strategy for financing sustainable development initiatives.

We have made much progress since the UN and INTOSAI began discussing citizen engagement in the work of SAI's at the 21st Symposium, two years ago. I look forward to continuing our more-than-40 years of collaboration in international standard-setting and capacity-building in public auditing.

The UN and each member state count on your contributions to achieve greater efficiency, accountability, effectiveness, transparency and the effective receipt and use of public resources for the benefit of citizens.