



## Performance, Capacities and Needs of SAIs

Global SAI Stocktaking Report 2014

## Table of Contents

Table of Figures .....	2
Appendix (Separate Document) .....	3
Acronyms.....	4
Executive Summary .....	5
1. Introduction.....	11
1.1. Approach and Methodology.....	11
2. Developments in SAI Performance & Capacities.....	17
2.1. Performance and Results Achieved by SAIs .....	17
2.2. SAI Independence.....	26
2.3. Professionalisation of SAIs .....	33
3. Capacity Development needs & support for SAIs .....	39
3.1. SAI Capacity Development Needs .....	39
3.2. Assessing the Success of SAI Capacity Development Support .....	44
3.3. Scale and Distribution of SAI Capacity Development Support.....	49
4. Proposed Research Topics.....	54
5. Regional Summaries .....	55
5.1. AFROSAI-E.....	56
5.2. ARABOSAI .....	57
5.3. ASOSAI .....	58
5.4. CAROSAI.....	60
5.5. CREFIAF.....	61
5.6. EUROSAI .....	62
5.7. OLACEFS.....	64
5.8. PASAI .....	65

## Table of Figures

Figure 1 SAI respondents per regions (number and percentage) (N=177) .....	13
Figure 2 SAI respondents classified as per OECD-DAC list (N=177).....	14
Figure 3 Comparison between 2010 and 2014 mandates of SAIs.....	18
Figure 4 Audit Coverage by types of audits per OECD-DAC list and regions.....	19
Figure 5 Distribution of PEFA P-I 26 dimension scores between 2010 and 2014 in percentage of total population .....	21
Figure 6 Percentage of SAIs (including developed countries) responding to the 2010 and/or 2014 IDI Global Survey that issue their consolidated annual audit reports within the established legal time frame. ....	22
Figure 7 Timely issue of audit report by SAIs per regions and OECD-DAC list .....	23
Figure 8 SAIs scoring a C or Higher on dimensions of PEFA PI-26 between 2010 and 2014, per income classification .....	23
Figure 9 Percentage of SAIs in developing countries, for which a PEFA assessment is available, fulfilling PEFA PI-10 criteria (iv), comparing 2012 to 2014 data. ....	24
Figure 10 Percentage of SAIs in developing countries scoring a C or higher on PEFA PI-26 “Scope, Nature and Follow-up of external Audit”, comparing 2010 to 2014 data .....	25
Figure 11 Percentage of SAIs in developing countries, for which PEFA assessment is available, scoring C or higher on PEFA PI-26 “Scope, Nature and Follow-up of External Audit” separated in INTOSAI regions....	26
Figure 12 Percentage of SAI Budget Approving Authority per OECD-DAC list and per regions (N=172)....	27
Figure 13 Percentage of SAIs where budget is presented directly to the legislature (Total, OECD-DAC and regions) N=169 .....	28
Figure 14 Percentage of SAIs having right to appeal against inadequate budget allocation (N=165).....	28
Figure 15 Percentage of cases of interference from executive (total, OECD-DAC, regions) (N=165).....	29
Figure 16 Percentage of ODA countries by Income Group with Varying Levels of Financial Independence, 2012 (N=78).....	30
Figure 17 Percentage of developing SAIs with Budgets Determined by an Independent Body, and Sufficient Resources to Fulfil its Mandate presented by region (N=78, no data for CAROSAI) .....	30
Figure 18 Percentage of Countries in which Non-Executive Consent is required to remove the Head of the SAI (N=73 and N=78). No data for CAROSAI.....	31
Figure 19 Percentage of Countries in INTOSAI regions where the SAI has Full or Significant Discretion in Law to Select Audits (N=78, no data for CAROSAI) .....	32
Figure 20 Percentage of SAIs with Gender Policy by income level, total and by region (N=164).....	33
Figure 21 Gender Distribution of Staff in SAIs (N=164).....	34
Figure 22 Gender Balance in SAIs of INTOSAI Regions showing percentage of female staff out of total staff.....	34
Figure 23 SAIs with Strategic Plans and Operational Plans 2010-2014.....	35
Figure 24 Strategic Plans and Operational Plans: Percentage of SAIs per Regions and OECD-DAC Categories.....	35
Figure 25 Factors inhibiting implementation of ISSAIs .....	38

Figure 26 Geographical dispersion of IDI Programmes 2013.....	39
Figure 27 Level of Capacity Development Needs of SAIs (Total and per regions) .....	40
Figure 28 Top 5 Strategic Priorities of Regions as reported in the 2014 Global Survey for regions (some regions have more priority areas in their strategic plans) .....	42
Figure 29 Capacity development programme priorities as expressed by the regional bodies.....	43
Figure 30 Perception regarding competence of service providers per OECD-DAC list and regions .....	46
Figure 31 Number of SAIs providing capacity development support per regions (N=55) .....	47
Figure 32 Percentage of SAIs indicating the use of different IDI Global Public Goods .....	48
Figure 33 Presence of a Donor Coordination Group in which all Providers Participate .....	49
Figure 34 Total External Financing for SAI Capacity Development Projects (Source: SAI Capacity Development Database, 8 September 2014 Export).....	50
Figure 35 Percentage of SAIs Benefitting from Externally Financed Projects (Source: IDI 2014 Global Survey).....	51
Figure 36 Allocation of Country Level External Financial Support (Source: IDI 2014 Global Survey) .....	52
Figure 37 Allocation of Country Level External Financial Support, 2008-10 and 2011-13 (Source: SAI Capacity Development Database, 8 September 2014 Export).....	52
Figure 38 Allocation of External Financial Support, 2008-10 and 2011-13, by INTOSAI Region (Source: SAI Capacity Development Database, 8 September 2014 Export).....	52
Figure 39 Regional Summaries of Key Performance Indicators .....	55
Figure 40 PEFA PI-26: Scope, nature and follow-up of external audit – AFROSAI-E .....	56
Figure 41 PEFA PI-26: Scope, nature and follow-up of external audit – ARABOSAI.....	57
Figure 42 PEFA PI-26: Scope, nature and follow-up of external audit – ASOSAI .....	59
Figure 43 PEFA PI-26: Scope, nature and follow-up of external audit – CREFIAF .....	61
Figure 44 PEFA PI-26: Scope, nature and follow-up of external audit – EUROSAI.....	63
Figure 45 PEFA PI-26: Scope, nature and follow-up of external audit – OLACEFS .....	64
Figure 46 PEFA PI-26: Scope, nature and follow-up of external audit – PASAI.....	66

## Appendix (Separate Document)

A: Methodology of the Survey

B: List of respondent SAIs for the IDI Global Survey 2014 with their corresponding regional secretariats

C: 2013 Global Survey: SAIs

D: 2013 Global Survey: Regions

## Acronyms

<b>AFROSAI</b>	African Organization of Supreme Audit Institutions
<b>AFROSAI-E</b>	African Organization of English speaking Supreme Audit Institutions
<b>ARABOSAI</b>	Arab Organization of Supreme Audit Institutions
<b>ASOSAI</b>	Asian Organization of Supreme Audit Institutions
<b>OBI</b>	Open Budget Index
<b>CAROSAI</b>	Caribbean Organization of Supreme Audit Institutions
<b>CBC</b>	INTOSAI Capacity Building Committee
<b>CREFIAF</b>	African Organization of French speaking Supreme Audit Institutions
<b>EUROSAI</b>	European Organization of Supreme Audit Institutions
<b>iCATs</b>	ISSAI Compliance Assessment Tools
<b>IDI</b>	INTOSAI Development Initiative
<b>ISA</b>	International Standards on Auditing
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>LDC</b>	Least Developed Countries
<b>LI</b>	Low Income Countries
<b>LMI</b>	Lower Middle Income Countries
<b>MOU</b>	Memorandum of Understanding
<b>MDP</b>	Management Development Programme
<b>OLACEFS</b>	Organization of Latin American and Caribbean Supreme Audit Institutions
<b>OBI</b>	Open Budget Index
<b>OLI</b>	Other Low Income Countries
<b>PASAI</b>	Pacific Association of Supreme Audit Institutions
<b>PEFA</b>	Public Expenditure and Financial Accountability Assessment
<b>PFM</b>	Public Financial Management
<b>QAPA</b>	Quality Assurance in Performance Auditing
<b>SAI</b>	Supreme Audit Institution
<b>SAI PMF</b>	Supreme Audit Institutions Performance Measurement Framework
<b>SC</b>	Steering Committee
<b>UMI</b>	Upper Middle Income Countries
<b>WDI</b>	World Development Indicator

## Executive Summary

### *Purpose*

The IDI's new mandate and mission is to support SAIs in developing countries in their efforts to sustainably enhance performance, independence and professionalism. As a first step in implementing its strategic intent the IDI undertook this exercise of ascertaining the performance, capacities and needs of SAIs. This report provides baseline information on SAI performance, independence and professionalism, which informs the IDI's new performance measurement system, measures progress in SAI capacity development support by updating key data of the 2010 Stocktaking, identifies focus areas for future capacity development support based on SAI and regional needs and identifies topics for further research.

The report considers the information collected through the 2014 IDI Global Survey which had a response rate of 84% among SAIs (177 SAIs). Information thus collected has been further analysed and supplemented with information from other sources like the PEFA assessments, Open Budget Index, monitoring sample for ISSAI implementation etc. to arrive at the key conclusions in this report.

### *SAI Performance Improving in Developing Countries*

This report presents results showing how SAI performance has improved, on most indicators and in most country income groups since the 2010 Stocktaking. Improvements were particularly noted in Low and Lower-Middle Income Countries.

The legal mandates of SAIs increasingly reflect international standards. Mandates to undertake financial and Compliance Audit are now nearly universal, while mandates for Performance Audit are closing in, having increased from 91% to 95% since the 2010 Stocktaking.

In this report SAI results focuses on audit coverage, timely submission of audit reports, and publication of audit reports. The Global Survey measured coverage of financial, compliance and Performance Audit, against a benchmark from the SAI Performance Measurement Framework. The coverage on financial, compliance and Performance Audit has increased compared to 2010 figures. Within developing countries, 68% of SAIs reported they met the benchmark for Financial Audit<sup>1</sup>, 60% for Compliance Audit<sup>2</sup>, and 46% for Performance Audit<sup>3</sup>. There remains a focus on Financial Audit, which is even more significant in Low Income Countries, where the Financial Audit criteria is again met by 71% of SAIs, but the Performance Audit criteria by only 40%. These Global Survey results need to be considered in light of the IDI experience which indicates that audit of financial statements performed by many SAIs and Financial Audit as defined by ISSAIs can be quite different. The understanding of risk based approach to Compliance Auditing in SAIs is also varied. Within these figures there were regional variations. For developing countries specifically, the Public Expenditure and Financial Accountability (PEFA)

---

<sup>1</sup> The SAI audited at least 75% of the financial statement received in the last financial year.

<sup>2</sup> 60% of the entities within the SAI's mandate were subject to a Compliance Audit in the year (selected used a documented risk basis)

<sup>3</sup> On average in the past three years, the SAI has issued at least 10 Performance Audits, and/or 20% of the SAI's resources have been used for performance auditing

Performance Indicator related to external audit measured 47 percent of countries assessed scoring C or higher, which is up from the 38 percent measured in 2010.

The IDI 2014 Global Survey results suggest that around 80% of SAIs submit their reports in accordance with legal timeframes, a slight decline globally due to worsening performance among Low Income Countries. Data from PEFA assessment measuring whether audit reports are submitted within 12 months of the period end shows an improvement in timely submission across all income groups.

The publication of external audit reports appears to be an opportunity for improvement for certain SAIs. The Global Survey found that 70% of SAIs reported that they published at least 80% of the completed audit reports, however 15% of responding SAIs indicated that they did not publish any audit reports in the previous year.

### *SAIs in Low Income Countries Lagging Behind*

SAI performance is constrained by the external environment in which the SAI operates. What is most noticeable about global SAI performance is that it is significantly weaker on all indicators in the group of Low Income Countries, as compared to Lower-Middle and Upper-Middle Income Countries. Regionally, SAIs within CREFIAF appear to face the biggest challenges. As may be expected, the level of development of a country, which roughly correlates with levels of governance, rule of law, education levels, and development of civil society and the media, appears to have a significant impact on SAI performance.

### *Challenges Remain on SAI Independence*

Independence, especially financial independence, remains a challenge. Global Survey results show that while around 80% of SAIs report that their budgets are approved by the legislature, this figure is significantly lower in some INTOSAI regions. 37% of SAIs reported to have a legal framework allowing the SAI to present its budget directly to the legislature, and 55% of SAIs have the right to appeal to the legislature on budget allocations. On all measures, SAIs in Low Income Countries have legal frameworks which deviate significantly from the principles of the Mexico Declaration on SAI Independence considered in the Global Survey. Unfortunately, over 40% of SAIs reported cases of interference from the executive in the budget process, including unapproved cuts by the Ministry of Finance to the allocations previously approved by the legislature. Again, this was noted to be more prevalent in Low Income Countries, and higher in specific INTOSAI regions.

The challenges for Low Income Countries are also evident from the Open Budget Index (OBI) indicators on SAI independence which also show that lower Income Countries are more likely to face inadequate resources – regardless of whether or not the SAI's budget is approved by the legislature or the executive. However for Upper-Middle Income Countries, financial independence in the budget process is an important driver in ensuring sufficient resources for the SAI to deliver its mandate. The OBI data also suggests levels of financial independence, and adequacy of resources, are improving over time.

In addition to financial independence SAIs should have discretion and be free from interference in the selection of their audits. OBI data reveals that there are challenges in several regions, where SAIs do not have such discretion. However, the OBI data shows improving independence for Heads of SAIs in Low

Income Countries, in terms of non-executive consent being required to remove the Head of the SAI – however this is required in only one quarter of SAIs in ARABOSAI and half of those in PASAI.

### *SAIs Continue to Professionalise*

The INTOSAI and Donor communities have, since 2010, prioritized the development of SAI-led strategic plans and development action plans. These place the SAI in charge of its own development, and provide an opportunity for external partners to align and coordinate their support behind these plans. 92% of SAIs now report having strategic plans, up from 73% in 2010. The most significant increase has been in CREFIAF, linked to two rounds of strategic planning programmes with groups of SAIs. 94% of SAIs now also have development action plans, to help these turn into practice.

Implementation of the International Standards of Supreme Audit Institutions (ISSAIs) has become the overriding focus for the INTOSAI community, following approval of auditing guidelines (level 4) in 2010 and fundamental principles (level 3) in 2013. These added to the existing 'Prerequisites' (level 2). Implementation of ISSAIs is a gradual process that involves a number of steps, starting with SAI's decision to adopt ISSAIs and carrying out assessment of its level of compliance, ending in SAI wide ISSAI compliant practices. Analysis based on results of the Global Survey, available SAI PMF and iCAT data and interviews with SAIs in the monitoring sample showed that 83% of SAIs have decided to adopt Level 2 ISSAIs, 20% have carried out assessments. The implementation of ISSAIs in practice ranges from 7% to 12%. Decision to adopt ISSAIs range from 90% for Performance Audit to 100% for Financial Audit. Compliance assessments range from 15% to 17%.

SAIs reported many challenges in implementing the ISSAIs. It has become clear that much still needs to be done to support implementation of ISSAIs, as well as to obtain reliable data on the progress of ISSAI implementation across INTOSAI members.

Finally under professionalization, SAIs face similar challenges to other organizations in developing countries regarding gender equality and specifically the empowerment of women. 35% of SAIs reported that they now have a gender policy, and on average women made up 36% of SAI professional staff, and a higher percentage of support staff. However, improvements have been made since 2010.

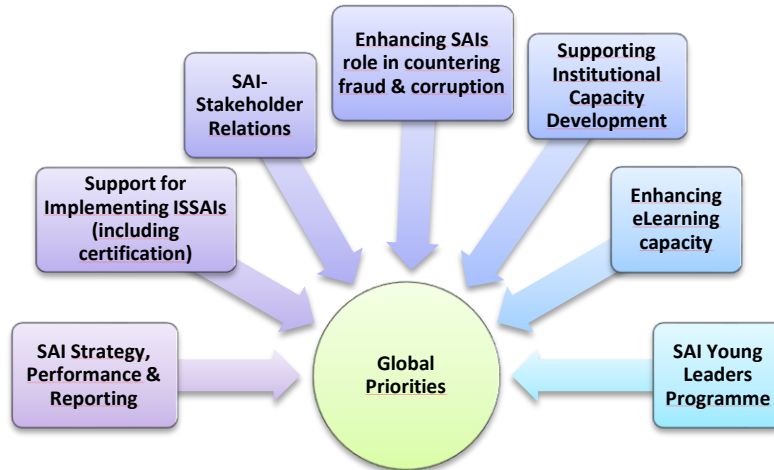
### *SAIs and INTOSAI Regions seek capacity development support in seven areas*

The Global Survey is one source for identifying the future capacity development needs of the INTOSAI community, at a global, regional and country level. The Global Call for Proposals provides additional, project specific, information. The Global Survey showed that 67% of SAIs consider their capacity development needs to be high or medium, down from 72% in 2010. SAIs and regions were asked about the financing gap they faced in relation to capacity development. From SAIs, the gap was \$61 million and for the regions, \$19 million. The 2013 Global Call for Proposals identified a global need totalling \$57 million.

The Global Survey, a prioritisation and selection process at the IDI, detailed dialogue with INTOSAI regions during a Planning and Prioritisation Meeting and consultations with other stakeholders led to the



identification of seven focus areas for SAI capacity development support. Support for ISSAI implementation continued to be the key priority for regions and SAIs.



The IDI, in cooperation with regional, professional and other INTOSAI and development cooperation partners will respond to these needs by launching comprehensive capacity development programmes in each area during its current strategic planning period.

### *Enhancing the Effectiveness of Support*

Given the considerable and growing volumes of external financial support and other support, a key issue is how effective is this support, and how can it be improved? The 2010 Stocktaking raised concerns regarding the limited use of evaluations which sought to assess, and learn from, SAI Capacity Development Initiatives. The 2014 Global Survey found increased use of both internal and external evaluations. A Synthesis of Evaluations carried out under the INTOSAI-Donor Cooperation found that most evaluations were commissioned to meet accountability requirements, but few had specific learning objectives. Also, few evaluations were widely disseminated and published. But the findings from the evaluations highlighted some factors crucial to project success, specifically: SAI ownership, alignment with broader PFM reforms, use of results frameworks and baselines, and prior consideration of exit strategies. Evaluation criteria of sustainability and impact were not addressed in most evaluations. This limited the learning potential of these studies.

The Global Survey sought to assess the perception of recipients of support regarding the success of projects. 67% of respondents considered any of the projects they had been involved in to be successful in terms of impact and sustainability which is a decline from 2010 figures. The Synthesis points to weaknesses in project selection and design, which may be one possible factor in explaining this. The Global Survey data does however suggest that most recipients were broadly content with the competence of those providing support. Anecdotal evidence shows that, for a number of countries, adverse external events, such as conflict and coups, undermined the assumptions on which the programmes were designed, and potentially undermined project impact and sustainability.

The group of providers of capacity development support continues to expand, with an increasing number of SAIs from developing countries supporting their peers. These emerging providers confirmed that they were benefitting from working in partnership with more established providers. Nevertheless, there appear to be opportunities to improve the provision of support. Many providers remain interested in participating in events that would help them to improve their support and adopt new practices. Given the overriding focus on ISSAI implementation, and uneven experience of ISSAIs among providers, an emerging priority appears to be to support and encourage all providers to deliver support *'in accordance with the ISSAIs'*.

Finally, donor coordination appears to remain a challenge in improving the effectiveness of support. The Global Survey found that 65% of the SAIs that responded, and were in receipt of support, reported that there was no overall donor coordination group in which the SAI and all those providing support participated. However, where a coordination group was in place, capacity development initiatives were more likely to be successful. This is a very significant finding, warranting further study. The current evaluation of the INTOSAI-Donor Cooperation is expected to shed some light on this issue.

### *External Support for SAI Capacity Development Continues to Grow*

The annual value of external financial support for SAI capacity development increased from US \$54 million in 2012 to US \$62 million in 2013 and 2014, based on figures from the SAI Capacity Development Database. Combining this data with the responses to the Global Survey shows that 122 countries are, or have recently been, recipients of externally financed projects. These are found equally between developing countries in different income categories, though significant regional variations exist. Overall, 32 developing countries have no recorded externally financed support.

While developing countries in different income categories are equally likely to benefit from external support, data confirms that external financial support is predominantly allocated to SAIs in poorer countries. The concentration of funding towards Low Income Countries also appears to be increasing over time. Middle Income Countries are also frequently benefiting from support, but the financial value of support projects are on average lower.

There is also an increasing proportion of funding to global and regional initiatives, which may be linked to the focus on this in the initial round of matching under the INTOSAI-Donor Cooperation. The fact that many SAIs receive support through regional and global initiatives may not be adequately reflected in the above figures regarding bilateral support. To illustrate, 153 SAIs (including 119 from developing countries) benefitted from the IDI programmes in 2013. IDI programmes, as well as those of INTOSAI regional bodies, also produced a number of Global Public Goods which are shared and used by many SAIs across the globe, providing much better value for money than developing products for individual SAIs. Examples such as the ISSAI Compliance Assessment tools (iCATs), the SAI PMF, and the IDI's Strategic Planning Handbook are, according to survey responses, used by over a third of SAIs globally.

### *Further Research Proposed on Publication, Support Allocation and Donor Coordination*

Three topics were identified as warranting further research:

- The report revealed divergence between results for submission and publication of audits. The results here vary across regions. Further research is suggested to better understand the constraints faced by many SAIs regarding the publication of their audit reports.
- The report also shows that although the overall scale of support is increasing, the allocation of support may not reflect the need. It could therefore be important to identify countries where potential capacity development needs are not being met, and understand possible reasons.
- Finally, donor coordination is perceived by SAIs receiving report as one of the important success factors for effective capacity development. It could therefore be worth investigating further how donor coordination is facilitating or hindering the effectiveness of capacity development at the country-level, and attempt to understand why this function appears not to be in place in some countries with multiple donors.

## 1. Introduction

INTOSAI and the international donor community work closely together to achieve a common purpose: support SAIs in developing countries in their efforts to sustainably enhance performance, independence and professionalism, thereby contributing to improve the lives of citizens around the world.<sup>4</sup>

An effective and independent SAI is an essential element of any Public Financial Management (PFM) system. It helps to ensure the just, effective and equitable mobilization and use of public resources. However, to discharge its responsibilities fully and effectively, the SAI must have the necessary mandate and remit; its independence must be guaranteed; and it must have the resources necessary to fulfil its mandate and meet appropriate professional standards. Since 2010, the INTOSAI community has launched a range of initiatives intended to support SAIs in their capacity development and professionalization efforts. These have included:

- INTOSAI's development, promulgation and implementation of a comprehensive structure of professional standards – the International Standards for Supreme Audit Institutions (ISSAIs);
- The development of a new framework for measuring the performance of SAIs – the SAI Performance Measurement Framework (SAI PMF).

In 2010, the IDI undertook a global Stocktaking of SAIs to clearly identify their SAI performance and capacity development needs. This provided a range of insights about the performance of SAIs and the needs of the global SAI community. This 2010 Stocktaking provided a starting point for assessing change in SAI performance and the implications for continuing development support for SAIs.

In 2014, the IDI carried out a more comprehensive exercise - the IDI Global Survey. The aim of this exercise was to provide baseline information on SAI performance, independence and professionalism, which would inform the IDI's new performance measurement system as per the IDI Strategic Plan 2014-2018, measure progress in SAI capacity development support by updating key data of the 2010 Stocktaking, identify focus areas for future capacity development support based on SAI and regional needs and identify topics for further research.

The aim of this report is to present the results on SAI performance, capacities and needs based on 2014 data for SAIs through:

- A. Provide a global perspective on the performance of SAIs
- B. Give an update to the 2010 Stocktaking report
- C. Presents focus areas based on capacity development needs of SAIs and regions
- D. Indicate possible areas for further research, based on the information obtained through the stocktaking.

### 1.1. Approach and Methodology

To achieve its stated objectives, the IDI asked the following questions:

1. What is the overall change in SAI Performance between 2010 and 2014?

---

<sup>4</sup> As established in ISSAI 12 and supported through the Memorandum of Understanding of the INTOSAI Donor Cooperation.

2. What are the results achieved by SAIs?
3. Do SAIs have the degree of independence necessary to fulfil their mandates?
4. What is the progress on implementation of ISSAIs?
5. What are the future capacity development needs of SAIs?
6. What is the extent of support provided for SAIs?

To provide an overview of SAI performance, capacities and needs, this report covers activities and results both within and outside the control of the SAI. Overall SAI performance and SAI results cover the core activities for SAIs within their mandates. Professionalisation of SAIs covers implementation of ISSAIs. In addition, SAI independence assesses the environment in which SAIs operate.

To provide an update of the 2010 Stocktaking, the 2014 report also seeks to measure indicators developed for the 2010 Stocktaking while also introducing measurement of new features in respect of SAI performance and capacity.

This report measures the performance of all SAIs. In keeping with the mandate of IDI, the assessment also analyses development within INTOSAI regions, and also focuses on SAIs in developing countries. In the part on capacity development efforts and need, the INTOSAI regional and sub-regional bodies are also analysed.

SAIs in developing countries are defined as the official INTOSAI (or INTOSAI regional body) member SAI from countries and territories on the DAC list of ODA recipients. These are further classified as: 'Low Income Countries' corresponding to Least Developed Countries and Other Low Income Countries; 'Lower Middle Income Countries'; 'Upper Middle Income Countries'; and 'Developed Countries' for the countries not included in the OECD-DAC list. While the population of the assessment is all INTOSAI members, additional analysis is deliberately provided according to the OECD-DAC classifications. This is a change from the 2010 Stocktaking which used WDI classifications to group SAIs on their developmental/income levels.

For analysis of all data sources, SAIs with dual membership in INTOSAI regions have been grouped according to their primary membership. To ensure that survey data pertaining to specific SAIs are not identifiable, results are only presented at the regional level. Countries with no regional membership have not been included in the regional analysis. SAI Rwanda was analysed and reported as a primary member of CREFIAF in the 2010 Stocktaking and of AFROSAI-E in the 2014 Global Survey, as the SAI reported a change in its primary membership in 2014.

### *1.1.1. Methodology for Assessing SAI Performance and Capacities*

A number of different sources of data and information have been used to arrive at the conclusions presented in this report. IDI Global Survey 2014 and the analysis of its results form the main source of information. In order to get valid and evidence based information, data available from PEFA Assessments, and data from the International Budget Partnership's OBI has also been used to answer questions pertaining to SAI Performance and independence. The data on ISSAI implementation was further strengthened by using sources like interviews with SAIs that formed a monitoring sample, information from SAI PMF and completed iCATs. The information on SAI capacity development needs

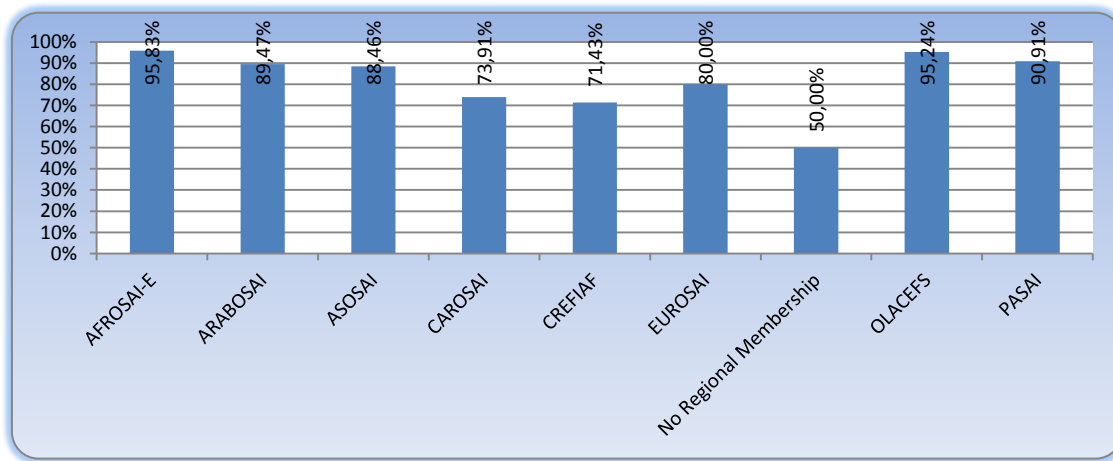
and support provided was supplemented with data from Capacity Development Database, Global Call for Proposals and IDI Performance and Accountability Report 2013 and 2014.

### IDI Global Survey 2014

The survey questionnaire asked for a substantial amount of information about institutional, organisational and professional issues that affect SAIs and sought the views of SAIs about their development needs. For the results to be comparable to the results of the 2010 Stocktaking, the design of the questionnaire builds on the established content of the 2010 survey.

The Global Survey was distributed to all SAIs and all INTOSAI regional groups in 2014. IDI issued web-based survey questionnaires<sup>5</sup> in English, Arabic, French, Spanish and Russian to 210 SAIs and to the INTOSAI regions and sub-regions.<sup>6</sup> A total of 177 SAIs responded to the survey with a strong response rate<sup>7</sup> of 84%. All the regional and sub-regional bodies responded. The data generated was analysed globally, by INTOSAI region and by the OECD-DAC income categorization of countries.<sup>8</sup> Figures 1 and 2 provide an overview of respondents by region, and country classification of SAI responses.

Figure 1 SAI respondents per regions (number and percentage) (N=177)



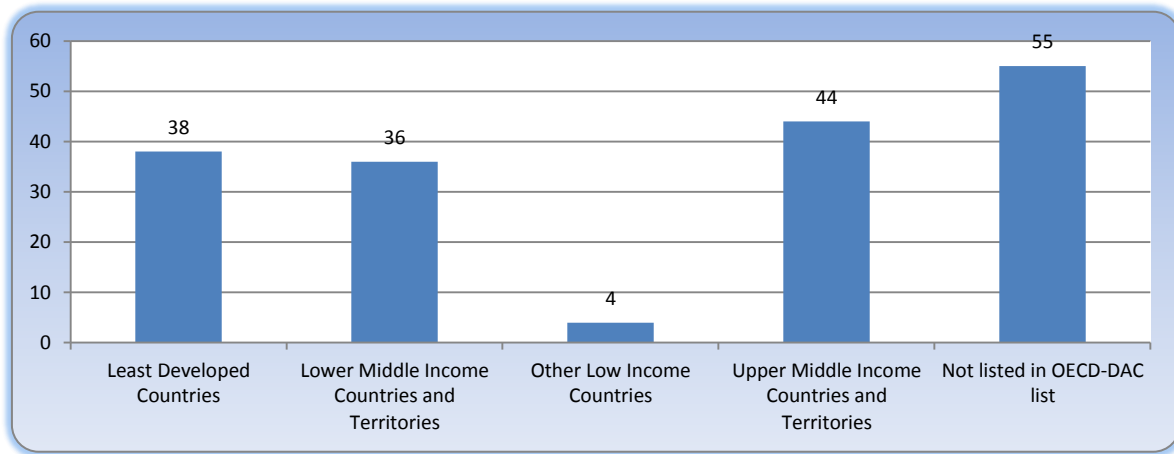
<sup>5</sup> Sections C&D in the appendix

<sup>6</sup> Section A of the appendix provides detailed information about the survey methodology.

<sup>7</sup> Section B of the appendix lists the respondents per regions and income classification

<sup>8</sup> The DAC (Development Assistance Committee of the OECD) List of ODA Recipients 2012-2013 shows the countries and territories eligible to receive official development assistance. These consist of all low- and middle-income countries based on gross national income per capita as published by the World Bank, with the exception of G8 members, European Union members and countries with a firm accession date for entry into the EU. The list also includes all of the Least Developed Countries as defined by the United Nations. Besides the LDCs, the other categories are Other Low Income Countries, Lower Middle Income Countries and Territories and Upper Middle Income Countries and Territories.

Figure 2 SAI respondents classified as per OECD-DAC list (N=177)

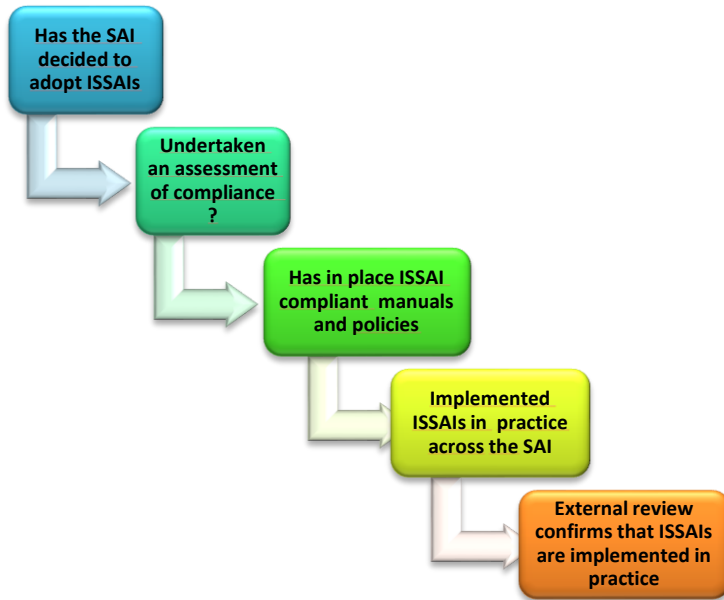


In addition data from The PEFA assessment data has been used to assess overall SAI Performance. Founded in 2001 as a multi-donor partnership between seven donor agencies and international financial institutions, the programme offers a methodology to assess the condition of country public expenditure, procurement and financial accountability systems and to develop a practical sequence for reform and capacity-building actions. It contains two specific indicators which capture the performance of SAIs, providing data both on overall performance as well as aspects of SAI results. PEFA data covers developing countries. For analysis at the country level, it has only been possible to use assessment results that the Government of that country has published.

The SAI independence analysis is based on secondary survey data. The International Budget Partnership's Open Budget Survey: The Open Budget Survey is an independent, comparative, and regular measure of budget transparency, participation, and oversight. It scores and ranks countries around the world through a bi-annual survey that measures observable facts in the above areas. The assessment includes time series analysis for 2010-2012 for available countries. The countries included in the analysis are classified as ODA-eligible countries.

To assess Professionalisation of SAIs, the report focuses on gender, SAI strategic plans and SAI progress in ISSAI implementation. The 2014 Global Survey collected information about gender composition, staffing and existence of strategic plans and operational plans. For strategic plans, data is supported by data from the IDI's needs assessment and strategic planning programme.

The Global Survey sought to measure status on assessment and implementation of ISSAIs on level 2, 3 and 4, with specific questions about the relevant ISSAIs. However the survey was not able to produce valid data on status of assessment and implementation, as results indicated inconsistencies in interpretation of questions. In order to supplement the data gathered through the Global Survey an additional survey was carried out to support the analysis. A sample of 30 SAIs responded to a questionnaire and follow up through structured interviews, which acted as a control of replies by checking for common understanding, and make elaborations possible. In addition, responses were



reviewed against other information sources including completed iCATs and SAI PMFs. Questions related to ISSAI implementation form the cornerstone of IDI performance indicator system. In order to arrive at an evidence based conclusion on these questions, they have been split into a number of sub questions related to different stages in the implementation process.

This exercise helped in overcoming the challenges posed by the understanding of ISSAI Implementation in the community being at a formative stage, the IDI not presently having a sufficient

body of evidence based and quality assured conclusions on ISSAI implementation and more importantly the IDI not having a mandate for requiring such information from SAIs.

### *1.1.2. Methodology for Assessing SAI Capacity Development Needs*

The 2014 Global Survey has been the main source for assessing the need for capacity development at the SAI level, obtaining information about the assistance SAIs are already receiving, and how SAIs perceive their level of need for support in the future. A separate survey was sent to regional bodies, and results from this were used to complete the analysis by providing information about strategic priorities for the INTOSAI regions. The IDI went through a process of selection and prioritisation of needs to arrive at the main focus areas. These focus areas were further discussed with INTOSAI regions at a Planning and Prioritization Meeting arranged between IDI and the regional bodies in December 2014. The IDI has also been involved in detailed dialogue with a number of key stakeholders.

Both the sections on the nature of future capacity development needs and the scale of support are based on data from the Global Survey and also analysis of the submissions under the 2013 Global Call for Proposals. The 2013 Global Call for Proposals was a follow-up on previous rounds to elicit proposals for capacity development projects for SAIs. It was directed towards individual SAIs, INTOSAI Regions and Sub-Regions, and INTOSAI Committees and Working Groups.

Statistics on IDI’s global and regional capacity development programmes have also been used to support the analysis, wherever necessary throughout this chapter.

Similarly, the 2014 Global Survey has provided data on SAIs’ perception of the success of the recent capacity development initiatives. To offer a more comprehensive overview of support, this analysis has been supplemented by evidence from a synthesis of evaluations carried out under the INTOSAI-Donor Cooperation.



Data from the 2014 Global Survey and the SAI Capacity Development Database<sup>9</sup> (hosted by IDI) have been combined to give a picture of the current levels and locations of external financing for SAI capacity development. The SAI Capacity Development Database contains information on capacity development projects and programmes which target individual or groups of SAIs.

### *1.1.3 Limitations and Mitigation*

The results in this report are based on data sources mainly stemming from self-assessment and auto-reporting, such as the 2014 Global Survey and the SAI Capacity Development Database. Survey data and self-assessment data have in them an inherent risk of providing invalid and unreliable responses. Particularly, when dealing with assessed performance and needs, response bias is possible. The analysis revealed certain weaknesses in the design of the Global Survey questionnaire affecting the validity of responses regarding ISSAI implementation, and these responses were supplemented by triangulating data from different sources as explained in section 1.1.1. Furthermore, the comparison of SAI reported support and database registrations revealed inconsistencies and gaps, both in countries and number of projects receiving support across the sources, as well as the economic value of the support received.

In addition assessing the development of SAI results in comparison with the previous Stocktaking, could infer deviations due to changes in the regional membership of the units analysed, as well as changes in indicator criteria.

The data sources PEFA data and OBI data, only provides data for developing countries, therefore where there are no supporting data sources these analyses do not give a complete overview of global SAI status.

To mitigate for risks related to validity and reliability of the findings and conclusions, the assessment was based on triangulation of primary (survey) and secondary (database, OBI and PEFA data) data sources. Any reservations to data, not inherent, or explained above, is mentioned as such in the relevant section.

---

<sup>9</sup> <http://www.saidevelopment.org/default.aspx>

## 2. Developments in SAI Performance & Capacities

This chapter presents key elements of development in the reported performance and capacities of SAIs since the publication of the IDI's 2010 Stocktaking report, including SAI results, SAI independence and SAI professionalization and maturity. Some of the indicators analysed in this chapter are within the control of the SAIs within their mandates, while other performance indicators are affected by the legal framework outside the direct control of the SAI.

The 2010 Stocktaking established some key indicators for measuring SAI Performance. The 2014 Stocktaking includes additional indicators to broaden the analysis on SAI Performance. The entire group of indicators is presented according to the following key areas;

- **The performance and results achieved by SAI :** In order to measure the contribution that SAIs are making to improve public sector financial management and securing better, more effective accountability, indicators reflecting key principles in ISSAI 10 and 20 measure results on core responsibilities of SAIs, namely audit coverage, issuance and publication. An established method for considering overall SAI performance in developing countries and any changes therein is by use of the PEFA Public Financial Management (PFM) Performance Measurement Framework. This stocktaking considers the high level indicator on the Scope, Nature and Follow-Up of External Audit which gives an overall score for SAI performance.
- **The independence of SAIs:** In recognizing that the independence of a SAI is central to its performance the 2014 Stocktaking also includes the assessments of requirements that a SAI should meet in to be independent, as enshrined in INTOSAI's Lima and Mexico Declarations that have been endorsed by the United Nations.<sup>10</sup> Three aspects of SAI independence that have a significant bearing on the nature and quality of SAI performance are included, namely the financial independence of the SAI; the independence of the Head of the SAI; and the discretionary powers of the SAI.
- **Professionalisation of SAIs:** The development of SAIs as organisations is recognized as laying the foundations for sustaining improved performance both in the INTOSAI Strategic Plan 2011-2016 as well as IDI's Strategic Plan 2014-2018. This key area measures the extent to which SAIs had prepared and were implementing strategic and operational plans, gender and diversity issues. SAI progress on implementation of ISSAIs, which form the main benchmarks of any SAI performance is also analysed in this chapter.

### 2.1. Performance and Results Achieved by SAIs

In order to strengthen accountability and transparency as set out in the principles of ISSAI 12 on the Value and benefits of SAIs, an SAI needs to provide sufficient information to its stakeholders, by presenting audits based on sufficient and appropriate evidence. The first measures the extent of SAI audit coverage of compliance, financial and Performance Audit. The second is linked to the end product

---

<sup>10</sup> UN General Assembly Resolution A66/209 of 2011.

of an SAI, measuring issuing and publishing of audit reports. The overall change in the performance of SAIs of developing countries from 2010 to 2014 has also been covered. To set the pre-conditions for these results, global SAI status on mandate is first presented.

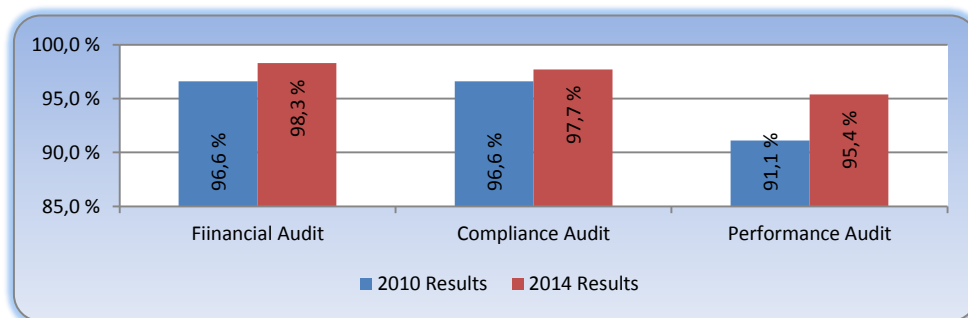
### 2.1.1 SAI mandates

Principle three of the INTOSAI Mexico Declaration on SAI Independence states that SAIs should be empowered to audit:

- The use of public monies, resources or assets, by a recipient or beneficiary regardless of its legal nature;
- The collection of revenues owed to the government or public entities;
- The legality and regularity of government or public entities accounts;
- The quality of financial management and reporting;
- The economy, efficiency and effectiveness of government or public entities operations.

The 2014 Global Survey asked SAIs to state their legal mandate regarding the three types of audit that the ISSAI framework treats as the core elements of the remit of an SAI – compliance, financial and Performance Audit.<sup>11</sup> As is evident from Figure 3, the results of the 2014 Global Survey show that almost all SAIs have the legal mandate to undertake these three types of audit and that this represents a positive increase when compared with the findings of the 2010 Stocktaking.

Figure 3 Comparison between 2010 and 2014 mandates of SAIs



Just three of the SAIs that responded indicated that they did not have a legal mandate to undertake either Compliance Audit or Financial Audit.

Eight of the SAIs that responded to the 2014 Global Survey indicated that they did not have a legal mandate for undertaking Performance Audit. Of these, six were the SAIs of a developing country and three were members of the CREFIAF sub-regional group.

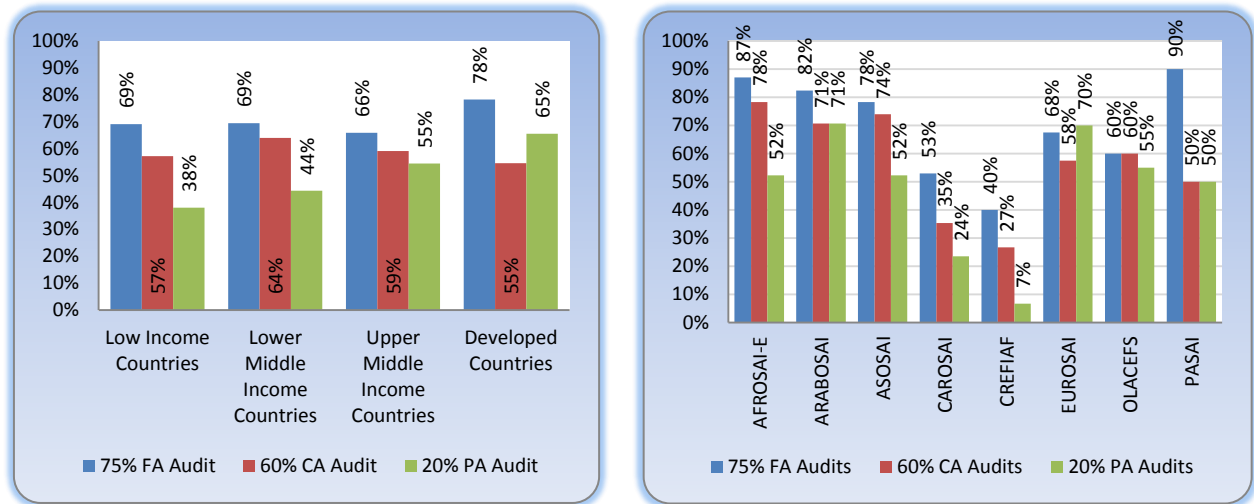
<sup>11</sup> In undertaking this exercise, we used the ISSAI 100 definitions of these three types of audit. **Compliance audit** focuses on whether a particular subject matter is in compliance with the authorities that govern the audited entity. This includes rules, laws and regulations. **Financial audit** focuses on determining whether an entity’s financial information is presented in accordance with the applicable financial reporting and regulatory framework. **Performance audit** focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.

### 2.1.2 SAI audit coverage

According to principle seven in the Lima Declaration, “all public financial operations, regardless of whether and how they are reflected in the national budget, shall be subject to audit by Supreme Audit Institutions.” Given the mandate to do so, to provide information and assurance on public accounts and governance to stakeholders, SAIs should conduct audits based on sufficient and appropriate evidence. In order to provide assurance and fulfill their mandates, SAIs should seek to regularly audit all public accounts.

The 2014 Stocktaking assesses results on SAI coverage of audited entities within mandate against a set of specified benchmarks for compliance, financial and Performance Audit. Results are compared against 2010 Stocktaking results. The benchmark levels are set out by the SAI PMF criteria on the dimension on audit coverage.<sup>12</sup> Figure 4 sets out the 2014 Global Survey findings. The following summarises the main issues that emerged.

Figure 4 Audit Coverage by types of audits per OECD-DAC list and regions



**Compliance Audit:** The benchmark set for Compliance Audit coverage for the purposes of the 2014 Global Survey was defined as having a documented risk basis for selecting Compliance Audits that ensures all entities face the possibility of being subject to a Compliance Audit, and that at least 60% (by value) of the audited entities within the SAI’s mandate were subject to a Compliance Audit in the year.<sup>13</sup> The Global Survey found that around 60% of SAIs indicated that they met these criteria for adequate Compliance Audit coverage. The levels were similar for both developing and developed SAIs when analyzed against income level. However, there were noticeable regional variations. For example, 78% of SAIs in the AFROSAI-E met this benchmark against 27% of SAIs in CREFIAP. The 2014 results represent a marginal improvement when compared with the position reported in 2010. Still, 49 SAIs from developing countries and 25 SAIs from developed countries fell short of this benchmark. While considering these

<sup>12</sup> The level refers to the criteria for obtaining a score of 3 on a scale from 0-4.

<sup>13</sup> For the 2010 stocktaking, the benchmark was 50% of audited entities subject to a compliance audit in the year, therefore the improvements since 2010 are slightly underestimated by this measure.

results it is necessary to note that SAIs in the community have varied understanding of risk based approach to Compliance Audit.

**Financial Audit:** The benchmark applied for SAI Financial Audit coverage was defined as a SAI auditing at least 75% of financial statements it received (including the consolidated fund/public accounts or, where there is no consolidated fund, the three largest ministries).<sup>14</sup> For all SAIs 71% reported to meet the benchmark. 68% of SAIs from developing countries (83 SAIs) reported that in the previous financial year they had audited at least seventy-five per cent of the financial statements they had received. The result was 78% for developed country SAIs. This represents an improvement in performance when compared with the findings of the 2010 Stocktaking, both in percentage and nominally, when comparing against SAIs that reported to cover at least 70% of audit clients in the 2010 Stocktaking.

In terms of numbers, 39 SAIs from developing countries did not meet the benchmark. These were spread evenly across the three categories of developing country. There was also some evidence of regional variations. The survey results showed that SAIs from the PASAI region reported a much more pronounced focus on Financial Audit coverage with 90% meeting the benchmark. Similarly, almost 90% of AFROSAI-E members met this benchmark. High figures in ARABOSAI (82%) and ASOSAI (78%), indicates an improvement for these regions compared to 2010. There is also an evident improvement in coverage in the OLACEFS region. While some regions are still lagging behind, with coverage of 53% of SAIs in CAROSAI and 40% in CREFIAF, this is still an improvement since the 2010 Stocktaking.<sup>15</sup> The survey had specifically asked about the audit coverage of financial statements which the IDI experience reveals, may be different from Financial Audit as defined by ISSAIs.

**Performance Audit:** The benchmark for Performance Audit set for the 2014 Global Survey was whether, on average in the preceding three years, the SAI had issued at least ten Performance Audit reports and/or had devoted 20% of the SAI's audit resources to Performance Audit.<sup>16</sup> Overall, 52% of SAIs globally responded that they had met these criteria for Performance Audit coverage. For developing countries the result was 46%, against 66% for developed country SAIs. Within the population of developing country SAIs, there is an inverse correlation between coverage and income-levels, with 62% of the SAIs from the Low-Income Countries not being able to meet this benchmark, while the other groups, have results closer to the average for all SAIs. This tendency is partially reflected in the regional variations observed: ARABOSAI and EUROSAI with relatively higher proportions of high-Income Countries for example reported high coverage against this benchmark (70% respectively) while SAIs in CAROSAI and CREFIAF reported lower coverage, than the other regions. The CREFIAF region consists mainly of Low-Income Countries. However, for CAROSAI, distribution of income-levels is more similar to the other regions, but still results are lower.

---

<sup>14</sup> For the 2010 stocktaking, the benchmark was 70% of financial statements received were subject to a financial audit in the year, therefore the improvements since 2010 are slightly underestimated by this measure.

<sup>15</sup> Regional groups are controlled for population size changes since 2010 and includes 2010 respondents with coverage of 71% and upwards.

<sup>16</sup> The 2010 stocktaking asked only about SAI's perceptions as to whether they were meeting their own expectations regarding performance audit. Therefore, the results for performance audit coverage are not comparable between the two surveys.

Analysis of the relevant PEFA data provides additional perspective on audit coverage for developing SAIs. The PEFA indicator for external audit (PEFA PI-26) contains three separate dimensions, one of which is concerned with ‘the scope/nature of audit performed (including adherence to auditing standards)’. The benchmark measurement set is a score of C or higher, which requires that central government entities representing at least 50% of total expenditures are audited annually. As Figure 5 illustrates, the data shows that between 2010 and 2014 the overall performance of SAIs from developing countries improved to 78% of SAIs scoring a C or higher, compared to 64% in 2010. This improvement was evident across all categories of developing countries with SAIs from the Low Income Countries lagging behind the lower middle income and upper middle income categories. The performance improvement is attributable to both improved scoring amongst countries included in the dataset in 2010 and to changes in the population between the two periods.

**Figure 5 Distribution of PEFA P-I 26 dimension scores between 2010 and 2014 in percentage of total population**

Dimension	Year	Population	% A	% B	% C	% D
<b>(i) Scope/nature of audit performed (including adherence to auditing standards)</b>	2010	81	7	31	26	36
	2014	119	10	30	38	22
<b>(ii) Timeliness of submission of audit reports to legislature</b>	2010	80	14	25	20	41
	2014	118	28	27	13	32
<b>(iii) Evidence of follow up on audit recommendations</b>	2010	81	11	27	27	35
	2014	123	15	28	30	27

Overall, the results of the 2014 Global Survey indicate a continuing improvement in the extent of SAI audit coverage. This outlook is supported by PEFA data. For compliance and Financial Audit there is now a relatively narrow gap between the global performance of developed country SAIs and those from developing countries.

For some SAIs, falling short of the benchmark level may be explained by the integration of Compliance Audit with Financial Audit processes. In practice, SAIs do not always treat compliance, financial and Performance Audit as separate, distinct audit streams and they may use them in different combinations and permutations. Some SAIs, for example, undertake regularity audits which contain elements of both compliance and Financial Audit.

Still, Global Survey data suggests there exists opportunities for improving Performance Audit coverage for developing country SAIs, and in certain regions. It is worth noting that also SAI models may affect how audit coverage is interpreted and what can be achieved, and this may affect both overall and regional results. A few countries report that they still do not have a mandate for Performance Audit, but once again, the aspect on how to interpret the mandate can also affect these results, when mandate and coverage is seen together.

The 2014 Global Survey confirmed a continuing trend, identified in the 2010 Stocktaking, for SAIs to undertake specialised audits. These audits contain elements of compliance, financial and Performance Audit and were categorised for the 2014 Global Survey in terms of their focus or purpose. Examples identified in responses included audits of public debt, the audit of revenue and investigative or forensic audits. It is possible that focus on more specialized audits combining audit disciplines both can affect

interpretation on coverage, and actual coverage results, due to resources being oriented towards more specialized audits.

### 2.1.3 Issuing and Publishing SAI Reports

Audit reports are the key deliverables of an SAI and making those reports available publicly represents a major contribution that SAIs make to reinforcing accountability and transparency, and ensuring that government uses the resources available to it economically, efficiently and effectively. ISSAI 10 – the INTOSAI Mexico Declaration on SAI Independence - Principle five establishes the SAI’s right and obligation to report on their work;

*‘SAIs should not be restricted from reporting the results of their audit work. They should be required by law to report at least once a year on the results of their audit work.’*

**Issuance:** To ensure that results are relevant for stakeholders, reports should be issued in a timely manner. ISSAI 20 on Principles of Transparency and Accountability emphasizes the necessity of having timely issuance and publication, as well as requirements in the legal framework on timeframes for issuance of reports to parliament or other designated stakeholders.

The 2014 Global Survey asked SAIs whether SAIs issue their report within the legally stipulated timeframe. The survey found that, of SAIs that responded, 78% confirmed that they issued their reports within their legally stipulated timeframe, a marginal deterioration from 2010.<sup>17</sup> The same decline is evident when controlling for population change.

**Figure 6 Percentage of SAIs (including developed countries) responding to the 2010 and/or 2014 IDI Global Survey that issue their consolidated annual audit reports within the established legal time frame.**

Region	2010	2014
<b>AFROSAI-E</b>	71% (n=17)	67% (n=21)
<b>ARABOSAI</b>	83% (n=18)	93% (n=15)
<b>ASOSAI</b>	100% (n=19)	83% (n=18)
<b>CAROSAI</b>	29% (n=14)	50% (n=12)
<b>CREFIAF</b>	43% (n=14)	58% (n=12)
<b>EUROSAI</b>	100% (n=44)	92% (n=36)
<b>OLACEFS</b>	95% (n=19)	93% (n=14)
<b>PASAI</b>	79% (n=14)	60% (n=15)
<b>TOTAL<sup>18</sup></b>	<b>81% (n=161)</b>	<b>78% (n=145)</b>

The overall results also illustrated a variation in regional performance: in excess of 90% of timely issuance in ARABOSAI, EUROSAI and OLACEFS regions compared with regions with lower percentage of timely issues. PASAI regions sees a decline from 79% to 60%, while 58% in CREFIAF, and 50% in CAROSAI represent substantial improvements.

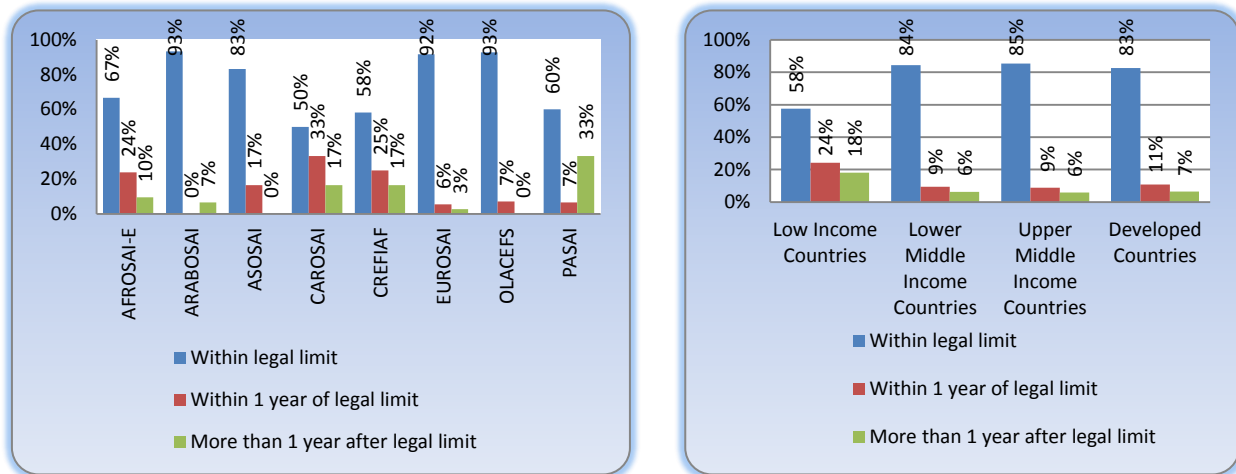
Figure 7, below, presents response distribution, by INTOSAI region and income classification. Analysis indicates that almost half of Low-Income Countries report that they do not issue annual reports within

<sup>17</sup> These figures include those answering ‘other’, which can include countries where no timeframe exists, and other possibilities.

<sup>18</sup> Includes two countries with no regional membership, in both 2010 and 2014. SAI’s that responded as ‘other’ are excluded from the analysis, as they can’t be put into any of the analysis categories.

the established legal timeframe. Four SAIs in this group reported that they no longer issued their report on time, while only one SAI reported it had started doing so. Comparison to 2010 results show there is a decline in the proportion of low-income SAIs meeting the timeframe. Analysing only those countries that responded to the question in both years shows a small improvement in Upper-Middle Income Countries.

Figure 7 Timely issue of audit report by SAIs per regions and OECD-DAC list



PEFA data provides a different perspective on the performance of developing SAIs in issuing their audit reports. PI-26 dimension (ii) measures the timeliness of the submission of audit reports to the legislature. As Figure 8 shows, this improved from 59% in 2010 to 68% in 2014. Again, SAIs from Low Income Countries are lagging behind SAIs from middle Income Countries. This figure further shows a performance increase for Low Income Countries and Lower Middle Income Countries. For Upper Middle Income Countries there is a performance decline. This is attributable to changes in the population, with a large number of small islands states entering the population for the first time, and predominantly scoring D or D+. Considering repeat assessments, all income groups had a net increase in number of countries that have increased the scoring by a whole grade since their first assessment.

Figure 8 SAIs scoring a C or Higher on dimensions of PEFA PI-26 between 2010 and 2014, per income classification

Percentage of SAIs in developing countries	Year	Low Income Countries	Lower Middle Income Countries	Upper Middle Income Countries	All Developing Countries
<b>(i) Scope/nature of audit performed (including adherence to auditing standards)</b>	2010	52 % (n=33)	68 % (n=25)	78 % (n=23)	64 % (n=81)
	2014	68% (n=44)	77% (n=35)	90% (n=40)	78 % (n=119)
<b>(ii) Timeliness of submission of audit reports to legislature</b>	2010	52 % (n=33)	48 % (n=25)	82 % (n=22)	59 % (n=80)
	2014	59% (n=44)	72% (n=36)	74% (n=38)	68 % (n=118)
<b>(iii) Evidence of follow up on audit recommendations</b>	2010	52 % (n=33)	68 % (n=25)	83 % (n=23)	65 % (n=81)
	2014	62% (n=45)	84% (n=37)	76% (n=41)	73 % (n=123)

**Publication:** According to the INTOSAI Lima Declaration, section 16, “the Supreme Audit Institution shall be empowered and required by the Constitution to report its findings annually and independently to



Parliament or any other responsible public body; this report shall be published”. This will ensure extensive distribution and discussion, and enhance opportunities for enforcing the findings of the SAI.

In the 2014 Global Survey 70% of SAIs reported that at least 80% of their completed audit reports were available to the general public. However, 15% of SAI respondents reported that they did not make any reports public in the previous financial year. SAIs in ARABOSAI and CAROSAI represented the largest number of SAIs that did not make their reports available publicly.

While the 2010 Stocktaking did not measure publication, analysis of the relevant PEFA data provides some insight on development. Criterion (iv) of PEFA Indicator 10 measures whether ‘all external audit reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit’. Figure 9, below, shows the results of the analysis of scores on this criterion for 2012 and 2014. The data is based only on publicly available PEFA assessments.<sup>19</sup> There has only been a small improvement in the performance of SAIs from developing countries against this benchmark: from 53% in 2012 to 57% in 2014. In both 2012 and 2014 just over one third of the SAIs from Low Income Countries met the benchmark. Four Low-Income Countries have since 2012 changed their performance to making public all external audit reports on central government consolidated operations within six months of completed audit.

Figure 9 indicates progress from 2012 amongst low income and Lower-Middle Income Countries. Closer examination of the data shows that the performance increases are attributable to both increased performance by a few countries and changes in the population. There have been no performance changes amongst Upper-Middle Income Countries when controlling the result for population changes.

**Figure 9 Percentage of SAIs in developing countries, for which a PEFA assessment is available, fulfilling PEFA PI-10 criteria (iv), comparing 2012 to 2014 data.**

Percentage of SAIs in developing countries	April 2012	June 2014
<b>All Developing Countries</b>	53% (n=73)	57% (n=86)
<b>Low Income Countries</b>	35% (n=34)	39% (n=41)
<b>Lower Middle Income Countries</b>	62% (n=21)	70% (n=23)
<b>Upper Middle Income Countries</b>	78% (n=18)	77% (n=22)

A regional analysis of these figures is included in section 4. This shows that AFROSAI-E and OLACEFS are the regions with the highest number of countries with published PEFA assessments where PI-10, criterion (iv), is met. The regions with the lowest performance on this criterion are CREFIAF, where about 80% do not fulfil this criterion and ARABOSAI and PASAI, where approximately 60% fall short on this.

What, when and how the SAI publishes may be under the control of the SAI. However, as emphasised in the Mexico Declaration<sup>20</sup>, a SAI must also have a legal framework giving it the right and obligation to publish its reports, and be free from undue pressure to prevent such publication. Untimely submission can be caused by lack of legal powers and interference from outside bodies, for example not obtaining

<sup>19</sup> Data has been extracted from the PEFA Portal <http://www.pefa.org/en/dashboard>. This criteria is not extractable from the analysis of PEFA scores, including un[p]ublished assessments, shared by the PEFA Secretariat.

<sup>20</sup> Mexico Declaration on SAI Independence, Principle 6

the information necessary to conduct the audit. This in turn can lead to delay or non-publication by the SAI. Further examining the information behind the differing developments in respectively Global Survey and PEFA data could give more information on the separate results and its interconnection.

#### *2.1.4 Overall Change in Performance of SAIs in developing countries between 2010 and 2014*

The analysis of the PEFA data on external audit indicates that, overall, between 2010 and 2014 there was an evident improvement in the performance of SAIs in developing countries. Furthermore, the results show that there is a link between income level and SAI performance.

PEFA performance indicator 26 (PI-26) assesses the ‘scope, nature and follow-up of external audit’. To achieve a score on this indicator of C or higher on an ordinal scale from A to D, used as benchmark level in this Stocktaking, the SAI being assessed must meet all the following conditions:

- Central government entities representing at least 50% of total expenditure are audited annually
- Audits identify significant issues
- There is some disclosure regarding the nature of the audit standards used
- Audit reports are submitted to the legislature within 12 months of the end of the period covered (and for Financial Audits, within 12 months, from the receipt of financial statements by the SAI)
- A formal response is made (by the executive) to audit reports (though it may be delayed or not very thorough).

An increasing number of developing countries and territories<sup>21</sup> (henceforth referred to as “countries”) have conducted a PEFA assessment reporting on PEFA PI-26, from 87 in 2010 to 120 in 2014.<sup>22</sup> Figure 10 present these results by income classification groups.

**Figure 10 Percentage of SAIs in developing countries scoring a C or higher on PEFA PI-26 “Scope, Nature and Follow-up of external Audit”, comparing 2010 to 2014 data**

Percentage of SAIs in developing countries	May 2010	June 2014
<b>All Developing Countries</b>	38% (n=87)	47% (n=120)
<b>Low Income Countries</b>	26% (n=35)	38% (n=45)
<b>Lower Middle Income Countries</b>	33% (n=27)	47% (n=36)
<b>Upper Middle Income Countries</b>	60% (n=25)	56% (n=39)

Figure 10 shows an increase from 2010 to 2014 in the percentage of Low Income Countries and Lower Middle Income Countries that have received a scoring of C or higher. Closer examination of the underlying data demonstrates that the improvement in performance amongst Lower Middle Income Countries is due to increased population size with a majority of the new countries having a score C or higher, as well as increased performance amongst some of the countries that had done PEFA

<sup>21</sup> Territories included: Anguilla (UK), Cook Islands (NZ), Montserrat (UK), Niue (NZ)

<sup>22</sup> Data extracted from PEFA monitoring spreadsheet provided by PEFA Secretariat May 2010 and June 2014. The spreadsheet includes data from both published and unpublished reports.

assessments in 2010. For Low Income Countries change is attributable to improved results for some countries included in the 2010 data.

Figure 10 shows a small decline in the percentage of Upper Middle Income Countries scoring C or higher on PI-26. This is due to population increase with several new countries scoring lower than C. When comparing results for consistent countries in this group, in 2010 and 2014, a small performance increase was noted.

Figure 4 analyses this same data by INTOSAI regional groups. Here, there are some regional variations. Only six per cent of the 18 countries in the CREFIAF region that have conducted a PEFA assessment received a score C or higher; this percentage has been steady since 2010. For CAROSAI and OLACEFS deterioration is due to population changes as described above. Similarly, improved scores are also mainly due to additional assessments in 2014 data. Most notable is the significant increase in performance in the EUROSAI region.

**Figure 11 Percentage of SAIs in developing countries, for which PEFA assessment is available, scoring C or higher on PEFA PI-26 “Scope, Nature and Follow-up of External Audit” separated in INTOSAI regions**

Percentage of SAIs in developing countries	May 2010	June 2014
<b>AFROSAI-E</b>	56% (n=16)	68% (n=22)
<b>ARABOSAI</b>	33% (n=9)	45% (n=11)
<b>ASOSAI</b>	36% (n=11)	47% (n=19)
<b>CAROSAI</b>	33% (n=6)	27% (n=11)
<b>CREFIAF</b>	6% (n=18)	6% (n=18)
<b>EUROSAI</b>	45% (n=11)	79% (n=14)
<b>OLACEFS</b>	67% (n=9)	46% (n=13)
<b>PASAI</b>	43% (n=7)	50% (n=12)
<b>TOTAL</b>	<b>38% (n=87)</b>	<b>47% (n=120)</b>

## 2.2. SAI Independence

Independence is central to securing the effectiveness of SAIs and delivering impact for citizens. The conditions most relevant to ensuring the independence of an SAI are enshrined in INTOSAI’s Mexico Declaration on independence. The analysis that follows focuses on three of the principles incorporated in the Mexico Declaration – the financial independence of the SAI; the independence of the Head of the SAI; and the mandate and remit of the SAI.

SAIs’ financial independence has a significant bearing on ensuring that the SAIs have the resources they require to discharge their responsibilities effectively. Secondly, the independence of the Heads of the SAIs, ensures that the Heads of the institutions can discharge his or her responsibilities without external interference or the threat of external interference. Thirdly, the mandate and remit of the SAIs, especially whether central government activities were subject to audit and SAIs had the power to undertake financial, compliance and Performance Audits.

### 2.2.1 The Financial Independence of SAIs

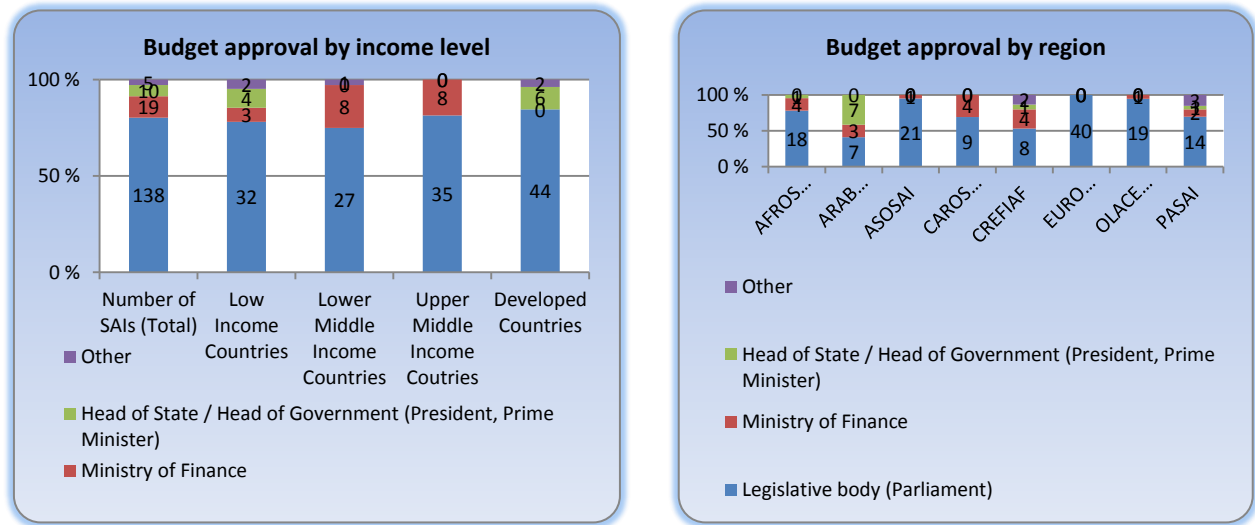
A key element in the capability of an SAI to act independently is financial independence. This is reflected best in INTOSAI’s Mexico Declaration on SAI Independence. Principle 8 of that Declaration states:

*“SAIs should have available necessary and reasonable human, material, and monetary resources — the Executive should not control or direct the access to these resources. SAIs manage their own budget and allocate it appropriately. The Legislature or one of its commissions is responsible for ensuring that SAIs have the proper resources to fulfil their mandate. SAIs have the right of direct appeal to the Legislature if the resources provided are insufficient to allow them to fulfil their mandate.”*

The 2014 Global Survey found that, there were significant variations among SAIs having reasonable structures that may facilitate the process of securing the resources they need to discharge their responsibilities. Also, a number of SAIs reported that they had faced interference from the executive in the course of the budget process. The key results from the survey were as follows.

**Budget Approval:** As Figure 12 shows, overall 80% of the SAIs that responded to the survey confirmed that their budgets were approved by the legislature. This varied little between income groups. However, there was considerable disparity between the INTOSAI regions. All the SAIs from EUROSAI that responded to the survey confirmed that their budgets were approved by their legislature. In contrast, 41% of ARABOSAI members and 53% of CREFIAF members who responded said that their budgets were approved by the legislature. The budgets of the other SAIs were approved by the Head of State, Ministry of Finance, or alternatively were the subject of a chain of approvals encompassing both these and the legislature.

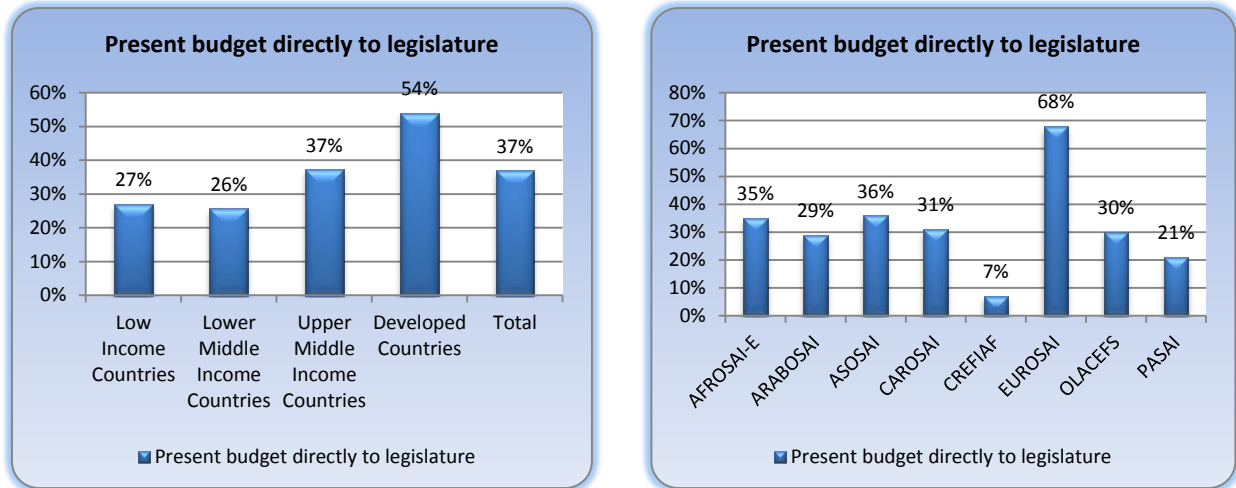
Figure 12 Percentage of SAI Budget Approving Authority per OECD-DAC list and per regions (N=172)



**The presentation of SAI budgets direct to the legislature:** Results presented in Figure 13 suggest that less than 40% of SAIs operate within a legal framework that enables them to present their budgets direct to their legislatures. 68% of EUROSAI members who responded confirmed that they present their

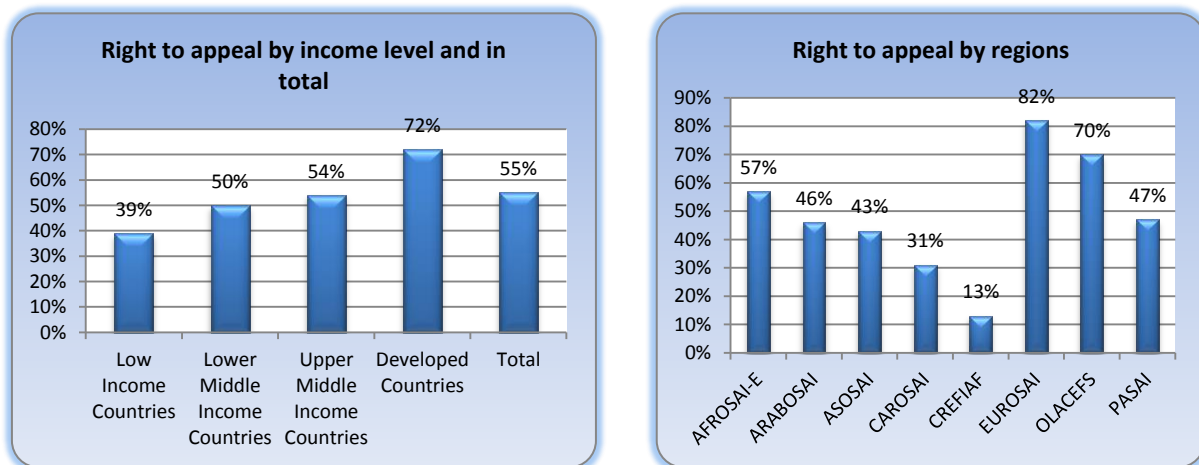
budgets directly to their legislatures. In contrast just one of the fifteen CREFIAF members who responded said it submitted its budget directly to its legislature.

Figure 13 Percentage of SAIs where budget is presented directly to the legislature (Total, OECD-DAC and regions) N=169



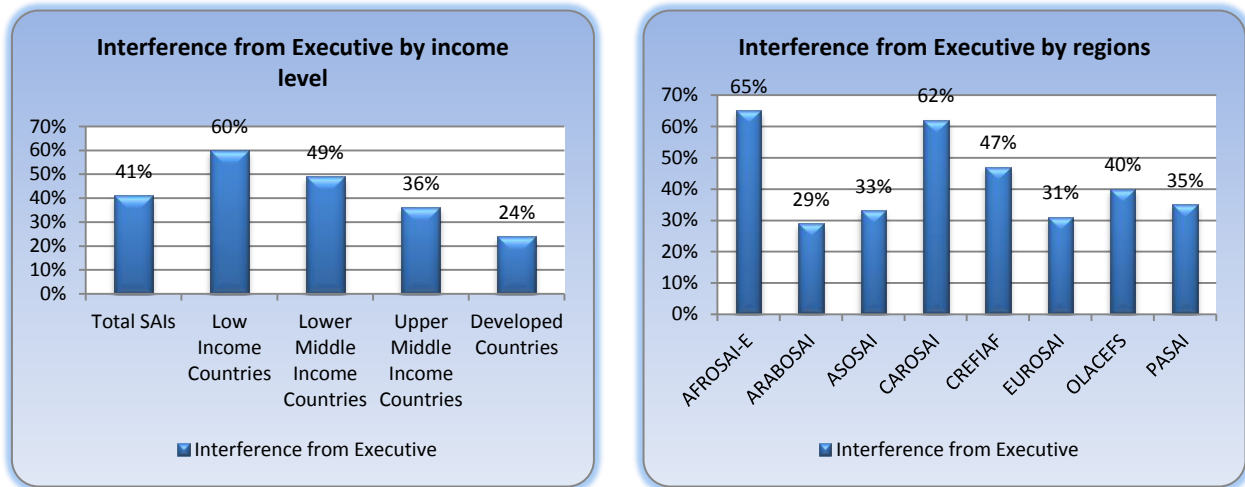
**Right to appeal to the legislature:** The independence constraints owing to the inability of SAIs to present their budgets direct to the legislature may potentially be somewhat mitigated provided there are other safeguards in place, such as the right on the part of an SAI to appeal to its legislature against an inadequate budget allocation. Figure 14 shows that, overall, just 55% of all SAI respondents indicated that they could appeal to their legislatures in these circumstances, and this response by income classification shows that, relatively fewer SAIs from Low Income Countries have the right to appeal their budget. Wide regional variations were also noted. 32 of the 39 EUROSAI members who responded, confirmed they had the ability to appeal to their legislatures about inadequate budget allocations. In contrast just two of the fifteen CREFIAF members and four of the thirteen CAROSAI members reported to have the right to appeal.

Figure 14 Percentage of SAIs having right to appeal against inadequate budget allocation (N=165)



**Executive interference in the SAI budget process:** The 2014 Global Survey reveals a relatively high percentage of incidences of executive interference in the budget process, as 40% of SAIs reported that they had experienced interference from the executive in the process of formulating their budget. This interference manifested itself in different ways. Some respondents reported the budget of the SAI had been cut as part of a wider reduction in government expenditure but without specific approval by the legislature. In other instances the executive had unilaterally cut the SAI’s budget allocation without any prior dialogue with the SAI. The SAIs who responded attributed these actions predominantly to the Ministry of Finance or its equivalent and, in some cases, to the Head of the country’s government. As Figure 15 shows, while these instances of executive interference were spread across all INTOSAI regions, SAIs from low income and Lower-Middle Income Countries were predominantly affected. Thus there appears to be an inverse correlation between the level of development of a country and instances of reported executive interference in the SAI budget process.

Figure 15 Percentage of cases of interference from executive (total, OECD-DAC, regions) (N=165)

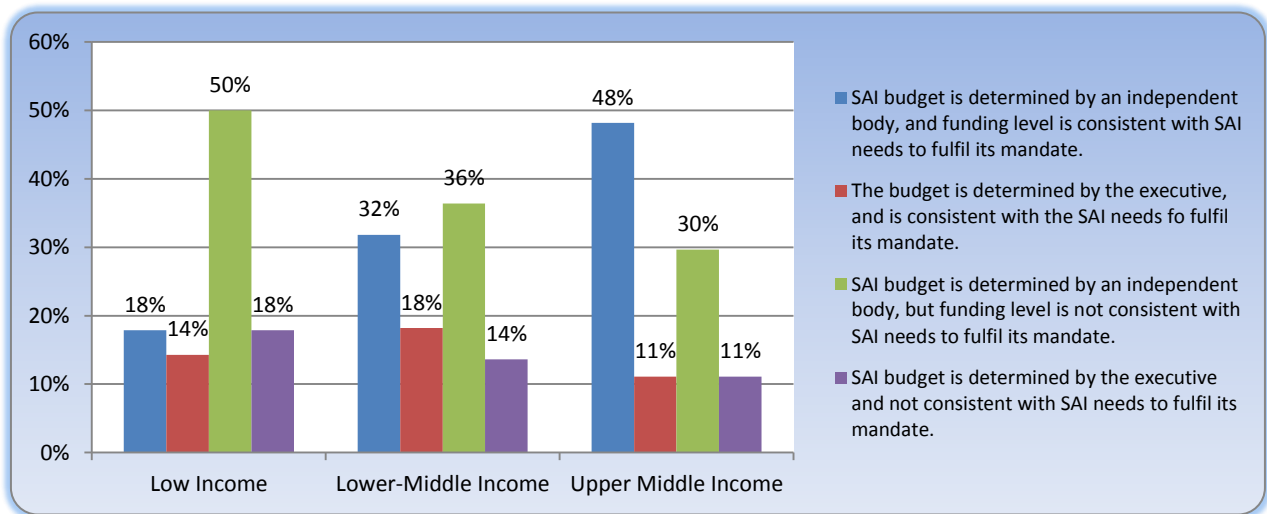


The OBI provides additional information on the subject of SAI financial independence in developing countries. Indicator 93 measures the financial independence of the SAI, combining the issues of the budget process and the adequacy of resources to fulfil the SAI’s mandate. Scoring is done on a four point scale, as follows:

- i. Budget is determined by an independent body, and the funding level is broadly consistent with the resources the SAI needs to fulfil its mandate.
- ii. Budget is determined by the executive, and the funding level is broadly consistent with the resources the SAI needs to fulfil its mandate.
- iii. Budget is determined by an independent body, but the funding level is not consistent with the resources the SAI needs to fulfil its mandate.
- iv. Budget is determined by the executive, but the funding level is not consistent with the resources the SAI needs to fulfil its mandate.

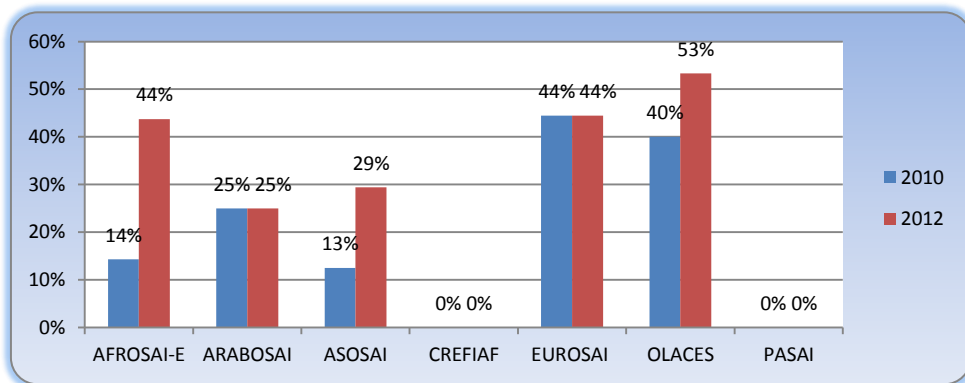
Comparison of the 2012 levels of financial independence, below in Figure 16, yields interesting results based on the income classification of the countries. Lower Income Countries more often face inadequate resources to fulfil their mandates compared to other countries, regardless of whether the budget is approved by the legislature or the executive. This indicates that securing a legal framework which gives financial independence is not sufficient to guarantee the SAI appropriate resources to do its job – it is still constrained by the country’s resources. However, for the group of Upper Middle Income Countries, if the budget is determined by an independent body, it is more often consistent with the SAI’s needs than if it is determined by the executive. This suggests that as countries develop, financial independence in the budget process becomes an important driver in ensuring sufficient resources for the SAI to deliver its mandate.

**Figure 16 Percentage of ODA countries by Income Group with Varying Levels of Financial Independence, 2012 (N=78)**



Examining changes over time, there has been an improvement in financial independence from 2010 to 2012. The most significant changes relate to those SAIs scoring the highest level of financial independence, as can be seen in Figure 17, based on INTOSAI regional classifications.

**Figure 17 Percentage of developing SAIs with Budgets Determined by an Independent Body, and Sufficient Resources to Fulfil its Mandate presented by region (N=78, no data for CAROSAI)**



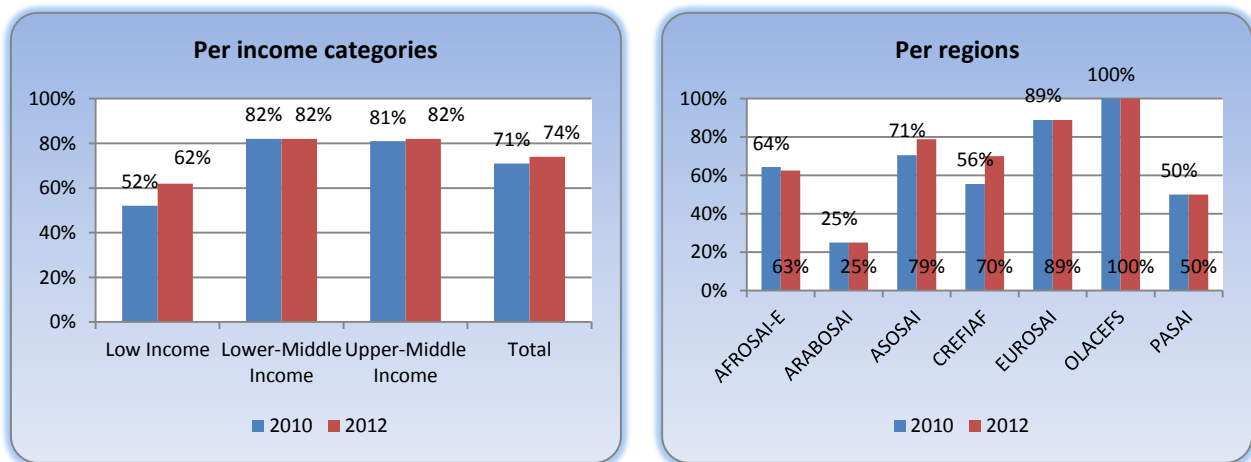
As Figure 17 shows, this increase in percentage of SAIs with top level of financial independence can also be seen at the regional level, with positive developments in AFROSAI-E, ASOSAI and OLACEFS. Analysing these results according to OECD classifications shows a positive development, with an increased number of SAIs with top level financial independence for all country classes. Similarly there is also a decrease in number of SAIs with the lowest level of financial independence, while the number of low income country SAIs which have budget independence but lacking sufficient resources is on the rise.

### 2.2.2 Independence of the Head of the SAI

Principle 2 of the Mexico Declaration on SAI Independence relates to the independence of the Heads of SAIs and requires, specifically, that the Heads of an SAI should be ‘appointed, re-appointed or removed by a process that ensures their independence from the Executive. Against this background, OBI indicator 90 assesses the independence of the Head of the SAI and asks whether a branch of government other than the executive (such as the legislature or the judiciary) has to approve the removal from office of the Head of the country’s SAI. For the group of developing countries, there has been an overall increase from 71% in 2010 to 74% in 2012.<sup>23</sup> As shown in figure 18, for middle Income Countries the figures are steady at around 80%. The group with the least independence of the Heads of SAIs is the low income group, where only 62% of countries have this important constitutional check in place. However, for this group the 2012 performance is a considerable improvement from the 2010 figure of 52%.

Analysing the numbers according to regions does not uncover any significant regional developments. As shown below, there are minor improvements in the ASOSAI and CREFIAF regions, attributable to developments in improvements in single countries, and some shifts in the population.<sup>24</sup>

Figure 18 Percentage of Countries in which Non-Executive Consent is required to remove the Head of the SAI (N=73 and N=78). No data for CAROSAI



<sup>23</sup> There is a change in sample size from 73 to 78 SAIs, but this does not account for the difference in the results.

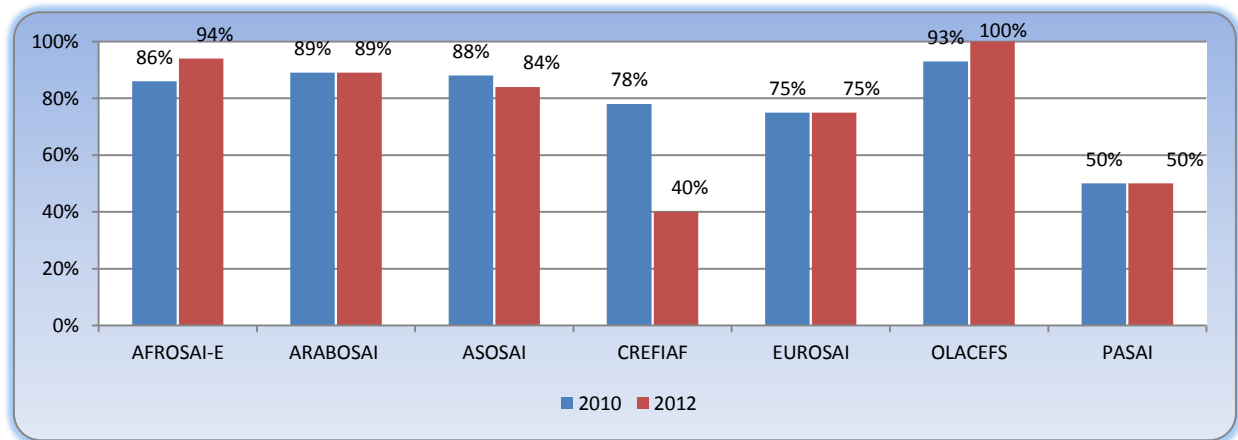
<sup>24</sup> Only two countries represent PASAI, so results could be misleading for the region.



### 2.2.3 The mandate and remit of SAIs

While a SAI may be given the legal mandate to undertake audits annually, principle three in the Mexico Declaration elaborates that it should also be free from interference in its operational conduction of its mandate. The OBI indicator 92 measures whether the SAI has the discretion under the law to select the audits to undertake, additional to their established year-end attestation (financial) audits. The categorisation of the responses about the discretionary powers of SAIs distinguished between, SAIs that have full or sufficient discretion to fulfil their mandates and SAIs that have considerable limitations on their discretionary powers or have a complete lack of discretion. Results by INTOSAI region are shown in Figure 19.

**Figure 19 Percentage of Countries in INTOSAI regions where the SAI has Full or Significant Discretion in Law to Select Audits (N=78, no data for CAROSAI)**



The graph above shows that there are somewhat different tendencies across the regions. OLACEFS shows an improvement from 2010 to 2012 which means that all SAIs included in this dataset have full or considerable discretion to undertake audits as they wish. There was also an improvement in AFROSAI-E. While the percentage of SAIs who have considerable discretion in general is high<sup>25</sup>, there are two regions where the trend appears to be negative, ASOSAI and CREFIAF. Further investigation shows that once the data is controlled to compare the same countries, the trend in ASOSAI is actually a small increase. There seems to be a negative development across the CREFIAF region which cannot be explained by changes in the population.

Analysing the data by income classification, there is a slight improvement in Upper Middle Income Countries, attributable to improvements in countries such as Tunisia but otherwise no noticeable change.

<sup>25</sup> The PASAI data is based on only two countries, so is not considered representative of the region.

### 2.3. Professionalisation of SAIs

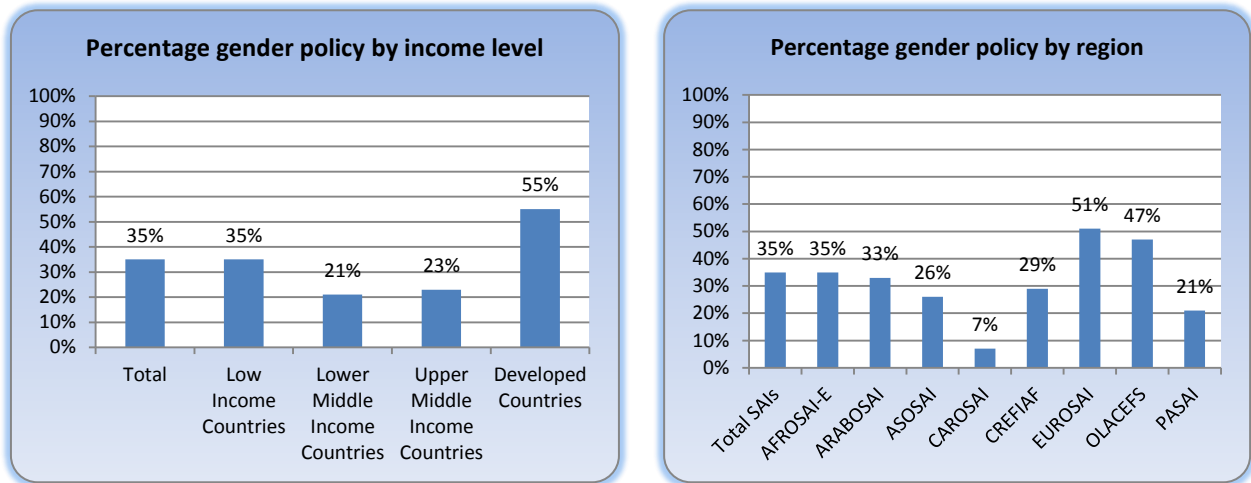
The results presented in the report so far, are related to the SAI’s legal and actual powers, and the execution of this power to fulfil its core responsibility. A core element of the performance of a SAI is the quality of its audit work. This section presents the status of strategic planning and implementation in SAIs, implementation of ISSAIs in SAIs and describes how SAIs deal with gender issues.

#### 2.3.1. SAIs and Gender

It is globally recognized that systems for and active encouragement of gender equality characterizes a mature professional organisation. Implementation of gender policies by individual SAIs represents a basic step towards empowering women in the SAI community through better and more meaningful representation. A fair balance of women as a proportion of total staff also contributes positively to the performance of SAIs, by enhancing work force diversity and diversity in decision making processes. The IDI endeavours to achieve gender balance in its programmes by encouraging participation of women. In the 2014 Global Survey SAIs reported on gender policies and the gender balance of their workforce.

As Figure 20 shows, the results obtained from the 164 SAIs that responded to the survey questions reveal that just 35% (58 SAIs) confirmed they have a gender policy.

Figure 20 Percentage of SAIs with Gender Policy by income level, total and by region (N=164)



The survey also found that challenges exist in achieving gender balance in the SAI community, with women comprising 36 percent of SAI professional staff. The percentage of female full time equivalents in professional positions is less than their representation in support staff.

Figure 21 Gender Distribution of Staff in SAIs (N=164)

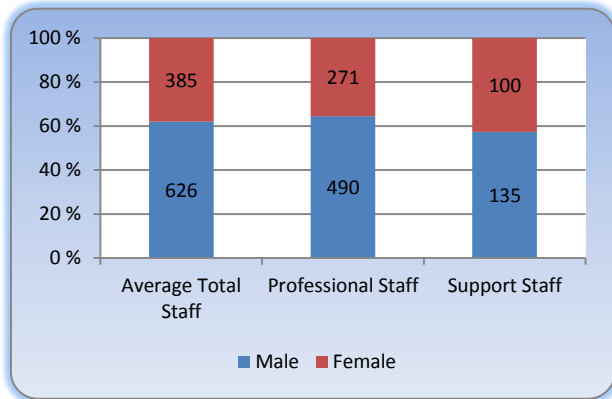
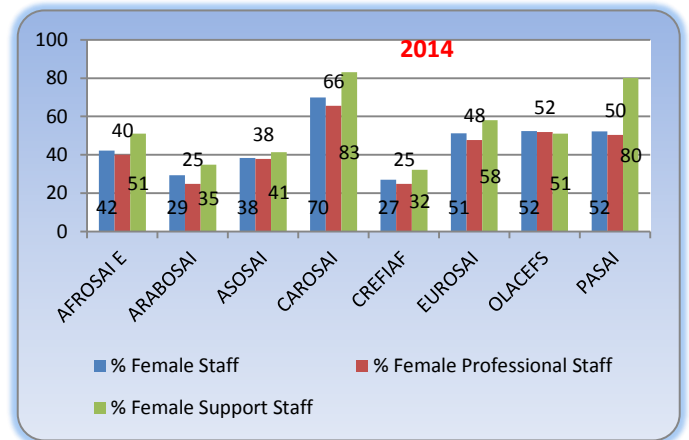
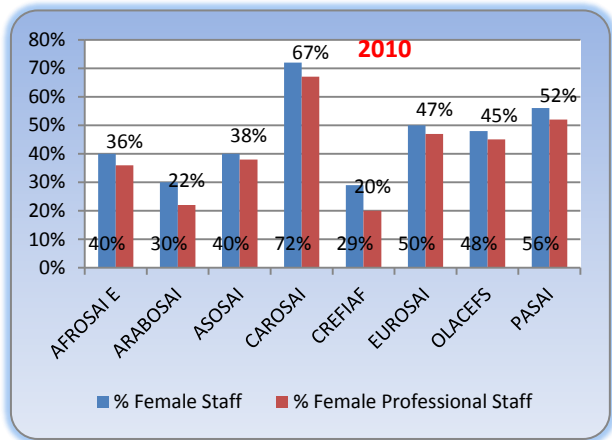


Figure 22 presents the comparative status between 2010 and 2014 in different regions regarding the average percentage of female staff in the constituent SAIs. SAIs in CAROSAI and PASAI have highest percentages of female staff which is interesting as they also are the two regions having a larger number of SAIs without a gender policy. As seen above, the percentage of female professional staff is uniformly lower across the regions as compared to the total percentage of female staff. Also, as compared to 2010, the percentage of female professional staff has increased in ARABOSAI and CREFIAF.

Figure 22 Gender Balance in SAIs of INTOSAI Regions showing percentage of female staff out of total staff.

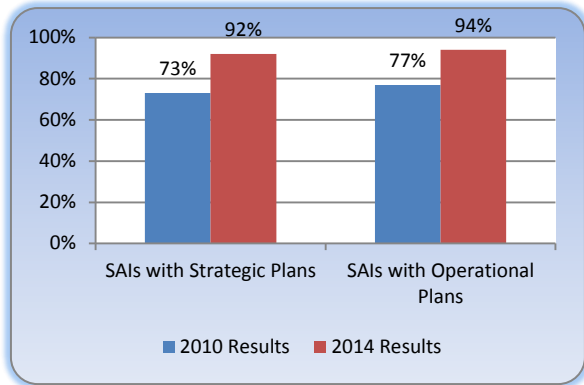


### 2.3.2. SAI Strategic and Operational Plans

In responding to the 2010 Stocktaking, SAIs themselves identified the development of strategic plans and the implementation of support based on these plans as a key component of good practice in the provision of SAI capacity development support. Also, the international Donor Community has made a commitment to endeavour to mobilize additional resources to support the development and implementation of these Strategic and Development Action Plan, and has been a priority area of support

for the resources available to the INTOSAI-Donor Cooperation between the 2010 Stocktaking and the 2014 Global Survey.

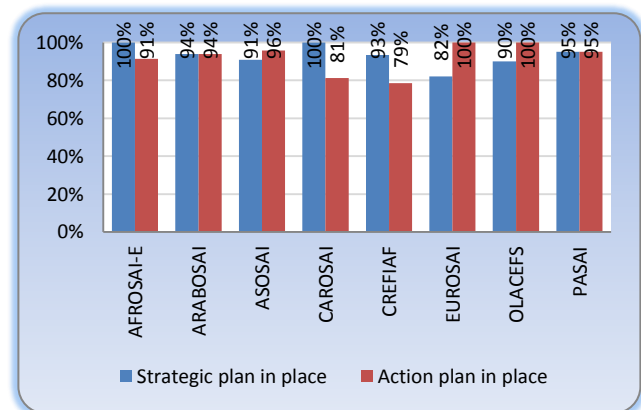
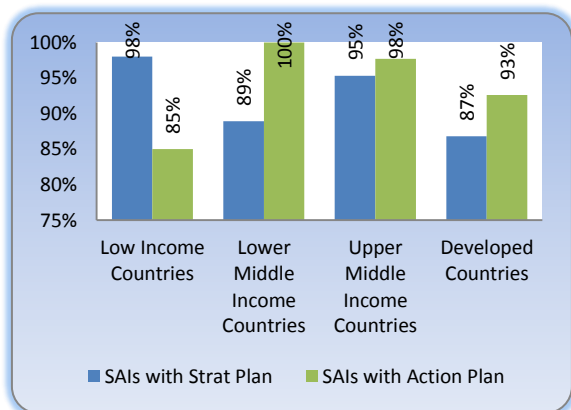
Figure 23 SAIs with Strategic Plans and Operational Plans 2010-2014



The 2014 Global Survey found that significant progress had been made compared to 2010. Between 2010 and 2014 there was a substantial increase in the number of SAIs with strategic and operational plans. The results of the Survey indicate that 160 SAIs (92%) now have strategic plans as compared with 130 (73%) in 2010. Just 13 of the SAIs that responded said that they did not have a strategic plan. Of these, six were from developing countries (four from Lower Middle Income Countries and two from Upper Middle Income Countries). All the SAIs from the least developed countries that responded to this question confirmed that they had strategic plans.

The same positive trend is evident when comparing the number of SAIs with operational plans in 2014, to 2010 results. The percentage has increased from 77% in 2010 to 94% in 2014. These changes indicate an impact from the support that was given during this period to SAIs in developing their strategic and operational plans. These initiatives have included bilateral programmes, regional support programmes and the IDI’s own capacity development programme on assessing SAI capacity development needs and preparing strategic plans that has been run in most INTOSAI regions.

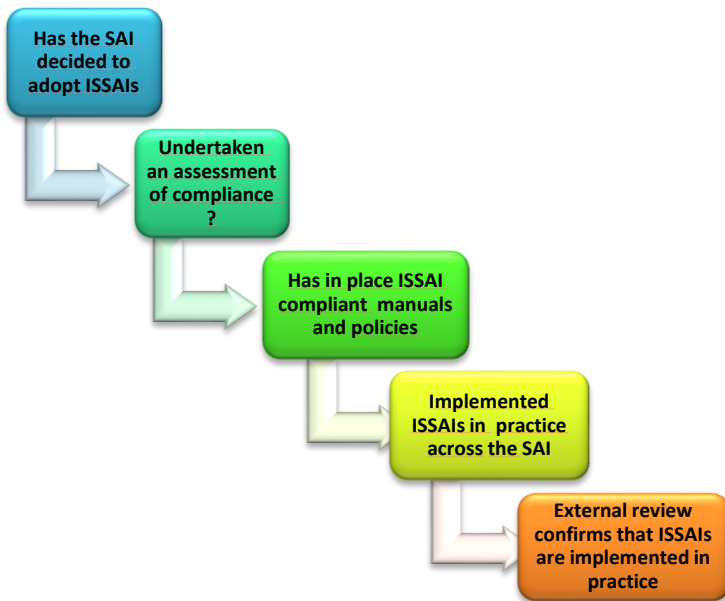
Figure 24 Strategic Plans and Operational Plans: Percentage of SAIs per Regions and OECD-DAC Categories



When looking at the regional position, it is noteworthy that, with the exception of EUROSAI, in all the other regional groups at least 90 per cent of their member SAIs now have strategic plans in place. The largest improvements since 2010 have been in CAROSAI and CREFIAF. With the support of the IDI, for example, CREFIAF has run two needs assessment and strategic planning programmes since 2010 and subsequently the region has seen the number of SAIs in the region increase so that 15 of the 16 CREFIAF SAIs that responded to the 2014 Global Survey indicated that they now had strategic plans.

The results of the 2014 Global Survey also found that, although SAIs in developing countries had gained experience in developing and implementing strategic plans, there remained a strong perceived need for further capacity development programmes on strategic planning and for supporting the INTOSAI community in maintaining and consolidating their strategic planning capacity.

### 2.3.3. Implementation of ISSAIs



The report has so far presented results on SAI performance connected to important high-level principles, mainly derived from high-level ISSAIs, which are ISSAIs on level 2. The ISSAIs do not exist on their own, but are measures to develop a professional organisation. Professionalisation is one of the goals in the INTOSAI Strategic Plan 2011-2016, and implementation of ISSAIs is described as one of the measures for reaching that goal. Likewise, supporting SAIs in developing countries in implementing ISSAIs, is a key priority in the IDI Strategic Plan 2014-2018, and support is being provided through the ISSAI Implementation Initiative (3i Programme).

Implementation of ISSAIs, can be seen to be a key aspect of SAI Performance, and is a goal for most SAIs. ISSAI implementation is a complex and gradual process that can be analysed into different stages of SAIs deciding to adopt ISSAIs, SAIs assessing their own compliance to both level 2, level 3 and level 4 ISSAIs, as well as actual implementation and compliance with these standards.

The IDI has used data from different sources in its attempt to arrive at evidence based conclusions on SAI progress at each stage of ISSAI Implementation

#### Progress on implementation of Level 2 ISSAIs

The result from the monitoring sample suggests 83 % of SAIs have decided to adopt level 2 ISSAIs. However, review of track-sheets for the two measurement systems, shows that only 20 % of SAIs have

assessed their compliance to level 2 ISSAIs, by carrying out an assessment according to either the ISSAI Compliance Assessment Tool (iCAT) or the SAI Performance Measurement Framework (SAI-PMF).

ISSAIs on level 2 prescribe standards for areas both outside and inside the control of the SAI. SAI status on independence (ISSAI 10) has been described at length in the previous section, evidence collected on the monitoring sample to conclude on SAI progress on its own transparency and accountability (ISSAI 20), code of ethics (ISSAI 30) and Quality control and assurance system (ISSAI 40) shows the following progress in terms of SAIs having in place ISSAI compliant policies and manuals

- 77% of SAIs have a manual of Code of Ethics that is ISSAI compliant cf. ISSAI 30
- 47% of SAIs have a manual and system for Quality Control and Quality assurance cf. ISSAI 40

Again, assessing the theory against practice shows a big gap, as the monitoring sample indicates that only 7% of SAIs have actually implemented the practice according to ISSAIs 30 and 40. In case of implementation of ISSAI 20, it was found that while 48% SAIs publish at least 80% of their completed audit reports, there was insufficient evidence to arrive at a baseline for SAIs that measure and report publicly on their annual performance.

### **Implementation of financial, performance and Compliance Audit ISSAIs**

2014 Global Survey results showed that a high percentage of SAIs have decided to adopt the ISSAIs for Financial Audit, Compliance Audit and Performance Audit, respectively 100 %, 97 % and 90 %.

While the figures on decision to adopt ISSAIs are high, results from the monitoring sample suggest that few SAIs have assessed their compliance with the requirements of financial, performance and Compliance Audit ISSAIs the figure ranging from 15% average for financial and Compliance Audit to 17% for Financial Audit.

When it comes to assessing percentage of SAIs having ISSAI compliant audit manuals, neither the Global Survey nor the additional monitoring sample, was able to provide valid and reliable data on this area. The monitoring sample further shows that that 3% SAIs have implemented the ISSAIs for Financial Audit in practice. This figure rises to 7% for Performance Audit, and 10% for Compliance Audit.

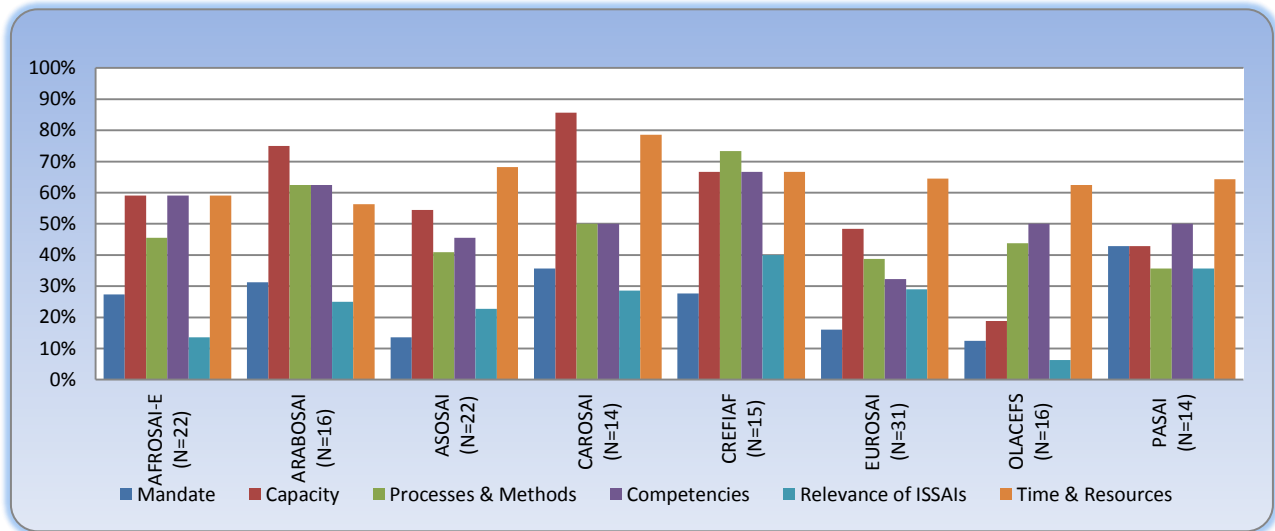
The sample size producing these results is small, and in addition the results from the 2014 Global Survey also suggest data validity and reliability can be an issue when measuring ISSAI implementation. Although the IDI has attempted to use evidence based data from different sources in reporting on ISSAI implementation, the conclusions arrived at need to be seen with their uncertainties clearly stated. There are a number of challenges that have been faced in arriving at these conclusions - the understanding of ISSAI Implementation in the community is at a formative stage, the IDI presently does not have sufficient body of evidence based and quality assured conclusions on ISSAI implementation, more importantly the IDI does not have a mandate for requiring such information from SAIs.

#### *2.3.4. Factors inhibiting implementation of ISSAIs*

In the 2014 Global Survey, SAIs identified a number of challenges that they faced in implementing ISSAIs These are summarized by INTOSAI region in Figure 25. The key issues that emerged were as follows:

- SAIs identified time and resources as the most critical challenge they face in implementing the ISSAI framework. They pointed in particular to the challenge in having dedicated staff available to support the implementation of the large number of ISSAIs within a tight deadline.
- SAIs also pointed to the difficulty in transitioning from long-standing traditional audit approaches to more up to date, modern audit processes and procedures.
- Another difficulty that was identified was the need for translation and other similar services to translate the technical terminology used in the ISSAIs.

Figure 25 Factors inhibiting implementation of ISSAIs



### 3. Capacity Development needs & support for SAIs

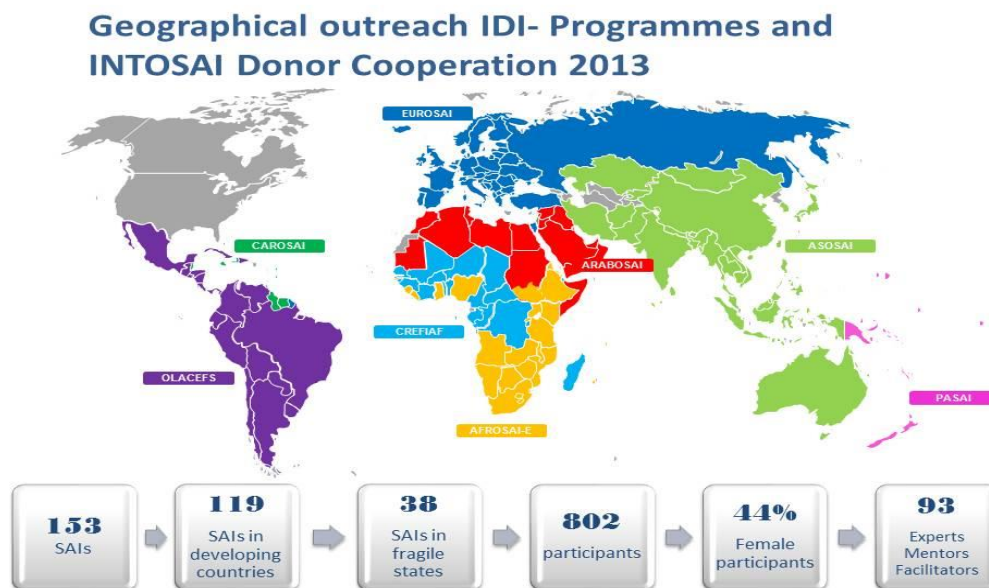
Chapter 2 presented the global state of performance for SAIs, with a special focus on SAIs in developing countries. Donors and implementers have expressed willingness and commitment to support and assist developing SAIs in strengthening their capacity so to better their performance, and consequently increase their value and benefit to society.

One of the central premises for the IDI Service Delivery model is that capacity development programmes should be based on the needs of the SAIs, to ensure ownership. Equally, the INTOSAI-Donor Cooperation Memorandum clearly states that donor support should recognize the principle of developing country-led strategic plans and development action plans, and that donors should coordinate their efforts, to increase effectiveness. Furthermore successful capacity development projects needs to be properly monitored.

This chapter describes the capacity development needs as expressed by SAIs through the 2014 Global Survey and the Global Call for Proposals 2013. It also presents priorities as expressed by regional bodies. Furthermore the chapter includes the planned response of the IDI in providing support to SAIs based on the needs expressed, after a process of analysis and prioritisation of the needs and discussion and agreement with INTOSAI regions. The chapter also offers some considerations for successful projects, both as perceived by SAIs that have received report in the period since the last Stocktaking. Also, the chapter presents an overview of extent of support offered as well as showing the challenges related to monitoring the sum of projects, by comparing and showing a significant divergence between Global Survey self-reporting, and projects registered in the SAI Development database.

#### 3.1. SAI Capacity Development Needs

Figure 26 Geographical dispersion of IDI Programmes 2013



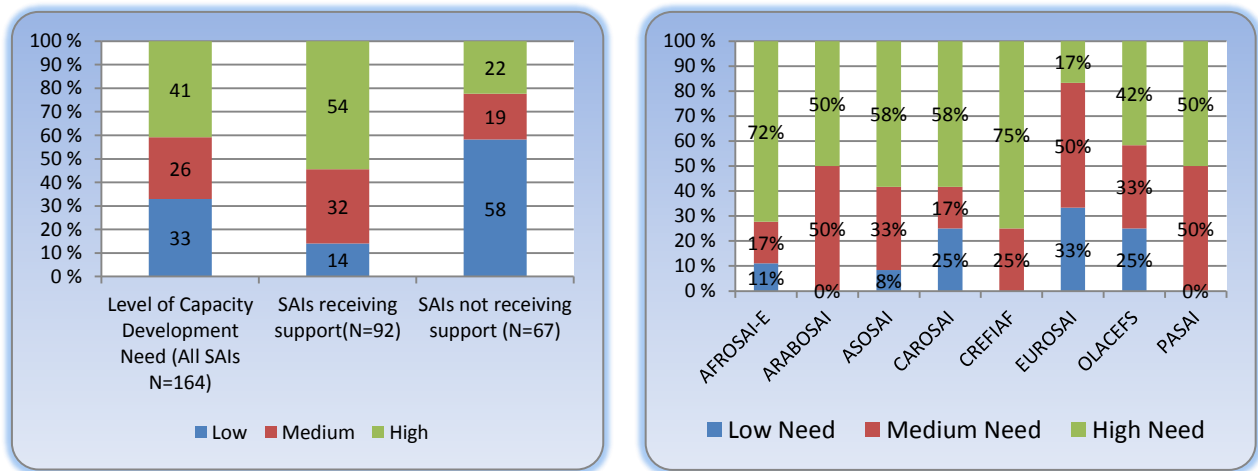


The map above shows the outreach of the IDI programmes and INTOSAI Donor-Cooperation in 2013, thus providing some background for the extent of support to SAIs. The IDI has a mission of supporting SAIs in developing in countries in their efforts to sustainably enhance performance and capacities. There are 144 SAIs in developing countries spread across eight INTOSAI regions. SAIs in developing countries exhibit great diversity in terms of their size, ranging from very small SAIs in PASAI and CAROSAI to large structures in ASOSAI and OLACEFS. This diversity and complexity of SAI functioning makes it very important for those providing capacity development support to understand the actual needs of SAIs. The following overview of SAI’s capacity development needs draws on the results of the 2014 Global Survey and supplements this, where appropriate, with the results of the most recent Global Call for Proposals, as well as data from the SAI development database.

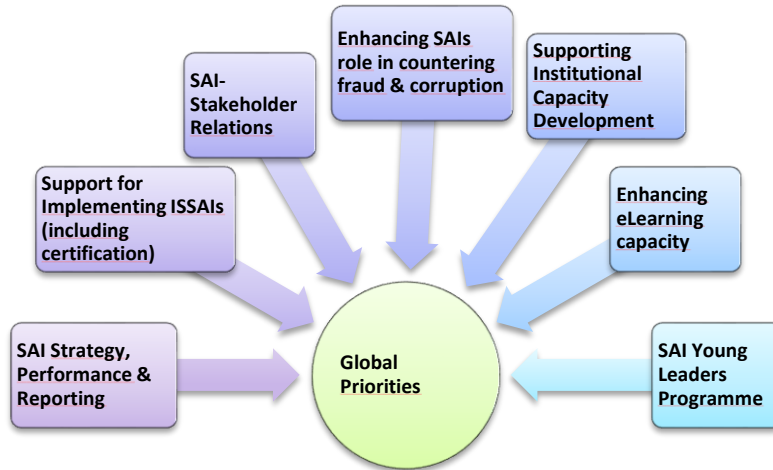
### 3.1.1. Perceived level of needs by SAIs

The 2014 Global Survey asked SAIs in developing countries to categorise their continuing requirement for capacity development support as high, medium or low. Of those SAIs that responded, 67% per cent assessed their requirements as high or medium. This represents a marginal decline in need when compared with the results of the 2010 Stocktaking. Seventy-two per cent of the SAIs from developing countries that responded categorised their requirement for capacity development support as high or medium. The figure below provides a more detailed analysis of the responses to the 2014 Global Survey. This shows that those SAIs already receiving support consider that they will continue to have a significant need for continuing capacity development support. Within the INTOSAI regions, the members of CREFIAF and AFROSAI-E indicated the greatest need, relatively, for continuing support.

Figure 27 Level of Capacity Development Needs of SAIs (Total and per regions)



As for the focus of that capacity development support, the SAIs had indicated the areas through the 2014 Global Survey. The main focus areas identified through the Global Survey were further analysed through IDI selection and prioritisation process. At a Planning and Prioritisation workshop in Oslo, the IDI further discussed these global priorities with INTOSAI regions. Following further extensive discussions with INTOSAI regions and other key stakeholders the IDI has identified seven areas of priority needs for capacity development support, as are described in the figure below.



### *3.1.2. An expressed need for support on ISSAI Implementation*

The IDI has made a long-term commitment to support the SAI community by facilitating the sustainable and successful implementation of public sector auditing standards. Consistently with what the results in section 2.3 suggest SAIs have expressed a demand for continuing support from the ISSAI Implementation Initiative (the IDI’s 3i programme). This demand was the most prominent, in both the Global Survey and Global Call for Proposals. SAIs indicated strong interest in capacity development support for strategic planning of ISSAI implementation and strengthening quality assurance to review ISSAI compliance. The first round of ISSAI implementation support has been delivered in the English speaking regions, and is now underway in ARABOSAI, CREFIAF and OLACEFS. Thus, status and regional needs vary, while the theme of support for ISSAI implementation remains global. Similarly, SAIs also express a need building professional capacity of SAI staff through certification programmes on ISSAIs. .

While more SAIs have developed strategic plans and operational plans, a results of pointed capacity development support in this area, by the IDI and other stakeholders, SAIs now express a need for capacity development support in the area of SAI performance measurement and reporting.

### *3.1.3. A need for support on institutional capacity development*

The results on SAI independence showed that there are challenges for developing SAIs in becoming independent institutions. Section 2.2 indicated that a significant number of SAIs, still face interference or legal limitations in conducting their core business. Furthermore, the SAIs’ relationship with stakeholders can be one of the factors affecting its ability to deliver core products in a timely manner and as required. Once again, these results seem to correspond with the responses in the 2014 Global Survey where support for institutional capacity development for SAIs, particularly independence and legal frameworks, as well as support on SAI stakeholder relations and increasing the impact of audit reports has been ranked as the top five areas, together with the mentioned areas in section 3.1.2 and SAIs role in preventing and detecting fraud and corruption. The latter is an area that requires understanding of the role and powers of the SAI as well as technical competency. As section 2.2 describes ISSAI 1 and 10 manifests requirements for independence of SAIs, and any limitations in the framework and practice, can again affect the SAI’s ability to implement the professional standards.

### 3.1.4. Regional needs and global priorities

**Figure 28 Top 5 Strategic Priorities of Regions as reported in the 2014 Global Survey for regions (some regions have more priority areas in their strategic plans)**

Region	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
<b>AFROSAI</b>	Implementing governance structures and strengthening stakeholder interaction	Technical capacity building of member SAIs	Institutional capacity building of member SAIs within their own jurisdiction		
<b>AFROSAI-E</b>	Independence	Use of Information Technology in Auditing	Human Resource Practices and Management Development	Quality Assurance	Performance Auditing
<b>ARABOSAI</b>	Enhance accountability and develop professional standards	Building capacities of SAIs	Enhance cooperation and exchange expertise	Exemplary regional organization	
<b>ASOSAI</b>	Institutional capacity building	Knowledge sharing and knowledge services	Leading regional working group of INTOSAI		
<b>CAROSAI</b>	Organization Capacity of CAROSAI - to strengthen and maintain the sustainability of the organizational capacity of CAROSAI	Institutional Capacity of SAIs - To Assist member SAIs in Strengthening their institutional capacity	Professional Capacity in SAIs - to help member SAIs in developing their professional capacity	Advocacy - to strengthen the influence of SAIs in the region	
<b>CREFIAF</b>	Promote the role and independence of SAIs	Contribute to strengthening the professional capacities of SAIs	Facilitate the exchange of information between SAIs and the communication with other actors or stakeholders	Promote better internal governance within SAIs	Strengthen the <b>CRR</b> Secretariat
<b>EUROSAI</b>	Capacity building	Professional standards	Knowledge Sharing		
<b>OLACEFS</b>	OLACEFS as a Model Organization	Institutional Capacity Development	Knowledge Management	International Positioning	
<b>PASAI</b>	Assist regional cooperation and coordination	Build and sustain public auditing capacity	Conduct cooperative audits	Develop communication and advocate transparency and accountability	

In the Global Survey 2014, regional bodies in INTOSAI also responded to questions about their perception of needs in the region, as well as the priority. Figure 28 above sums up, the reported replies from each regional body. As can be seen, six regional bodies are prioritizing the area of institutional

capacity development and independence, while all regions report to prioritize an area related to technical and professional capacity and standard implementation. Furthermore, strengthening stakeholders relations are mentioned by five regions. Organisational capacity is also a recurring priority. The priorities expressed correspond well with the areas where SAIs have expressed needs most often. Analysing the results further, the regional requests align with and support capacity development needs expressed by their member SAIs, thus also confirming the important role of regional bodies for supporting capacity development in the regions. It also strengthens the probability that the response by support providers will be demand driven.

At the planning and prioritisation meeting between the IDI and INTOSAI regions, the regions prioritised the following areas of needs based on their strategic priorities. As can be seen below, all regional bodies have confirmed an interest in the programme supporting ISSAI implementation, and 6 of 8 have expressed an interest in the programme on Strategy, Performance and Reporting. Some of the smaller regions like CAROSAI, decided to focus their needs in light of their capacity. CAROSAI identified ISSAI implementation as its focus area.

Figure 29 Capacity development programme priorities as expressed by the regional bodies

Programme	Programme Components	ASOSAI	AFROSAI	ARABOSAI	EUROSAI	CAROSAI	CREFIAC	OLACEFS	PASAI
<b>Strategy, Performance and Reporting</b>	<ul style="list-style-type: none"> <li>- SAI needs assessment</li> <li>- SAI Strategic Planning</li> <li>- SAI Measurement of Performance</li> <li>- SAI reporting on performance</li> <li>- SAI evaluation of strategic plan implementation</li> </ul>								
<b>Supporting ISSAI Implementation (including certification)</b>	<ul style="list-style-type: none"> <li>- 3i Programme</li> <li>- Conducting iCATs</li> <li>- ISSAI based audits</li> <li>- 3i Community Portal</li> <li>- 3i Global public goods</li> <li>- IDI's ISSAI certification Programmes</li> <li>- INTOSAI certification</li> </ul>								
<b>Enhance eLearning Capacity</b>	<ul style="list-style-type: none"> <li>- IDI LMS</li> <li>- eLearning Handbook</li> <li>- eLearning specialists</li> <li>- Training for LMS coordinators</li> <li>- Support for regional / SAI eLearning</li> <li>- Portfolio of eLearning programmes</li> </ul>								
<b>SAI Young Leaders</b>									
<b>Institutional Capacity Development</b>	<ul style="list-style-type: none"> <li>- Bilateral Support</li> <li>- SAIs in fragile states</li> <li>- Provider of last resort</li> <li>- Support to strengthen legal framework</li> </ul>								
<b>SAI Stakeholder</b>	- SAI communication & stakeholder								

Programme	Programme Components	ASOSAI	AFROSAI	ARABOSAI	EUROSAI	CAROSAI	CREFIAP	OLACEFS	PASAI
relations	management strategy - Develop SAI capacity in managing relations with - Facilitate interaction between SAI and their stakeholders								

### 3.1.5. How the IDI plans to meet the expressed needs

As mentioned above, support through the IDI is demand driven and based on regional needs. The Global Survey, the Global Call for Proposals and systematic interaction with the regional bodies, are important sources for identifying needs based and relevant programmes. Based on the focus areas identified through a comprehensive process, the IDI has planned to launch five new programmes during 2014-2015. These include the programme on Enhancing eLearning Capacity, Enhancing SAIs’ role in countering Fraud and Corruption, SAI- Stakeholder Relations, Supporting Institutional Capacity Development and SAI Young Leaders Programme.

In addition, the second phase of 3i Programme in English is planned for 2016 under support for Implementing ISSAIs (including Certification). A Programme on SAI Strategy, Performance and Reporting will also be taken up in 2016 for the remainder of the Strategic Plan period. The two programmes will address Professionalisation and ISSAI implementation needs as described expressed by SAIs. To meet the need expressed by SAIs and regional bodies on independence, institutional capacity development and SAI stakeholder relations, IDI plans to initiate two different programmes. One is planned as being directed at SAIs in fragile states offering bilateral support in order to strengthen legal frameworks, while the other programme will encompass how SAIs can improve communication and relationship with stakeholders, including parliament and executives, and assist in developing capacity in managing these relations.

## 3.2. Assessing the Success of SAI Capacity Development Support

The following sections treat questions related to results achieved by capacity development projects for SAIs. The two sections follow up findings from the 2010 Stocktaking topic starting with the use of evaluations to assess the result of completed capacity development projects and the SAIs’ perception of success of conducted projects, before presenting factors for success as perceived by SAIs, and exploring some of them in more detail.

### 3.2.1. Use of Evaluations

A key conclusion flowing from the 2010 Stocktaking was the need to increase the use of evaluations for SAI capacity development projects. The 2014 Global Survey indicates some tentative progress in this regard. Of the ninety-four SAIs from developing countries that confirmed that they had received capacity development support during the three years prior to the survey, forty-eight stated that their capacity development projects had been subject to some form of evaluation. The responses to the survey indicated that fifty-two projects had been subject to an external evaluation; thirty-eight had been subject to some form of internal evaluation; while seventeen had been subject to both internal and external evaluation. The corresponding figures in the 2010 Stocktaking survey had been thirty-four, sixteen and twelve.

To examine the use of evaluations in more detail, a Synthesis of Evaluations of SAI Capacity Development Programs<sup>26</sup> was conducted under the INTOSAI-Donor Cooperation. Efforts to obtain copies of recent evaluation reports revealed a wide variety in understanding and practice regarding evaluations. ‘Evaluations’ varied from internal monitoring and reviews to independent studies following recognised evaluation principles. Although most evaluations were commissioned to meet accountability requirements; few had specific learning objectives, and there were challenges in terms of more widely disseminating and publishing the reports. Despite the above Global Survey results, for the purposes of synthesis only 19 evaluation reports were received from stakeholders. And of these 19, five were considered to have followed DAC principles for effective evaluations and addressed the DAC evaluation criteria.

The Synthesis provides cross-country evidence on the fundamental importance of ownership of the beneficiary SAIs, alignment of the initiative’s design with broader PFM reforms, results frameworks including baseline data, and prior consideration of exit strategies to secure sustainable change. The learning potential of prospective studies would be enhanced by including sustainability and impact criteria; that evaluations foreseen at the design phase of the project turned out to be of higher quality; and that the terms of reference for an evaluation were crucial to high quality evaluations.

### *3.2.2. Stakeholder Perceptions on Project Success and Competency of Providers*

The 2010 Stocktaking asked both providers and recipients of support whether they considered *any* of the projects they had been involved in to be successful in terms of impact and sustainability. 92% responded positively. For the 2014 Global Survey, the question was targeted only to recipients of support, therefore the large number of developed country SAIs that provide but do not receive support were excluded from the question, hence the results are not comparable. Sixty-seven percent of respondents considered any of the projects they had been involved in to be successful in terms of impact and sustainability. For some initiatives external events, such as areas of or countries in conflict, undermined the assumptions on which the programs were designed, and impact project effectiveness and sustainability. In addition, as suggested by the results in chapter 2, and the needs expressed in this chapter, there may also be other aspects of SAI core business, outside SAI’s control, that affect impact and sustainability even of well-designed programs. The results of the synthesis report could indicate that sustainability and impact are not properly considered by many when designing a SAI capacity development support initiative.

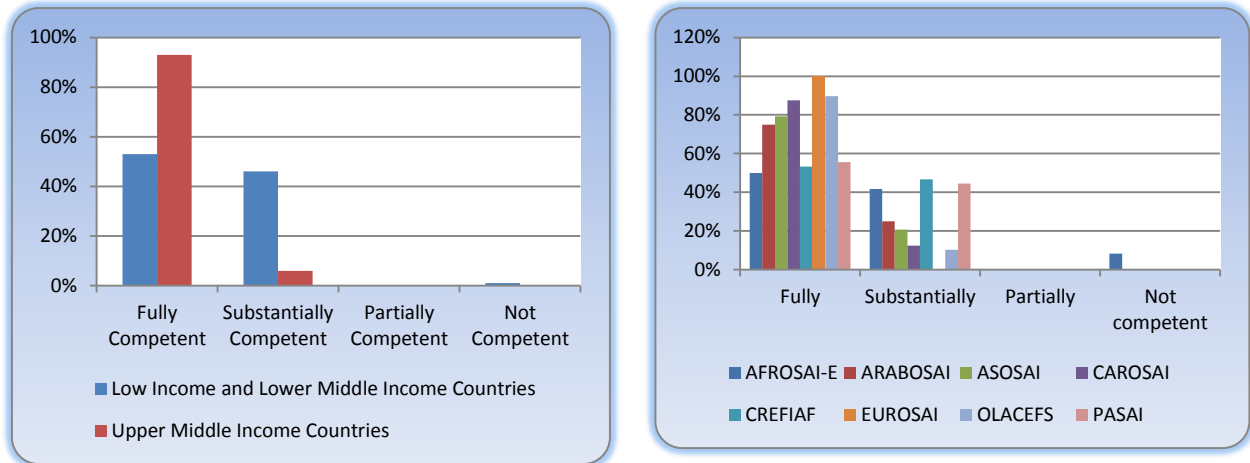
Regarding program implementation, the Global Survey found that SAIs were generally very positive about the competence of the service providers who delivered the capacity development activities. The SAIs rated the competence of all providers, whether from inside or outside the INTOSAI community, as broadly similar: over 70% fully competent and most of the remainder substantially competent. As shown in Figure 30 below, the perceived competence of providers appears lower for projects in Low-Income Countries, and in regions with more Low-Income Countries (AFROSAI-E, CREFIAF and PASAI). The reasons for this need to be explored in more depth, but could be linked to the greater need for institutional

---

<sup>26</sup> <http://www.idi.no/Filnedlasting.aspx?Mid1=145&Fillid=1069>

capacity development in Low-Income Countries, compared to the focus on organisational and professional capacity development in middle-Income Countries.

Figure 30 Perception regarding competence of service providers per OECD-DAC list and regions



Finally, regarding adverse external events undermining impact and sustainability, there is no formal evidence to shed light on this. Anecdotally, some of the countries showing falls in PEFA scores on external audit were those experiencing recent conflict, coups and civil unrest which diminished government accountability and transparency. It is likely that external events contributed to failure to achieve impact and sustainability from capacity development support in a number of countries. Most likely, all three reasons will have contributed in different proportions to the observation that at least one-third of projects were not considered successful in terms of impact and sustainability.

The 2014 Global Survey found that, with the exception of ARABOSAI and CAROSAI, the various capacity development projects undertaken by the INTOSAI regional groups have been subject to some form of evaluation. These evaluations concluded that, overall, the projects were successful in terms of their impact and sustainability. A range of factors had contributed to this. These included in particular the alignment of the support provided by the region with the strategic plan for the region and the communication that the regions encouraged and facilitated between their member SAIs and the key, external stakeholders of those SAIs.

The 2014 Global Survey also asked SAIs about the factors that they perceived as important for the success of capacity development initiatives. The range of factors that they identified mirrored those that had emerged from the 2010 Stocktaking. These were as follows:

- Needs based capacity development support;
- Clearly defined objectives and incremental changes;
- Leadership and management commitment;
- Predictable and long term support;
- Holistic approach to SAI capacity development;
- Peer to peer cooperation and use of the IDI and INTOSAI Regions;

- Mode of capacity development support and quality of staff;
- Donor coordination.

Of these will peer-to-peer support and donor cooperation be further explored in the sections below.

### 3.2.3. Strengthening the Provision of Capacity Development Support

For peer-to-peer cooperation, the 2014 Global Survey found a continuing, strong commitment within the INTOSAI community to this practice. In response to the survey, fifty-five SAIs indicated that they had been involved in providing capacity development support to their peers since 2010. This represents a marginal increase when compared with the findings of the 2010 Stocktaking when forty-eight SAIs stated that they had provided this type of support to their peers. The type of support that these SAIs are providing encompasses a range of different engagements. The most prominent were:

- Longer term engagements such as institutional twinning programmes;
- Single, one-off capacity development activities such as peer reviews, joint audits and the hosting of study visits and of fellowship and other educational programmes;
- The contribution of experts from the institution to assist with the delivery of global and regional capacity development programs.

Figure 31 Number of SAIs providing capacity development support per regions (N=55)

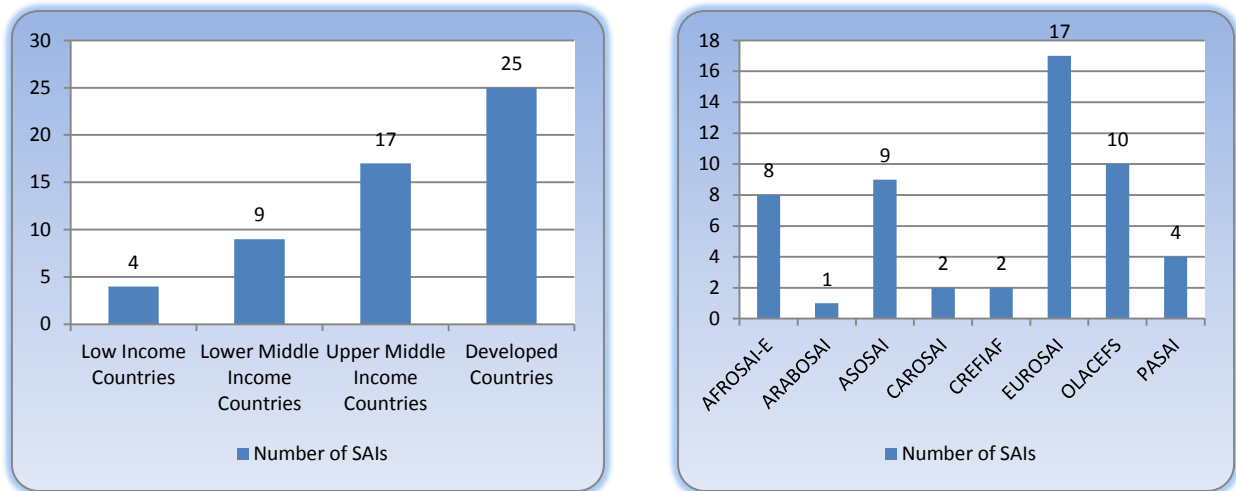


Figure 31 illustrates the distribution of SAIs providing capacity development support by country development indicator and by INTOSAI region. Two important points emerge. The first is the welcome development of SAIs from developing countries drawing on their own experience to deliver capacity development support to their peers. The second is the finding that SAIs providing capacity development support are distributed across all INTOSAI regions. Not surprisingly, twenty-eight of the SAIs that were providing capacity development support said that they considered themselves ‘emerging’ rather than ‘established’ providers of support. In this regard, they confirmed that they were benefitting from

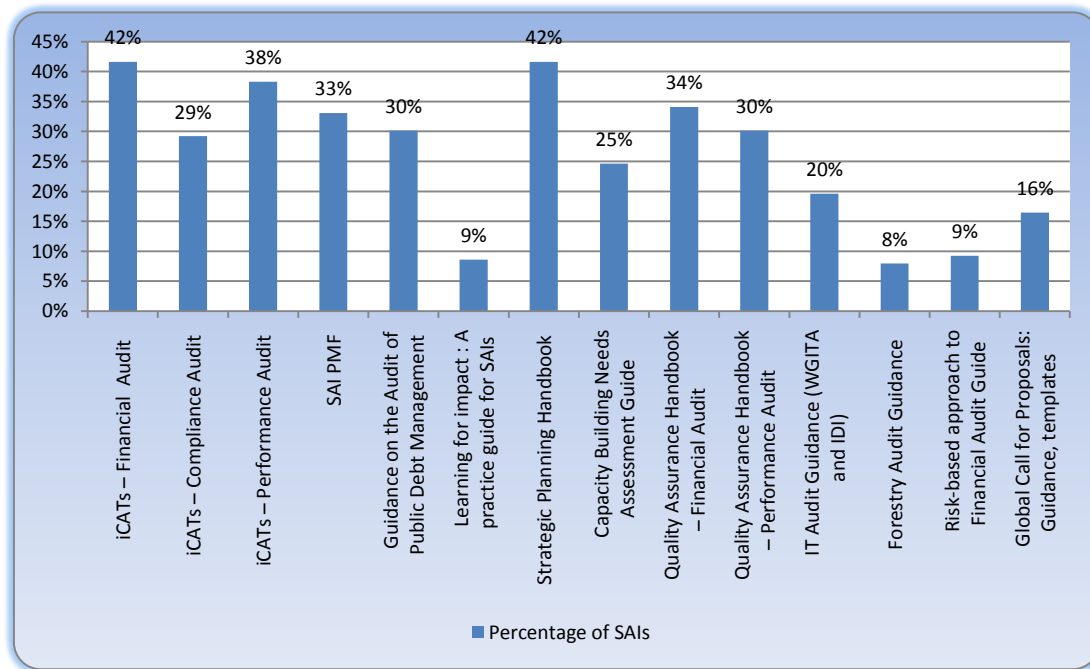


working in partnership with those SAIs that were more experienced in the delivery of capacity development support.

In the 2014 Global Survey this group of SAIs also responded that they would also benefit from the creation of what can best be termed ‘a community of practice’ that would enable all SAIs that provide capacity development support to share knowledge and experience and to strengthen their delivery capability. Given the above observations on the competence of providers of support, it is likely that providers from outside the INTOSAI community could also benefit from a community of practice. An emerging priority appears to be to supporting ISSAI implementation and delivering support in a consistent and effective manner.

While treating the issue of peer support and a community of practice, it is incumbent to mention another factor perceived to be related to and important in strengthening the efficiency of support to SAIs is the development, namely the dissemination and use of standardised products, which can be adopted directly or tailored for use in SAIs. When freely shared and used by one party does not diminish use by another party, they are referred to as global public goods. The percentage of SAIs using the Global Public Goods over the last three years is shown in the Figure 32 below.

Figure 32 Percentage of SAIs indicating the use of different IDI Global Public Goods



The number of respondents for each of the goods is different and there is some underreporting by the SAIs in comparison with the number of SAIs participating in the corresponding IDI programmes. Despite the validity of data the figure is indicative of the use of the different goods. The Strategic Planning Handbook and the ISSAI Compliance Assessment Tools in Financial and Performance Audits have been

used by about 40% of respondent SAIs. These goods will need maintenance and updates in view of the demand in the SAI community.

Many of these products emanate from global and regional support projects, and have become increasingly important since the 2010 Stocktaking. For example the Auditing Guidelines (2010) and updated Fundamental Auditing Principles (2013) within the ISSAI framework; ISSAI assessment and support tools developed under the 3i program; and the SAI Performance Measurement Framework. These sit alongside earlier public goods developed by the IDI, INTOSAI Committees and Regions. The IDI is in the process of defining due process and maintenance requirements for its Global Public Goods.

### 3.2.4. Donor Coordination

The 2014 Global Survey results suggest that donor coordination appears to remain a key to success in improving the effectiveness of support. 35% of the SAIs who responded to the Survey’s question on this topic, and who confirmed they were in receipt of capacity development support, reported the presence of an overall donor coordination group in which *all* those providing support participated, although the figures varied widely between INTOSAI regions. Donor coordination appears to remain a key to success in improving the effectiveness of support. The results of the Global Survey confirm that capacity development initiatives are more likely to be successful when a coordination group is in place, and this is an area warranting further analysis.

Figure 33 Presence of a Donor Coordination Group in which all Providers Participate

TOTAL	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI
35%	67%	100%	0%	8%	0%	33%	50%	44%

This is a concern because it is a core principle of the INTOSAI-Donor MoU. Further, the Survey found that where a coordination group was in place, capacity development initiatives were more likely to be successful. This finding warrants further country-level study<sup>27</sup> to identify whether there is indeed no relevant donor coordination group. Or whether there is another explanation, e.g. a donor coordination group does exist but either the SAI or some significant providers of support do not participate, or there is only a single provider of support.

## 3.3. Scale and Distribution of SAI Capacity Development Support

In this last part of the chapter 3, data from the 2014 Global Survey and the SAI Capacity Development Database have been combined to give a picture of the current levels and locations of external financing for SAI capacity development.

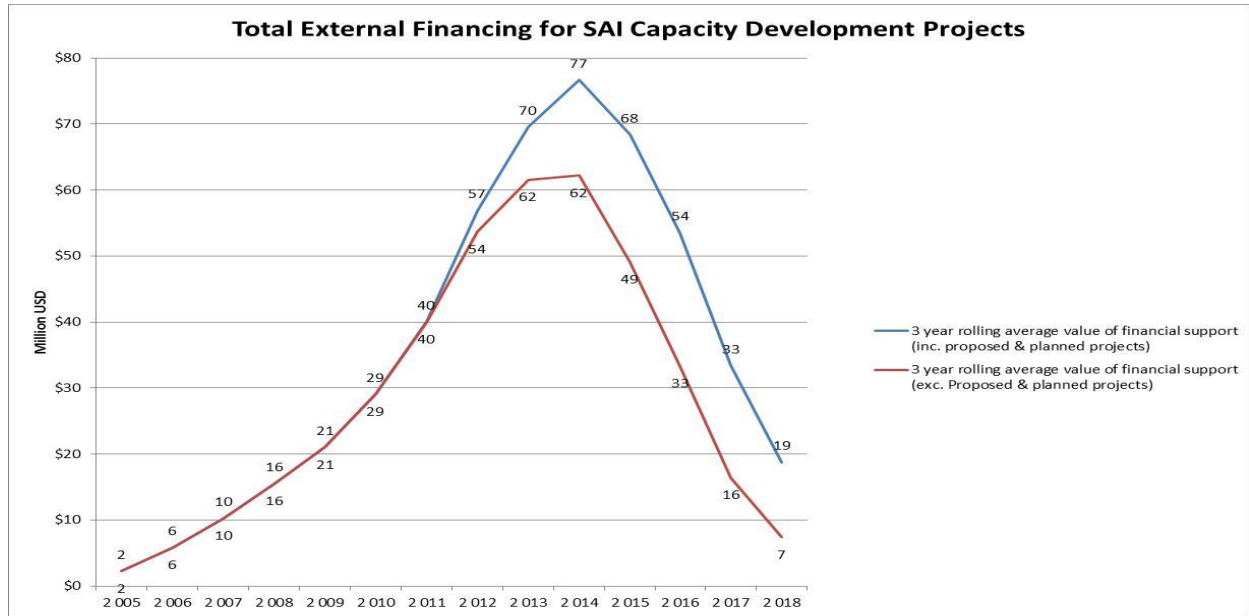
### 3.3.1. Total Volume of External Financial Support

The average annualised value of external financial support for SAI capacity development continues to increase, reflecting increased funding and significance placed on SAIs by the development community. The red line shows the annual value of support based on ongoing and completed projects, and the blue

<sup>27</sup> The forthcoming Evaluation of the INTOSAI-Donor Cooperation is expected to examine country level evidence on such aid effectiveness issues.

line includes planned projects as well as proposed projects from SAIs submitted under the 2013 Global Call for Proposals. Therefore, the gap shows some of the current funding gap identified by SAIs<sup>28</sup>. Figures prior to 2012 are considered incomplete as the database was not regularly updated. Significantly, it shows an increase in external financing from \$54 million in 2012 to \$62 million in 2013 and 2014.

**Figure 34 Total External Financing for SAI Capacity Development Projects (Source: SAI Capacity Development Database, 8 September 2014 Export)**



The 2014 Global Survey also attempted to quantify the funding gap between the capacity development support that SAIs and the INTOSAI regions have secured and the level of support they calculate that they will require for the development needs and priorities they have identified. The funding gap that emerged for SAIs was \$61 million and for the INTOSAI regional groups \$19 million. In this context, we note that the 2013 Global Call for Proposals identified global need totalling \$57 million.

### 3.3.2. SAIs Benefitting from Externally Financed Support Projects

Combining the data from the Global Survey and the SAI Capacity Development Database reveals that 122 countries are, or have recently been, recipients of externally financed projects. Such projects are primarily located in developing countries, although around 16% of developed countries reported benefitting from some form of external project, often participation in a global or regional initiative. The following analysis therefore focuses on the 111 developing countries with recorded support projects.

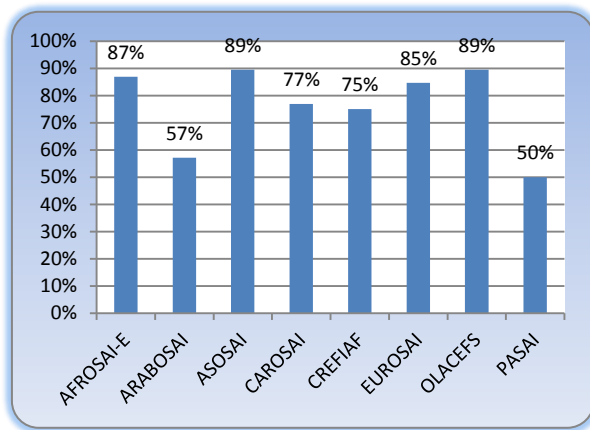
Externally financed projects are found equally in low income, Lower-Middle and Upper-Middle Income Countries: close to 75% of all countries in each category, largely unchanged from the 2010 survey. The

<sup>28</sup> But not the whole funding gap, as many SAIs have further needs but did not submit concept notes under the global call for proposals.

combined data shows there are no recorded projects in 32 developing countries. Further work is required to determine how much of this reflects incomplete data<sup>29</sup> rather than absence of support.

However, there are some significant regional variations as shown in figure 35 below. Notably around half of the developing countries SAIs in ARABOSAI have no recorded support project – this includes Egypt, Libya, Somalia and Syria, all countries troubled with recent conflict and unrest. In PASAI, half of members have no recorded support project. However, this mainly reflects that much of the support to PASAI members is provided through global and regional initiatives, which are considered separately below and only recorded in the database as regional projects.

Figure 35 Percentage of SAIs Benefitting from Externally Financed Projects (Source: IDI 2014 Global Survey)



Comparison of the two sources is revealing, especially regarding countries where there are current or recent capacity development projects. According to the Global Survey, 94 countries benefitted from externally supported projects, compared to 89 countries with such projects recorded in the Database. However, the populations were significantly different. In the Global Survey, 33 countries confirmed they benefitted from support projects, but had no entry in the Database. Conversely, 28 countries had entries in the Database but did not mention these projects in their survey responses. In total, 122 countries had benefitted from such projects. Both data sets are therefore incomplete. Where possible, the analysis in this section uses a combination of the two data sets. As the SAI Capacity Development Database is considered the permanent repository of information on externally financed projects, that should be updated based on the additional information in the Global Survey.

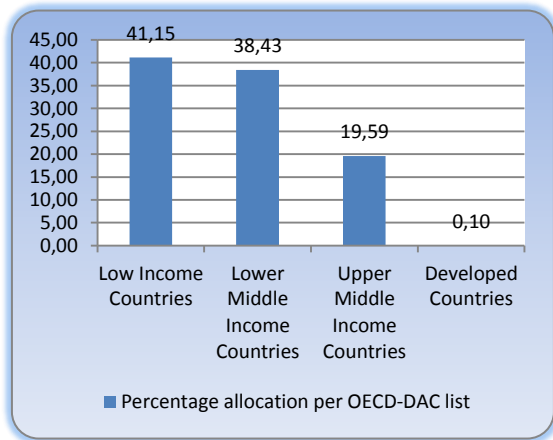
The under recording of capacity development support in the Global Survey is likely to reflect a tendency of some SAIs to only include donor financed initiatives, but a lack of information on projects by those completing the survey, and general survey fatigue. Similarly, the under recording in the Database most likely reflects both difficulties amongst some donors to gather information from decentralised offices, as well as lack of resources do so on the part of SAIs.

<sup>29</sup> For example, no projects are recorded for Myanmar, Tajikistan and Turkey, yet other evidence suggests there is ongoing support.

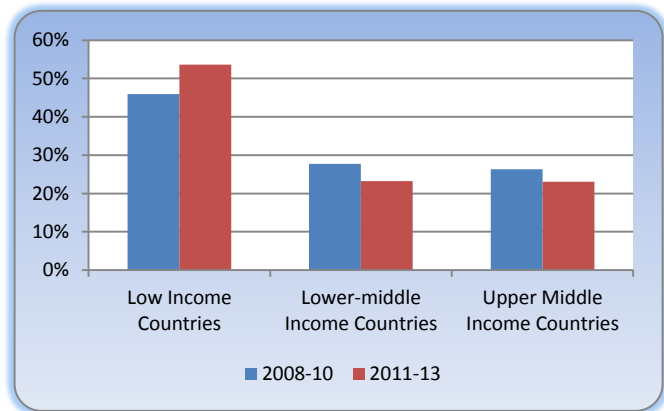
### 3.3.3. Allocation of External Financial Support

It is important to consider not just the presence of externally supported projects in a country, but also whether external finance is allocated efficiently. Again, evidence is available from both the Global Survey and the Database.<sup>30</sup> As shown in Figure 36 below, Global Survey data shows that external financial support is predominantly allocated to SAIs in poorer countries. Similarly, the Database figures also show financial support concentrated in the poorest countries, and notably this concentration appears to be increasing over time.

**Figure 36 Allocation of Country Level External Financial Support (Source: IDI 2014 Global Survey)**

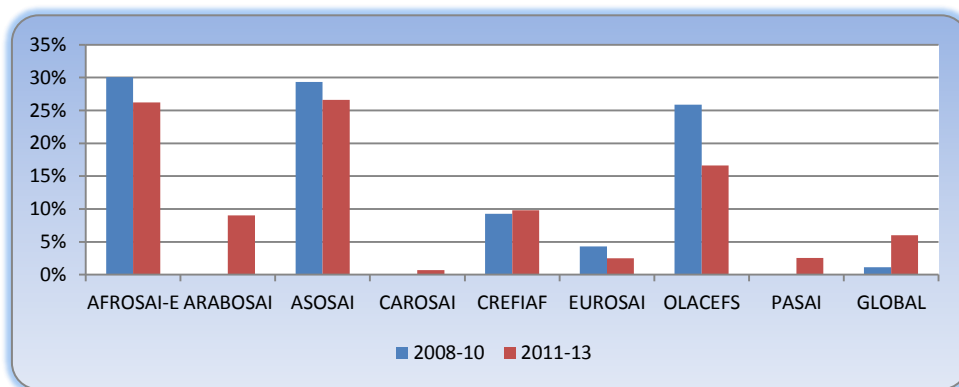


**Figure 37 Allocation of Country Level External Financial Support, 2008-10 and 2011-13 (Source: SAI Capacity Development Database, 8 September 2014 Export)**



Analysing the regional allocation of support, results suggest AFROSAI-E, ASOSAI and OLACEFS together receive the bulk of recorded funding, as shown below. Since the previous survey period, the major change has been a falling share to the OLACEFS region, and an increase to ARABOSAI.

**Figure 38 Allocation of External Financial Support, 2008-10 and 2011-13, by INTOSAI Region (Source: SAI Capacity Development Database, 8 September 2014 Export)**



<sup>30</sup> Consolidating these two data sets is much more difficult, given the large number of projects and tendency for projects to appear slightly different in the two data sets. Instead, it will be taken forward by using information in the Global Survey to further populate the Database.

In addition to country level initiatives, an increasing proportion of support is provided through global mechanisms, such as the IDI and INTOSAI Committees<sup>31</sup>, as well as regional mechanisms, predominantly through or with INTOSAI regional bodies. These are recorded in the database as global or regional projects, and are therefore not included in the above analysis of SAIs benefitting from externally financed projects. For example, 153 SAIs (including 119 from developing countries) benefitted from the IDI projects in 2013<sup>32</sup> (covering both comprehensive IDI capacity development programs and interventions from INTOSAI-Donor Secretariat such as the SAI PMF).

The INTOSAI regional and sub-regional bodies also play a significant role in supporting and facilitating the capacity development of their member SAIs. They do this either through capacity development programs and activities that they organize and deliver themselves or in partnership with the IDI and others. These regional groups are in a unique position in that they are close to their member SAIs; they appreciate the needs of those SAIs and they provide networks of advice and help for SAIs that often face similar problems. Responses from the Global Survey indicates that of the nine regional Secretariats four consider themselves as emerging support providers, while five consider themselves as established providers of support. Five of the nine regional Secretariats also respond that they have provided capacity development support in the last three years, but the responses do not specify the way they have provided this. Finally, four of the regional secretariats inform that they have access to external funding for funding development initiatives.

---

<sup>31</sup> E.g. the Professional Standards Committee and the Capacity Building Committee.

<sup>32</sup> IDI Performance and Accountability Report, 2013

## 4. Proposed Research Topics

This report presents results ranging from SAI performance to capacity development needs and practices. However, given the complexity of the topics, this report does not allow for a thorough analysis of the indications and tendencies the data reveals. Rather, some of the findings that warrant further study have been summed up in the section below.

**Proposed Research Topic 1:** What are the impediments to publication of audit reports in different countries, and how can these best be addressed?

As emphasised in the Mexico Declaration<sup>33</sup>, a SAI must also have a legal framework giving it the right and obligation to publish its reports, and be free from undue pressure to prevent such publication. The results suggest that timely submission is in itself an issue, and furthermore that 15 percent of SAIs do not publish any report. In addition to being caused by inability to submit the report to parliament, for example because of interference from outside bodies, lack of legal powers could be a factor behind such results. Furthermore, on timely submission the two data sources of the report offers differing developments, with improved timely submission for PEFA data, while the Global Survey suggest a negative development. As a starting point investigation of the differing developments could offer some explanation of challenges related to timely submission, and possibly its relationship to publication of reports, and further reveal factors affecting publication to establish whether SAIs are inhibited for publishing their reports, and what can be done about it.

**Proposed Research Topic 2:** Is the allocation of funding by INTOSAI region consistent with global ODA allocations, and the relative needs of citizens in these regions?

Support to SAIs is increasing. However, when comparing the extent of support to the INTOSAI region's country distribution and its overall SAI results, it becomes clear that the distribution of funds from donors, are not corresponding with the level of needs. For example, there is a relatively low level of funding for SAIs in CREFIAF, in spite of its level of challenges. In order to be able to provide the sufficient support needed to get improvement, it is important to get a more accurate overview of the level of support needed, and identify where the gaps are.

**Proposed Research Topic 3:** Is the coordination of providers of support to SAIs, at the country level, functioning effectively and how can it be improved?

The Stocktaking reveals that only 35% of countries globally have a country-level donor coordination group, when multiple donors are involved in SAI capacity development. In some region this function is lacking entirely at the country level. Further, donor coordination is perceived as a success factor for effective SAI support. Donor coordination and avoidance of duplication is a core principle of the INTOSAI-Donor Coordination. The extent of donor-coordination groups and their functioning thus needs to be studied further, to establish whether these groups lack to exist in some regions and countries, and how they contribute to or hampers the effectiveness of support to SAIs.

---

<sup>33</sup> Mexico Declaration on SAI Independence, Principle 6

## 5. Regional Summaries

This chapter summarises the performance of the SAIs in different INTOSAI regions in terms of ten key performance indicators which have been covered amongst others in the previous chapters. Figure 41 presents a picture at a glance of the position of different regions regarding these indicators in 2014. The 2014 position has been compared with that of 2010/2012 where possible. The table is followed by analysis of the information for the different regions.

Figure 39 Regional Summaries of Key Performance Indicators

Key Performance Indicators (Average Percentage for all SAIs in the Region) <sup>34</sup>		AFROSAI	ARABOS	ASOSAI	CAROSAI	CREFAF	EUROSAI	OLACEFS	PASAI
1. Percentage of SAIs scoring a C or higher on PEFA PI-26 'Scope, nature and Follow-up of External Audit' (All PEFA reports)	2010	56	33	36	33	6	45	67	43
	2014	68	45	47	27	6	79	46	50
2. Coverage: Percentage of SAIs responding that at least 75% of financial statements received are audited (IDI Global Survey) <sup>35</sup>	2010	60	60	56	20	20	55	29	47
	2014	87	82	78	53	40	68	60	90
3. Coverage: Percentage of SAIs responding that they have a documented risk basis for selecting Compliance Audits, and at least 60% (50% in case of 2010) of entities were subject to a Compliance Audit in the year (IDI Global Survey)	2010	79	67	56	58	23	59	69	47
	2014	78	71	74	35	27	58	60	50
4. Coverage: Percentage of SAIs responding that in the past three years, they have issued at least ten Performance Audit reports and/or 20% of their audit resources were used for Performance Auditing (IDI Global Survey) <sup>36</sup>	2010	-	-	-	-	-	-	-	-
	2014	52	71	52	24	7	70	55	50
5. Percentage of SAIs that issue their annual audit reports within the established legal time frame (IDI Global Survey)	2010	71	83	10	29	43	100	95	79
	2014	67	93	83	50	58	92	93	60
6. Percentage of SAIs in which all external audit reports on central government consolidated operations are published within six months of completed audit (Published PEFA reports) <sup>37</sup>	2012	85	17	55	100	12	71	89	40
	2014	83	43	56	50	18	67	90	40
7. Financial Independence: Percentage of SAIs responding that their budget is presented directly to the legislature (IDI Global Survey) <sup>38</sup>	2010	-	-	-	-	-	-	-	-
	2014	35	29	36	31	7	68	30	21
8. Financial Independence: Percentage of SAIs responding that there have been cases of interference from the executive regarding the SAI's budget in the past three years (IDI Global Survey)	2010	-	-	-	-	-	-	-	-
	2014	65	29	33	62	47	31	40	35
9. Independence of the Head of the SAI: Percentage of SAIs for which a branch of government other than the executive must give final consent for removal of the Head of the SAI (Open Budget Survey) <sup>39</sup>	2010	64	25	71	N/A	56	89	100	50
	2012	63	25	79	N/A	70	89	100	50
10. Percentage of SAIs with a Strategic Plan (IDI Global Survey)	2010	95	78	86	47	30	78	75	81
	2014	100	94	91	100	93	82	90	95

<sup>34</sup> Figures include both developed and developing countries and territories, based on primary INTOSAI membership (see Annex B). The PEFA and OBI data includes only data on developing countries

<sup>35</sup> For 2010, the indicator shows the percentage of SAIs that stated they audited more than 70% of financial statements.

<sup>36</sup> This question was phrased differently in 2010 and cannot be compared.

<sup>37</sup> 2012 data used as 2010 data not available.

<sup>38</sup> Indicators 7 and 8 not covered in 2010 INTOSAI Stocktaking.

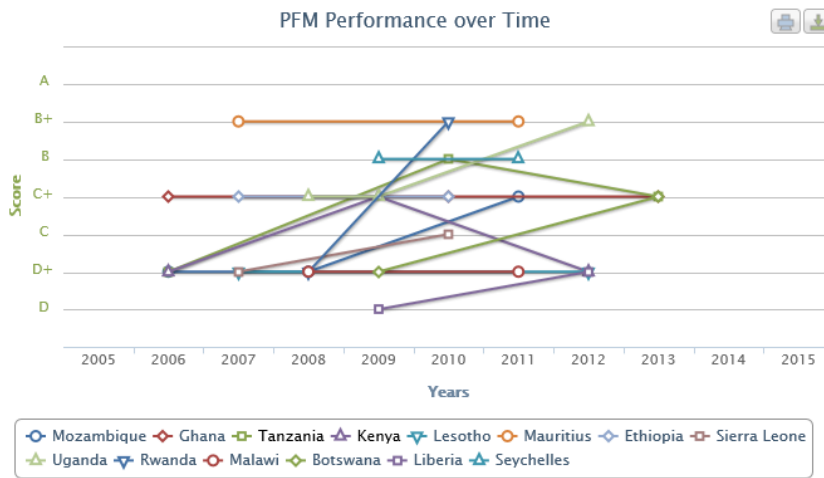
<sup>39</sup> No data available for SAIs in CAROSAI



### 5.1. AFROSAI-E

AFROSAI-E achieved the highest response rate to the 2014 Global Survey: 23 of its 24 members responded. The results of the survey showed that, compared with the 2010 Stocktaking, AFROSAI-E members had made substantial progress in improving their performance and enhancing their professional capacity. This trend was also evident in the relevant PEFA data for SAIs in the region. This showed that the proportion of SAIs that scored a ‘C’ or higher against the key indicator for external audit (PEFA PI-26) increased from 56% in 2010 to 68% in 2014.

Figure 40 PEFA PI-26: Scope, nature and follow-up of external audit – AFROSAI-E



In AFROSAI-E there have been performance improvements in Botswana, Mozambique, Rwanda, Sierra Leone, Tanzania and Uganda. Kenya had a performance improvement from D+ to C+ in 2009, but this decreased in the 2012 assessment to a D+ again.

Nevertheless, challenges remain for the group as a whole and for individual SAIs in the region. Our key findings for AFROSAI-E were as follows.

- AFROSAI-E as a whole scored well against the benchmark concerned with SAI strategic and operational plans.
- As for audit coverage, AFROSAI-E members scored relatively highly against the Global Survey benchmarks for financial and Compliance Audit. However, only half of the AFROSAI-E members who responded met the benchmark for Performance Audit.
- On the publication of SAI reports, analysis of the relevant PEFA data highlighted a strong performance on the part of AFROSAI-E members. The Global Survey suggested that there remained room for improvement. 14 of the 22 AFROSAI-E members that responded met the survey benchmark in relation to issuing audit reports, a marginally better performance than that achieved by some of the other INTOSAI regions but a weaker performance when compared with others.
- As for financial independence, 18 of the 23 members of AFROSAI-E that responded confirmed that their budgets were approved by their legislatures. The budgets of the other five AFROSAI-E members were approved by the relevant Ministry of Finance in four cases and by the Head of

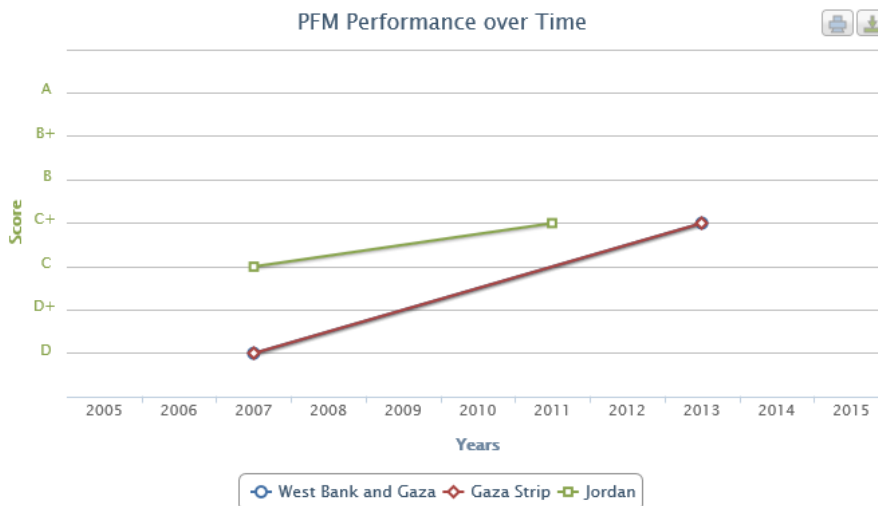
state in the fifth. However, fifteen of these SAIs reported that they had experienced interference in relation to their budget from the executive at some point in the previous three years.

Against this background, we note that up to 2013, along with the members of ASOSAI and OLACEFS, AFROSAI-E members received the bulk of recorded external financial support for SAI capacity development. In addition, AFOSAI-E itself was particularly active in providing capacity development support for its members and sees itself as an established provider of support. AFROSAI-E confirmed that its projects had been subject to some form of external evaluation and this concluded that, overall, its projects were successful in terms of their impact and sustainability. Going forward, the strategic priorities of AFROSAI-E focus on strengthening the independence of AFROSAI-E members and practical initiatives intended to develop and enhance the professional and organisational capacity of AFROSAI-E members. These priorities at the regional level align with and support the strategic priorities of the region’s member SAIs in terms of the capacity development support that those SAIs require.

## 5.2. ARABOSAI

ARABOSAI achieved one of the highest response rates to the 2014 Global Survey: 17 of its 19 members responded. The results of the survey showed that, compared with the 2010 Stocktaking, SAIs in the region continue to improve their performance and enhance their professional capacity. This trend was also evident in the relevant PEFA data for SAIs in the region. This showed that the proportion of SAIs that scored a ‘C’ or higher against the key indicator for external audit (PEFA PI-26) increased from 33% in 2010 to 45% in 2014.

Figure 41 PEFA PI-26: Scope, nature and follow-up of external audit – ARABOSAI



In ARABOSAI, the limited number of published PEFA data shows improvements in Jordan and West Bank and Gaza.

However, significant challenges remain particularly in relation to sustaining and strengthening the independence of SAIs in the region. Our key findings in relation to ARABOSAI were as follows.

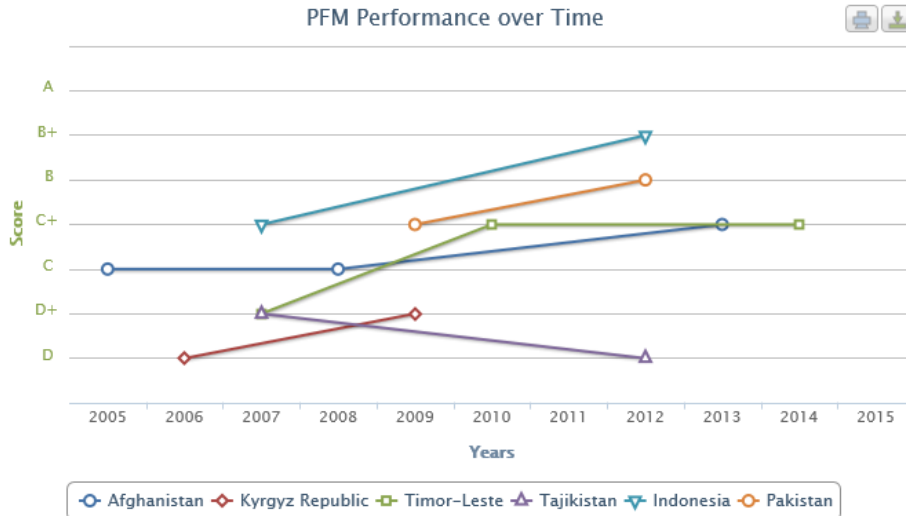
- Members of the ARABOSAI region scored highly against the Global Survey benchmark of SAIs having strategic and operational plans in place. In comparison with some of the other INTOSAI regional groups, ARABOSAI members also scored well against the survey benchmarks for financial, compliance and Performance Audit coverage.
- On financial independence, seven of the seventeen members of ARABOSAI who responded to the survey confirmed that the legislature approved the SAI's budget. As for the other ARABOSAI members, seven confirmed that the Head of state approved their budgets while the remaining three had their budget approved by the Ministry of Finance. Five of the ARABOSAI members that responded said that in the previous three years they had experienced interference by the executive in their budget.
- On the publication of SAI reports, analysis of the relevant PEFA data suggested an improved performance on the part of ARABOSAI members with the proportion of SAIs meeting the PEFA benchmark of publishing 'all external audit reports on central government consolidated operations within six months of completed audit' increasing from 17% in 2012 to 43% in 2014. The results of the 2014 Global Survey were more nuanced. These showed that although ARABOSAI members scored highly against the benchmark for finalising their reports in line with legislative requirements, along with CAROSAI, ARABOSAI contained the largest number of member SAIs that did not make their reports available publicly.

Against this background, we noted that around half the developing country SAIs in ARABOSAI had no recorded external financial support for capacity development projects. This may reflect the wider problems of conflict and unrest in some countries in the region. ARABOSAI also confirmed that, while it was an established provider of capacity development support and had received some capacity development support itself, it had not provided any such support to its members in the three years prior to the 2014 survey. In this regard, we note that ARABOSAI has identified building the capacity of its member SAIs as one of its key strategic priorities and that its priorities at the regional level align with and support the strategic priorities of its member SAIs in terms of the capacity development support that those SAIs require.

### 5.3. ASOSAI

The ASOSAI regional group achieved one of the higher response rates to the 2014 Global Survey: 23 of its 26 members responded. The results of the survey showed that, compared with the 2010 Stocktaking, SAIs in the region continue to improve their performance and enhance their professional capacity. This trend was also evident in the relevant PEFA data for SAIs in the region. This showed that the proportion of SAIs scoring a 'C' or higher against the key indicator for external audit (PEFA PI-26) had increased from 36% in 2010 to 47% in 2014.

Figure 42 PEFA PI-26: Scope, nature and follow-up of external audit – ASOSAI



However, substantial challenges remain particularly in relation to strengthening aspects of the professional capacity of SAIs in the region, particularly in relation to Performance Audit. Our key findings in relation to ASOSAI were as follows.

- Members of the ASOSAI region scored highly against the Global Survey benchmark of SAIs having strategic and operational plans in place. In comparison with some of the other INTOSAI regional groups, ASOSAI members also scored well against the benchmarks for financial and Compliance Audit coverage. However, there was room for improvement with regard to the Performance Audit indicator as only just over half of the ASOSAI members who responded to the relevant question (12 SAIs) indicated that they met this survey benchmark.
- On financial independence, again ASOSAI members scored highly against the benchmark that the survey used: twenty-one of the ASOSAI members who responded to the survey confirmed that their budgets were approved by their respective legislatures; eight of the ASOSAI members who responded confirmed that they were able to present their budgets direct to their respective legislatures while fourteen of the ASOSAI members had the right of direct appeal to their respective legislatures where the resources allocated to the SAI are deemed insufficient to discharge its responsibilities. However, seven members of ASOSAI responded that during the three years prior to the survey they had experienced interference by the executives of their respective countries in their budgets.
- In relation to the PEFA and Global Survey benchmarks for issuing audit reports within the stipulated legal time limit, the ASOSAI members who responded were among the stronger performers.

Against this background, we note that up to 2013, along with the members of AFROSAI-E and OLACEFS, ASOSAI members received the bulk of recorded external financial support for SAI capacity development. ASOSAI itself was not active in providing capacity development support for its members. It had not received any capacity development support, and saw itself as an emerging provider of support. Going

forward, we note that ASOSAI has identified institutional capacity development as its key strategic priority and that, more broadly, its priorities at the regional level align with and support the strategic priorities of the region's member SAIs in terms of the capacity development support that those SAIs require.

#### 5.4. CAROSAI

The response rate among CAROSAI members to the 2014 Global Survey was one of the lowest when compared with those of the other INTOSAI regional groups: 17 of the 23 members of CAROSAI responded to the survey. The results of the survey together with the PEFA data suggest that while there were some improvements in performance, significant challenges remain. The PEFA results, for example, show that the proportion of SAIs that scored a 'C' or higher against the key indicator for external audit (PEFA PI-26) fell from 33% in 2010 to 27% in 2014. Our analysis of the data indicated that this was the result of a change in the population of SAIs from CAROSAI that were assessed for PEFA purposes. A majority of SAIs from the region that were assessed for the first time in 2014 scored lower than a 'C' on PI-26. And so the change was not the result of a deteriorating performance on the part of SAIs from the region assessed in both 2010 and 2014. Our key findings in relation to CAROSAI were as follows.

- CAROSAI members scored highly against the Global Survey benchmark of SAIs having strategic and operational plans in place. Indeed, compared with the 2010 Stocktaking, overall the most significant improvements in SAI performance against this benchmark were evident in the CAROSAI and CREFIAF regional groups.
- In relation to audit coverage, the CAROSAI members that responded fell some way short of the survey benchmarks for financial, compliance and Performance Audit coverage. Fifty-three per cent of the CAROSAI members that responded met the benchmark for Financial Audit falling to thirty-five per cent for Compliance Audit and twenty-four per cent for Performance Audit.
- CAROSAI members also fell short of the survey benchmarks on the publication of audit reports. Forty per cent of the CAROSAI members who responded said they had met the benchmark of publishing their audit reports within the appropriate legal timeframe. However, along with ARABOSAI, CAROSAI contained the largest number of member SAIs that did not make their reports available publicly.
- CAROSAI members also faced other significant challenges to their independence. Of the thirteen CAROSAI members who responded to the appropriate questions, nine said that their legislature approved the SAI's budget though only four of these are able to present their budget direct to the legislature. In all, eight of the CAROSAI members who responded reported that in the previous three years they had experienced interference by the executive in their budget.

Against this background, our analysis showed that while seventy-seven per cent of CAROSAI members had benefitted from some form of externally financed capacity development project, taken as a whole the region received the smallest allocation of external financial support. This is largely a reflection of the size and nature of the countries in the region. CAROSAI itself had not provided any capacity development support in the three years prior to the 2014 Global Survey and it regards itself as an 'emerging' provider of support. CAROSAI has identified institutional capacity development and professional capacity development as its key strategic priorities and, more broadly, we note that its priorities at the regional

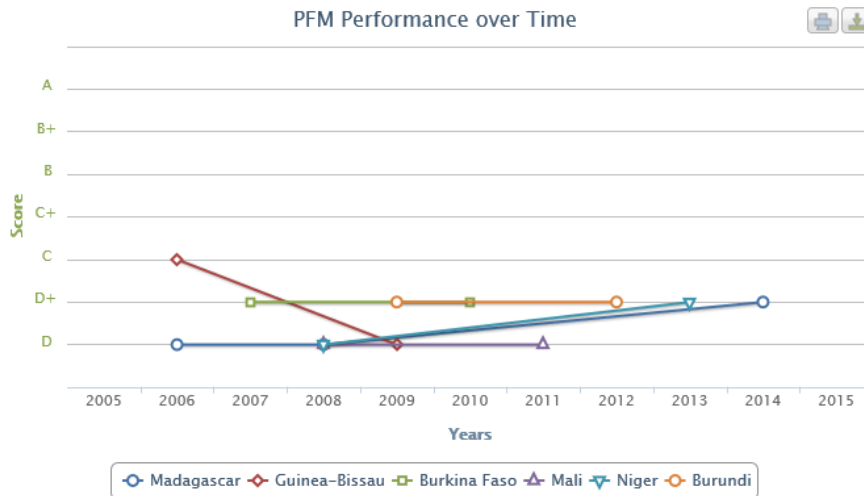
level align with and support the strategic priorities of the region’s member SAIs in terms of the capacity development support that those SAIs require.

### 5.5. CREFIAF

The response rate among CREFIAF members was, marginally, the lowest when compared with the response rates achieved by the other INTOSAI regional groups: 15 of the 21 members of CREFIAF responded to the survey. The results of the survey showed that, compared with the 2010 Stocktaking, SAIs in the CREFIAF regional group seems to have achieved some improvement in their performance.

However, significant challenges remain particularly in relation to sustaining and strengthening the independence of SAIs and enhancing their professional capability. Overall, SAIs within CREFIAF performed weakly on many of the benchmarks used for the 2014 Global Survey. These results were broadly consistent with our analysis of the PEFA data available for CREFIAF members. This showed that the proportion of SAIs in CREFIAF that scored a ‘C’ or higher against the key indicator for external audit (PEFA PI-26) remained unchanged at just six per cent between 2010 and 2014.

Figure 43 PEFA PI-26: Scope, nature and follow-up of external audit – CREFIAF



In CREFIAF the published repeat assessments show less improvement in PI-26. Madagascar and Niger have had improvements in performance, while Guinea-Bissau has decreased its performance on this indicator.

Our key findings for CREFIAF were as follows.

- CREFIAF members scored highly against the Global Survey benchmark of SAIs having strategic and operational plans in place. When compared with the 2010 Stocktaking, overall the most significant improvement in SAI performance against this benchmark were evident in the CREFIAF and CAROSAI regional groups.
- In relation to audit coverage, the CREFIAF members that responded fell some way short of the Global Survey benchmarks for financial, compliance and Performance Audit coverage. Forty per

cent of the CREFIAF members that responded (6 SAIs) met the benchmark for Financial Audit falling to 27% for Compliance Audit (4 SAIs) and just seven per cent or one SAI for Performance Audit.

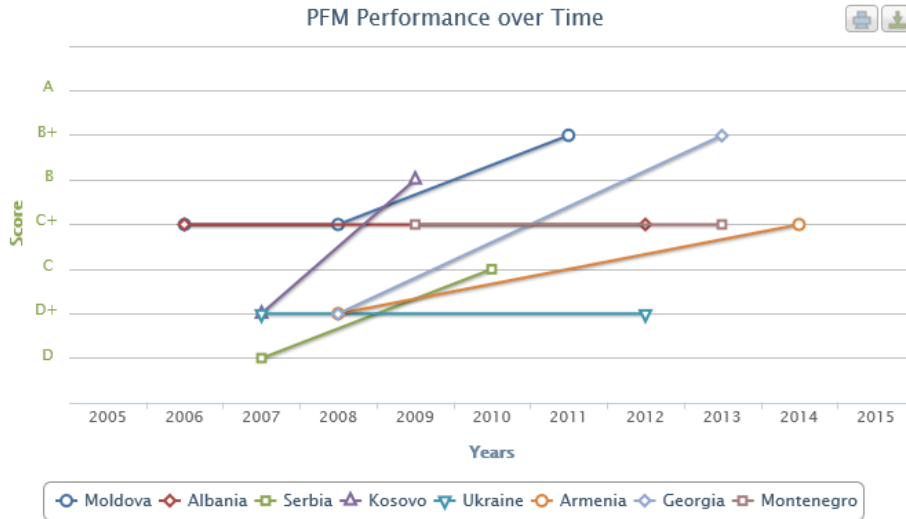
- CREFIAF members also fell short of the survey benchmarks on the publication of audit reports. 54% of the CREFIAF members who responded (seven of 13 SAIs) said they had met the benchmark of publishing their audit reports within the appropriate legal timeframe. CREFIAF members also fell short of the relevant PEFA benchmark for this aspect of SAI performance. The proportion of CREFIAF SAIs that published 'all external audit reports on central government consolidated operations within six months of completed audit' rose from twelve per cent in 2012 to eighteen per cent in 2014.
- CREFIAF members also faced other significant challenges to their independence. Of the fifteen CREFIAF members who responded to the appropriate questions in the 2014 Global Survey, eight said that their legislature approved the SAI's budget though only one of these is able to present its budget direct to the legislature while two have the right of direct appeal to the relevant legislature if the resources provided to the SAI are deemed to be insufficient. In all, seven of the CREFIAF members who responded reported that in the previous three years they had experienced interference by the executive in their budget.

Against this background, our analysis showed that seventy-five per cent of CREFIAF members had benefitted from some form of externally financed capacity development project. Taken as a whole, the region received a much smaller allocation of external financial support when compared with, for example, AFROSAI-E, ASOSAI and OLACEFS. This relatively low level of funding of SAIs in the CREFIAF region was a very striking finding given the significant needs in the region. CREFIAF confirmed that it had provided capacity development support in the three years prior to the 2014 Global Survey and that it regards itself as an 'established' provider of support. CREFIAF confirmed that its projects had been subject to some form of external evaluation and this concluded that, overall, its projects were successful in terms of their impact and sustainability. CREFIAF has identified institutional capacity development and professional capacity development as its key strategic priorities and, more broadly, we note that its priorities at the regional level align with and support the strategic priorities of the region's member SAIs in terms of the capacity development support that those SAIs require.

## 5.6. EUROSAI

There was a response rate of eighty per cent among EUROSAI members to the 2014 Global Survey: 40 of EUROSAI's 50 members completed the survey questionnaire. This rate of response was among the lowest of the INTOSAI regional groups and, in absolute terms, the ten EUROSAI members that did not respond accounted for almost one-third of all non-responses among SAIs. Our analysis found that, overall, EUROSAI members were among the stronger, better performing SAIs. This was evident from the relevant PEFA data for SAIs in the region. This showed that the proportion of SAIs that scored a 'C' or higher against the key indicator for external audit (PEFA PI-26) increased from 45% in 2010 to 79% in 2014.

Figure 44 PEFA PI-26: Scope, nature and follow-up of external audit – EUROSAI



In Europe the picture is more positive, the published PEFA reports show that in developing countries in Europe Kosovo<sup>40</sup>, Moldova, Georgia, Serbia and Armenia have improved their performance on this indicator. Nevertheless, there were a number of important findings relevant to EUROSAI as the following illustrates:

- Perhaps surprisingly, compared with other INTOSAI regions, a smaller proportion of EUROSAI members had strategic plans in place.
- In relation to audit coverage, EUROSAI members met the 2014 Global Survey benchmarks for financial, compliance and Performance Audit. In addition, eighty per cent of the EUROSAI members who responded to the 2014 Global Survey confirmed that they met the survey benchmarks in relation to the publication of SAI reports. As for the relevant PEFA benchmark for this aspect of SAI performance, the proportion of EUROSAI SAIs that published ‘all external audit reports on central government consolidated operations within six months of completed audit’ fell marginally from 61% in 2012 to 67% in 2014.
- As for financial independence, all the SAIs from EUROSAI that responded to the 2014 Global Survey confirmed that their budgets were approved by their legislatures. Nevertheless, eleven of the EUROSAI members who responded reported that in the three years prior to the 2014 survey they had experienced some interference from the executive regarding their budgets.

Against this background, we noted that in their responses to the 2014 Global Survey a high proportion (85%) of developing country SAIs from EUROSAI said that they had benefitted from externally financed projects. This may reflect the high level of activity involving members of the European Union and candidate countries as well as exchanges of knowledge and experience involving other members of EUROSAI. This involves a substantial amount of ‘in kind’ activity and is reflected in the small allocation of

<sup>40</sup> Kosovo is not a member of INTOSAI or EUROSAI, but has benefitted from substantial bilateral support from both the INTOSAI and donor communities.

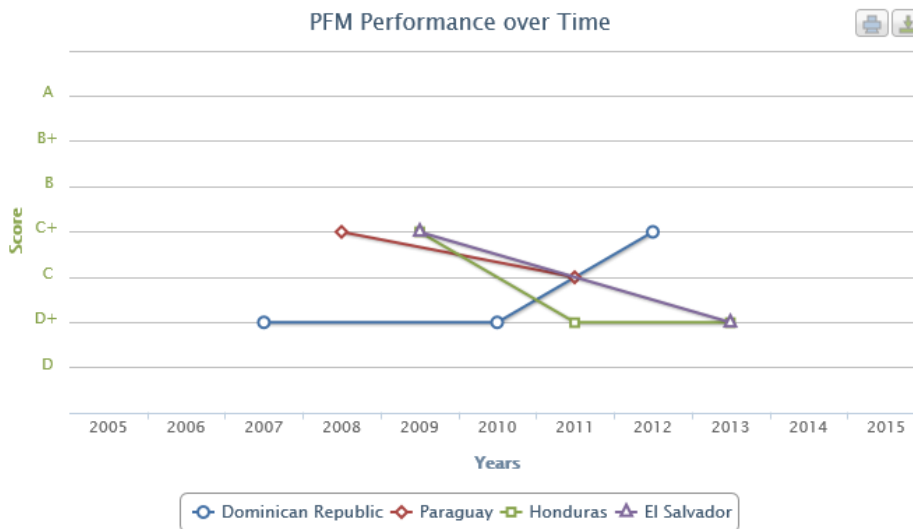


externally financed capacity development support that the membership of EUROSAI taken together receives. EUROSAI confirmed that it had provided capacity development support in the three years prior to the 2014 Global Survey and EUROSAI regards itself as an ‘established’ provider of capacity development support. EUROSAI confirmed that its projects had been subject to some form of external evaluation and this concluded that, overall, its projects were successful in terms of their impact and sustainability. We noted that EUROSAI has identified the areas of capacity development and professional standards as key strategic priorities for the organisation. These priorities at the regional level align with and support the strategic priorities of the region’s member SAIs in terms of the capacity development support that those SAIs require.

### 5.7. OLACEFS

The OLACEFS regional group achieved one of the higher response rates to the 2014 Global Survey: 20 of its 21 members responded. The results of the survey together with the PEFA data suggest that while there were some improvements in performance significant challenges remain. The PEFA results, for example, show that the proportion of SAIs that scored a ‘C’ or higher against the key indicator for external audit (PEFA PI-26) fell from 67% in 2010 to 46% in 2014. Our analysis of the data indicated that this was the result of a change in the population of SAIs from the OLACEFS region that were assessed for PEFA purposes. A majority of SAIs from the region that were assessed for the first time in 2014 scored lower than a ‘C’ on PI-26. And so the change was not the result of a deteriorating performance on the part of SAIs from the region assessed in both 2010 and 2014.

Figure 45 PEFA PI-26: Scope, nature and follow-up of external audit – OLACEFS



The picture in OLACEFS is less positive. Of the four countries that have published repeat PEFA assessments, three have declined in performance on PI-26: Paraguay, Honduras and El Salvador. Dominican Republic has improved performance.

The key findings in relation to OLACEFS were as follows.

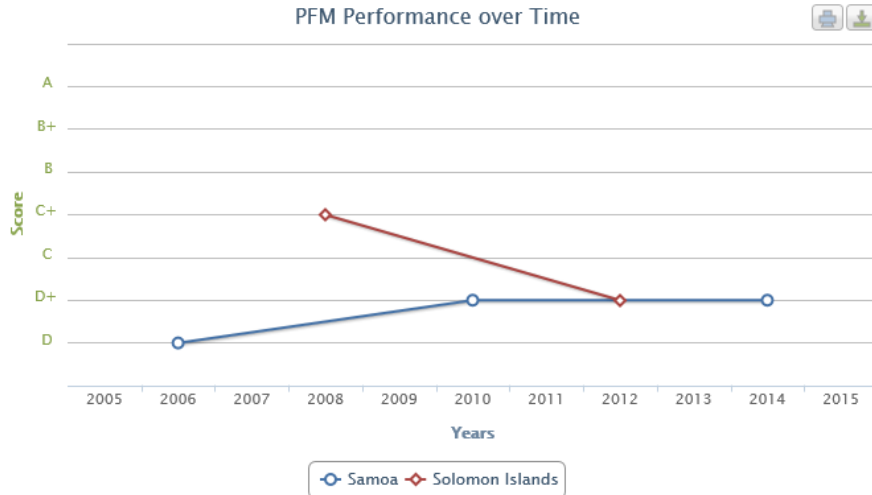
- OLACEFS members scored highly against the 2014 Global Survey benchmark of SAIs having strategic and operational plans in place.
- In relation to audit coverage, the OLACEFS members that responded fell some way short of the Global Survey benchmarks for financial, compliance and Performance Audit coverage. 60% of the OLACEFS members that responded (12 SAIs) met the benchmark for Financial Audit and Compliance Audit falling to 55% for Performance Audit (11%).
- On financial independence, OLACEFS members scored highly against the benchmark that the survey used: 19 of the 20 OLACEFS members who responded to the survey confirmed that their respective legislatures approved their budgets; six presented their budgets direct to their respective legislatures while fourteen had the right of direct appeal to the legislature if the resources allocated to them are deemed insufficient. However, eight members of OLACEFS said that during the three years prior to the Survey they had experienced interference by the executives of their respective countries in their budgets.
- In relation to the Global Survey benchmark and also the PEFA benchmark for issuing audit reports, OLACEFS members were among the stronger performers.

Against this background, we note that up to 2013, along with the members of AFROSAI-E and ASOSAI, OLACEFS members received the bulk of recorded external financial support for SAI capacity development. Compared with the previous survey in 2010, a major change was a fall in the share of funds allocated to SAIs in the OLACEFS region and we believe that this is a reflection of the perceived success on the part of international partners of those SAIs. In addition, OLACEFS confirmed that it was active in providing capacity development support for its members and that it views itself as an established provider of support. OLACEFS confirmed that its projects had been subject to some form of external evaluation and this concluded that, overall, its projects were successful in terms of their impact and sustainability. In this regard, we note that OLACEFS has identified institutional capacity development as one of its key strategic priorities. Overall, OLACAFS regional priorities align with and support the strategic priorities of the region's member SAIs in terms of the capacity development support that those SAIs require.

## 5.8. PASAI

The PASAI regional group achieved one of the higher response rates to the 2014 Global Survey: 20 of its 22 members responded. The results of the survey showed that, compared with the 2010 Stocktaking, SAIs in the region continue to improve their performance and enhance their professional capacity. This trend was also evident in the relevant PEFA data for SAIs in the region. This showed that the proportion of SAIs that scored a 'C' or higher against the key indicator for external audit (PEFA PI-26) increased from 43% in 2010 to 50% in 2014.

Figure 46 PEFA PI-26: Scope, nature and follow-up of external audit – PASAI



There is only published repeat PEFA information for two countries in PASAI. Samoa has had performance improvement between their latest PEFA assessments, while Solomon Islands have had a performance decrease.

Significant challenges remain particularly in relation to strengthening aspects of the professional capacity of SAIs in the region. The key findings in relation to PASAI were as follows.

- Members of the PASAI region scored highly against the Global Survey benchmark of SAIs having strategic and operational plans in place. In comparison with some of the other INTOSAI regional groups, PASAI members scored well against the survey benchmarks for Financial Audit coverage. However, there was room for improvement with regard to the compliance and Performance Audit indicators as just half of the PASAI members who responded to the relevant question (ten SAIs) indicated that they met these survey benchmarks.
- On financial independence, again PASAI members scored reasonably highly against the benchmark that the survey used: 14 of the PASAI members who responded to the survey confirmed that their budgets were approved by their respective legislatures; four of the PASAI members who responded confirmed they were able to present their budgets direct to their respective legislatures while nine of the PASAI members had the right of direct appeal to their respective legislatures where the resources allocated to the SAI are deemed insufficient to discharge its responsibilities. However, seven members of PASAI said that during the three years prior to the Survey they had experienced interference by the executives of their respective countries in their budgets.
- In relation to the survey benchmark for issuing audit reports within the stipulated legal time limit, 60% of PASAI members who responded (nine SAIs) confirmed that they had met this benchmark. This result was better than the performance on publication of reports indicated by the PEFA data. In 2012 and 2014, 40% of SAIs in the region assessed for PEFA purposes met the

benchmark of publishing 'all external audit reports on central government consolidated operations within six months of completed audit'.

Against this background, our analysis showed that half of the PASAI members who responded to the 2014 Global Survey noted that they do not benefit from any externally financed capacity development support. On a regional basis, only CAROSAI receives a smaller allocation of externally financed capacity development support. And like CAROSAI, this reflects the size and nature of the SAIs that comprise the PASAI regional group. It also reflects that much of the support to PASAI members is provided through global and regional initiatives. In this regard, PASAI confirmed that it has provided capacity development support in the three years prior to the 2014 survey and that it regards itself as an 'emerging' provider of capacity development support. PASAI confirmed that its projects had been subject to some form of external evaluation and this concluded that, overall, its projects were successful in terms of their impact and sustainability. In this context, we note that PASAI has identified building and sustaining public auditing capacity as one of its key strategic priorities and, more broadly, we note that its priorities at the regional level align with and support the strategic priorities of the region's member SAIs in terms of the capacity development support that those SAIs require.