

Discussion paper on Theme II XXIII INCOSAI

«THE ROLE OF THE SUPREME AUDIT INSTITUTIONS IN THE ACHIEVEMENT OF THE NATIONAL PRIORITIES AND GOALS»

2019, July

1. Introduction

- 1.1. While successful supreme audit institutions (SAIs), in different regions of the world, manage to become and remain agile, effective, relevant and independent institutions of great value to society, there is no common recipe to follow. This paper is devoted to the discussion of how each SAI on a national level could relate to the public sector auditing developments to remain relevant, respond to the needs of stakeholders and add value in the achievement of national priorities and goals. Thus, the paper discusses some key decisions to determine and lessons that can be learned from the SAIs experience in this domain.
- 1.2. SAIs play a well-acknowledged role in promoting the efficiency, accountability and transparency of public administration, which is crucial for the achievement of national development objectives, priorities and the internationally agreed development goals¹.
- 1.3. The fundamental changes in public auditing and public policy worldwide have created a new environment and new expectations for SAIs. These recent changes in the environment for SAIs include: (a) adoption of 2030 Agenda for Sustainable Development (2030 Agenda) and the Sustainable Development Goals (SDGs) by all member countries of the United Nations; (b) the data revolution; (c) the adoption of the INTOSAI Framework of Professional Pronouncements (IFPP) by INTOSAI and the INTOSAI pronouncement of authoritative standards for auditing, and (d) expectations and obligations arising from ISSAI-P 12: Value and Benefits of SAIs - making a difference to the life of citizens. Modern circumstances call for a better quality of audit work, new audit approaches and require SAIs to further rethink their role in the governmental accountability processes.
- 1.4. To ensure value and benefits, SAIs need to be able to apply new approaches and take advantage of opportunities to meet emerging challenges. SAIs need to respond to a changing world of national governance and, in doing so, establish new priorities that respond to emerging challenges.
- 1.5. In line with the INTOSAI mission of continuous progress of government auditing and capacity development of SAIs, this Theme II Discussion paper builds upon the previous INCOSAI discussions regarding the role

¹ The important role of SAIs in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives, priorities and the internationally agreed development goals, was acknowledged by the UN General Assembly in Resolution A/RES/69/228 adopted on 19 December 2014.

of Supreme Audit Institutions² and aims to elaborate on the necessity of SAIs' priorities to evolve strategically. The Theme II Discussion paper mostly relates to Crosscutting Priority 2 of INTOSAI's Strategic Plan 2017-2022 by contributing to the follow-up and review of the SDGs within the context of each nation's specific sustainable development efforts and SAIs' individual mandates.

- 1.6. This paper has been prepared by the Expert group on Theme II of XXIII INCOSAI which is composed of the SAIs of Austria, Armenia, Azerbaijan, Belarus, Brazil, Cuba, Hungary, Indonesia, India, Italy, Kazakhstan, Mexico, Poland, Portugal, Saudi Arabia, Slovakia, Slovenia, South Africa, Spain, Turkey, UAE, USA, the IDI, GIZ, and chaired by the SAI of the Russian Federation.
- 1.7. The Expert group developed a tentative approach for discussing strategic approaches to auditing, which was used as the initial point for a survey of INTOSAI members. The survey was conducted from December 2018 to January 2019, based on a questionnaire sent out along with the Principal Paper. Respondents submitting completed surveys included 62 SAIs, the European Court of Auditors, and GIZ. This Theme II Discussion paper builds on the results from the surveys.

² Themes include «The Role of SAIs in Planning and Implementing Administrative and Government Reforms» and «The Role of SAIs in Auditing Administrative and Government Reforms» of XVII INCOSAI; «Performance Assessment Systems Based on Key Indicators» of XIX INCOSAI; Theme «National Audit and National Governance» of XXI INCOSAI; «How INTOSAI can contribute to the UN 2030 Agenda for Sustainable Development, including good governance and strengthening the fight against corruption?» of XXII INCOSAI.

2. Ongoing and anticipated changes in roles of supreme audit institutions

- 2.1. Challenges faced by national governments in the achievement of their goals and the implementation of the 2030 Agenda brought to light a refocusing of accountability consistent with performance-based and results-oriented public management and essential to good governance. In the INTOSAI community, the shift of accountability focus from «accountability for process» to «accountability for performance» has long been recognized.
- 2.2. Accountability, in terms of results and outcomes, is demanded by citizens and SAIs' other stakeholders as a result of increased discontent about government actions. In order to achieve objectives and the SDGs with their comprehensive and interconnected scope, national governments need to innovate and constantly evolve in order to drive cross-cutting and interlinked policy.
- 2.3. The growing complexity of public governance is characterized by an uncertainty surrounding measures for and results from government's interventions, measurement problems, multilevel interactions, numerous actors and sophisticated relations with non-governmental organizations and civil society.
- 2.4. Although core functions, roles and the independence of SAIs should not be affected by passing trends, some aspects of the role of SAIs might need to evolve in accordance with the ongoing transformations of governments. For example, for some SAIs, the contemporary challenge might be to form both an appropriate audit approach and a clear understanding of working mechanisms of governance and accountability, while remaining credible, objective, impartial and independent organizations.
- 2.5. SAIs might consider the challenge of developing methods of public auditing consistent with the growing complexity of public governance needed for both the national objectives and the 2030 Agenda to be successfully addressed. By that, we mean challenges related to topics, objectives, questions, criteria and methods for data collection and analysis defined in the individual audit.

The effect of involvement in SDGs auditing on the role of SAIs is not yet fully visible in all cases. For now the public audit community can pose questions regarding how auditing the SDGs can affect the role of SAIs and what challenges SAIs will face in the future regarding SDG auditing.

- 2.6. SAIs can play different roles within their mandates that go beyond their traditional focus. Traditionally, the roles of consultant, researcher and developer have been emphasized, but these are not the only possible roles. According to the results of the questionnaire sent out along with the Principal Paper, 41 percent of SAI respondents (n=44) play the role of advisor by developing recommendations based on the results of their audits, but 52 percent indicated that they also provide recommendations based on non-audit activities. The responses also showed that SAIs often play a role of researcher in order to develop new methods (39 percent) and to identify risks and major trends (27 percent).

- 2.7. Engagement of SAIs in advisory activities has proven among the most arguable of issues related to the discussion of different roles of SAIs. On the one hand, audit work can be reinforced by SAIs' advisory activities aiming to reveal governance improvement potential as a result of the systematic review of audit findings and other results of SAIs' comprehensive work. On the other hand, SAIs should secure their independence and support a strong audit culture that is very different from the culture of advisory activities.
- 2.8. SAIs have accumulated a variety of diverse experiences on activities conducted beyond the traditional audit function due to their different mandates, resource allocation, and capacity as well as varies accountability and performance regimes in their respective countries. SAIs are encouraged to share their experience and contribute to the achievement of national objectives by providing advice that is based on their audit work.

Questions for discussion:

1. What are the main contemporary issues that might lead to the changes of SAIs' role in the future?
2. What are the main strategic challenges and considerations for SAIs in outcome-oriented performance auditing? How can these challenges be addressed?
3. What are specific challenges related to SDGs auditing? How can these challenges be addressed?

3. Strategic shift: considerations on strategic approach and direction for public auditing

- 3.1. While SAIs need to retain their traditional focus, there is an emerging role of being a strategic partner of the government with a unique view on the budget cycle and accumulated knowledge that can contribute to long-run strategic views and activities of the government needed to achieve national objectives.

Acknowledging the crucial effort of the INTOSAI community to move towards a common language for audit, the paper suggests discussing several concepts behind strategic approach to auditing in greater detail in a search for common ground and language. At the early stages of conceptualization, tentative approaches are proposed to establish new priorities and offer possible ways forward for discussion.

- 3.2. In a broad sense, we focus the discussion on a comprehensive and rigorous examination of how successfully public governance and public entities operate and make use of resources to work toward their goals over time.
- 3.3. Most SAIs responding to the survey consider a strategic approach to auditing to be focused on various elements of the policy cycle – from agenda-setting, to strategic planning, to program and policy

implementation, to evaluation, accountability and learning.³ This includes, if the respective SAI's mandates and the context in which the SAI operates allow:

3.3.1. Addressing overarching issues of governance and strategic areas

- a) Assessment of the maturity of the systems that underpins strategic governance (setting objectives, aligning strategies to national objectives, establishing controls etc.) and assessment of overlaps or gaps in strategic plans in areas of public interest.

Assessment of whether government entities have sound and evidence-based strategies for achieving national objectives, whether performance information and evidence as well as adequate control systems are actually used for strategic governance; whether appropriate data is collected; whether monitoring, evaluation and reporting are appropriate; and whether the allocation of public resources is efficient; etc.

SAIs might contribute to supporting a data-driven and evidence-based culture and values in government by paying due attention to the objective representation of performance measurement problems, transparency of performance information systems, public skills deficiencies, etc.

SAIs might play an important role in assessment of the credibility of the government's reporting on the achievement of national goals by auditing and providing recommendations on the quality of reporting framework, gaps in statistical and vital records data, governance and coordination of the reporting process, and the consistency and depth of the information reported.

- b) Taking a high-level view of what the government is trying to achieve, identifying significant and systemic risks to the delivery of results and recommendations, where possible, on how these risks can be mitigated. SAIs can concentrate on (a) identifying risk areas of national and international interest and addressing crosscutting issues such as climate change, social welfare programs, cyber security, demography, etc.; (b) raising awareness of risks, which is crucial for SAIs to remain relevant and help build citizens' trust in public policies and institutions, and (c) emphasizing the need for managing systemic risks in the government, in addition to operational, enterprise and other risks of a single entity.

³ The survey question was formulated as follows: «We use the term «strategic audit» not as a distinct type of audit compared to compliance, financial or performance audit, but as an umbrella term for strategic-oriented and -related activities and topics to address for SAIs (tentative approach to definition of strategic audit was provided in section 2.4 of Principal paper on Theme II). What could be the meaning of “strategic audit”?»

- c) Addressing nation-wide issues, which could have many far-reaching spillover effects such as aging society, general economic tendencies (structural changes, public debt level, dependency on external markets and aids etc.), level of innovation, and issues that may become major topics in the future, etc.
- 3.3.2. Assessment of policy coherence, including evaluation of positive or negative synergies between public programs, policies and plans (strategies) and identification of policy interactions, spillovers, unintended effects and conflicts.
 - 3.3.3. A whole-of-government approach to auditing that examines three core elements of policy and program integration—horizontal (across ministries), vertical (with the levels of government), and cross-sectoral engagement (with civil society and stakeholders).⁴ A whole-of-government approach is required to ensure public policy coordination with different levels of government, as well as an agile integrated government response to constantly emerging challenges on the way towards the achievement of national objectives.
 - 3.3.4. Audit of bodies and entities responsible for development of strategies and performance plans. SAIs should find ways to address the problem of strengthening such bodies and entities (for example, the center of government) capabilities in strategic management, guiding the implementation of crosscutting efforts, and fostering innovation.
 - 3.3.5. Addressing public awareness, civic engagement and data openness. Governments need more systematic efforts and strategies for open government and civic engagement to foster constructive ways of communication between policy makers and the public. SAIs might stress both risks and opportunities of the digital transformation of society and the government and highlight the benefits and means of collaborative tools in the government to draw on the potential of the public (i.e. hackathons, data science meet-ups and competitions, crowdsourcing, etc.).⁵ These collaboration tools catalyze communication and inspiration in the public community, enable a concentration of efforts and encourage innovative solutions to public challenges.

SAIs could inform and guide governments regarding the benefits of public data openness by delivering publications for civil servants to raise their awareness and disseminate the best practices

⁴For more integration practices and challenges see, United Nations, 2018, *Working Together: Integration, institutions and the Sustainable Development Goals*, World Public Sector Report 2018, Division for Public Administration and Development Management, Department of Economic and Social Affairs, (DPADM), New York, April.

⁵ The central role of SAIs in promoting transparency through public and civil society access to public information in open data formats was emphasized in Recommendations of the 24th UN/INTOSAI Symposium

related to open data. The discussion about the publication of SAIs' results in an open data format should also be facilitated.

SAIs could also promote the principle of availability and openness of data produced by the government if it is not ruled out by confidentiality laws or privacy concerns. This principle contributes to a new analytical paradigm for the government, the public, the private sector and the SAIs. Most importantly, the effective use of public data contributes to greater transparency and government accountability.

The unique position of SAIs within the public sector refers also to generated and published data. The advantage of SAIs is that they can verify the data obtained directly at the audited entities. The data explosion of available data generated by public administration (open data) is also demanding for SAIs. Their position and data analytics capacities provide a unique opportunity to ensure public data quality, reliability and accuracy (veracity).

- 3.3.6. Auditing inclusiveness as a key point of the 2030 Agenda with its principle of «leaving no one behind». SAIs should take into account this crucial feature of the development agenda while conducting their audit work (by assessing inclusion as they examine preparedness of national implementation mechanisms and statistical systems, government goals, performance information, and the implementation of specific SDGs and targets etc.).⁶

Over 70 SAIs are working together under the joint INTOSAI Knowledge Sharing Committee/IDI project on the assessment of national preparedness to implement the Sustainable Development Goals. This initiative, which showed inter alia that SAIs have to apply a whole of government approach when auditing the preparedness of national governments to implement the SDGs, will provide, along with other related ones within INTOSAI, a wealth of valuable information both for participating nations and globally on common challenges, emerging good practices and further steps to be taken in the next stage of the SDG implementation process (auditing the implementation of specific SDGs and targets)⁷.

- 3.4. Strategic approach to auditing could be considered from the point of view of organizational setup, which might relate to:

⁶ Inclusiveness is among the principles of effective governance developed by UN DESA, Committee of Experts on Public Administration (Principles of effective governance, 2018)

⁷ Also see results from Supreme Audit Institutions Leadership and Stakeholders meeting on «Contributions of Supreme Audit Institutions to the Sustainable Development Goals (SDGs)» (The UN Department of Social and Economic Affairs, INTOSAI Development initiative), July 2018.

- 3.4.1. *Strategic planning.* The stage of the identification of strategic issues to be considered in the process of SAI's strategic planning⁸. It is essential to tailor the SAI's program of audit activities to address systemic risks to the delivery of national programs and policy priorities. Planning and preparation stages are key phases of the audit process. For example, in the preparation and planning phase an analytic report and/or a preliminary study could be prepared.
- 3.4.2. *Way of implementation of audits.* Some audits could be implemented in a coordinated manner and represent a coordinated set of audit assignments linked to the assessment of the government's ability to achieve its objectives. Such a set of audits could be focused on selected topics, performed independently from each other, and could even be based on different methodologies. When combined, the analyses of their results provides an opportunity to establish conclusions of strategic importance that are likely to yield great impact on the quality of governance.
- 3.4.3. *Way of combining of audit types (financial, compliance, performance)* to enhance audit opinion on achievement of national objectives or SDGs. Thus, some audits might be mixed or combined type of audit, with an emphasis on performance audit and an integrated approach aiming to arrive at convincing recommendations. It might imply an in-depth review or research of certain topics or systemic issues that identifies root causes of governance gaps and failures and provides results that are not only limited to findings and performance assessment, but can give the auditee, policy maker and the public clearly outlined recommendations for the future.
- 3.5. Regarding the main challenges to be addressed in the implementation of a strategic audit approach, most respondents agree on the following:
- 3.5.1. *Strategic options.* SAIs are facing a complicated dilemma of remaining independent, impartial and being relevant for the government. A strategic perspective and prospective analysis imply dealing with questions where the borderlines between technical policymaking decisions and political choices that SAIs must always avoid touching are blurred. The challenge is to establish a clear line between assessing performance, offering advice and being seen to interfere in policy matters.

The scope of the SAI's involvement in strategic audit brings up the issue of the SAI's mandate. However, all SAIs under the limits of their mandates could contribute to the achievement of national objectives by implementing a strategic and integrated approach to auditing and advisory activities. This approach is particularly important for developing SAIs that struggle to fulfill their traditional mandate as it enables a feasible compliance stage and foundations for gaining, securing and developing the performance audit mandate.

⁸ A strategic approach to audit work based on overall SAI strategy and the need for a management change are highlighted in the SAI Strategic management framework developed by the INTOSAI Development Initiative

- 3.5.2. *Professional capacity development.* The skills, knowledge and competence requirements for such audits (such as data analytics and visualization) exceed those needed for traditional ones (financial, compliance and performance audits), i.e. there is a problem of lack of skills for the analysis of strategic subjects, such as the use of Artificial Intelligence (AI) and related emerging technologies).
- 3.5.3. *Data access.* Data access represents a significant challenge due to restrictions for obtaining information, as well as the variety of its resources and the diversity of content from one entity to another.
- 3.5.4. *Audit design and methods.* Challenges related to methods development imply that SAIs need to develop new audit methods capacities and toolkits.
- 3.5.5. *Communication.* Another problem is the lack of an effective communication mechanism between the SAI and its stakeholders that limits the SAI's ability to identify and analyze matters of national interest for informed decision-making on a program, project or activity.

Questions for discussion:

1. What do SAIs understand by strategic audit / strategic approach to auditing at audit practice level (including audit planning, audit methodology, development of professional skills, harnessing opportunities of data analytics, etc.)?
 2. What are the main challenges does SAIs face in relation to strategic approaches in auditing the implementation of the national objectives and the SDGs? How can these challenges be addressed?
 3. What are the main lessons that could be learned for SAIs from auditing policy integration/coordination and policy coherence?
- 4. Considerations on use of non-audit products and enhancement of audit impact**
- 4.1. SAIs are strategically positioned in a constitutional set-up to overview and oversee the whole budget cycle and government activities which allow accumulating knowledge, advanced skills, organizational capabilities and institutional power relevant to the stimulation of improvements and positive change in governments.
 - 4.2. Keeping in mind the key requirements for an agile and strategic government, SAIs need to go beyond the role of «critic» and reinforce the impact of public auditing. Basically, performance auditing is defined in a way that underlines the role of auditing in both accountability and improvement of results (ISSAI 3100, 22). Problems that hamper performance should be explained in detail to encourage corrective actions, and audit reports should include constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit (ISSAI 300, 39-40). According to the survey results, the

majority of SAIs reported that they provide extensive recommendations for the improvement of public administration.

- 4.3. The fundamental principles of public sector auditing promote SAIs carrying out non-audit activities on any subject of relevance to the public governance and the appropriate use of public resources (ISSAI 100, 23) and provide the parliament and the administration with their professional knowledge in the form of expert opinions but under the condition that the effectiveness of their audit is secured (Lima Declaration, 12).
- 4.4. According to the survey results, SAIs provide advisory services in the form of non-audit products. The range of non-audit products might include position papers, information appendixes, web-based platforms, best practice frameworks, internal control assessment methodologies, question-and-answer documents that promote understanding of technical issues, professional standards, etc. Non-audit products can enhance good governance while maintaining the integrity, objectivity, and independence that is vital for the SAI's work. However, additional attention should be given to the risks of joint provision of audits and non-audit products (for example, advisory activities).
- 4.5. In the course of their work, SAIs build up a wide range of expertise related to the accountability and efficiency of public governance (evaluation results, performance measurement, strategic planning, financial management etc.) that should be exploited while carrying out advisory activities on issues related to the achievement of national objectives.
- 4.6. To ensure value and benefits and act as model organizations (ISSAI-P 12), SAIs could utilize the opportunity of beneficial integration of their advisory activities on solutions for more efficient governance with the audit functions. However, sometimes such integration might be considered as a threat to the independence and credibility of SAIs. To mitigate such risks, SAIs need to be aware and take into account:
 - 4.6.1. SAI's advisory activities should be conducted in a way that defends and promotes the principles of the Lima and Mexico Declarations (ISSAI 1, ISSAI-P 10) – maintaining independence and ensuring the best possible use of public funds in a credible, neutral and objective manner. The provision of recommendations and advice should be grounded on and within the limits of SAIs' independent institutional position, audit responsibilities and unique accumulated knowledge (fact-based and up-to-date audit results).
 - 4.6.2. SAIs need to maintain their professionalism and reputation and provide their positions only in relation to areas, which had been audited by the SAI. SAI's position should be based on proper analysis and verification of factual data. It could be a conceptualization of findings (e.g., from similar audits and provision of a 'horizontal' view highlighting systemic problems that need to be addressed by higher-level authorities).

- 4.6.3. Providing advisory service without violating SAI's auditing functions requires finding the balance between the audit assignments and audit tasks. SAIs should draw clear boundaries of audit or advisory activities and make clear that advisory activities do not impede oversight functions.
- 4.6.4. SAIs should secure their independence and position by avoiding interference in the decision- and policy-making process, management functions, and critics of government's objectives, but should not avoid strategic, complex and sensitive topics if significant value can be added. SAI need to keep in mind and follow clear lines of responsibilities.
- 4.7. Though SAIs have a rich experience of advising governments to enhance good governance, their advisory activities have not necessarily been accomplished effectively enough. SAIs can engage in advisory activities to enhance good governance more effectively and without an independence risk. Some potential strategies are identified below.
 - 4.7.1. SAIs could develop projects for the dissemination of knowledge and information, for example, by publishing best practice guides on various topics and stages of public policy (development, implementation and evaluation). This could serve as a demonstration of ongoing participation in public governance through the identification of best practices' examples that could serve as guidelines for other levels or sectors of government. However, it is important that best practice sharing is not perceived as setting standards that SAI use to audit against.
 - 4.7.2. SAIs could use their accumulated audit experience to develop frameworks of good practice to be applied in future audits. The more such efforts are applied, the better the performance of one auditee compared with others can be benchmarked. Such frameworks could be published on SAIs' official websites and promoted in meetings with auditees to get them familiar with good practice examples. Where applicable, SAIs can take advantage of meetings with auditees to make them aware of any expertise that might be able to assist them.
 - 4.7.3. Increase in the share of non-audit products developed for external use could be one of the tools for a more effective contribution to good governance since they do not specify auditees and are usually well received by SAIs' stakeholders.
 - 4.7.4. Assuming practices of exemplary professional and high-standard activities and of a 'learning agenda approach', constructive and open dialogue with the auditees and other stakeholders contributing to finding valuable and adequate solutions, adapted to the administration's specificities and avoiding to reproduce or copy inadequate solutions already applied.
 - 4.7.5. Establishing good relationships and interaction with the auditee is an important step for SAIs to better explain what they can offer and how this might help the auditee. Comprehensive cooperation

with auditees includes not only the identification of errors, but also correction assistance and follow up. SAIs have a large body of evidence on what approaches tend to work when delivering major programs, and what the likely pitfalls might be. Interaction can be conducted in the form of seminars, presentations, engagement workshops, follow-up data collection etc. Regular meetings might help to discuss opportunities and challenges, recommendations to be followed and connect SAIs' subject matter experts to programs requesting assistance.

- 4.7.6. Benchmarking at the public sector level and at the level of state-owned enterprises creates the necessary incentives for making changes that lead to greater efficiency in the management of public sector, increased transparency and prevention of corruption. Similarly, when the SAI develops advisory products to be sent to the parliament, they lead to changes in the constitutional and legal framework governing public finances, and improve their management and social security.
- 4.7.7. Systematic follow-up of recommendations might help improve government operations.
- 4.7.8. SAIs need to increase the awareness of their audit role to have a positive impact by shrinking the gap between them and their stakeholders by sharing know-how, reporting recommendations and relevant findings in a clear and effective manner, and using the best communication tools to reach a wider audience. The forward-looking approach of SAIs calls for an advanced communication strategy that clarifies and explains complex issues related to integrated auditing, program evaluation and advisory activities of SAIs. Useful, well-formulated and practical recommendations in audit reports require knowledge of the theory of change in a policy field, i.e. the relationship between activities, output, outcomes and ultimately impact, to ensure a comprehensive explanation of the consequences of policy failures and necessary corrective actions. SAIs highlight innovative approaches such as data integration and visualization: In many cases, SAIs' access to audit evidence and a unique cross-government perspective enable them to pull together performance data on how complex systems are working. In some cases, SAIs are also well-placed to produce a model of data analysis that the auditees themselves can then take over.
- 4.7.9. The SAI's advisory work should not be finished with the publication of a thematic report or a position paper as its position should be properly communicated to stakeholders and defended during discussions. A very important aspect is to hear out and accept as much as possible of auditees' feedback.
- Communicating results of the SAIs activities in plain and clear language, using different tools of communication and taking into account different demands of their target audience. SAIs should also look for new ways and tools for communicating their role and results (for example, mobile apps, social media, etc.).

- Providing results in a more usable way, taking into account the importance of an open and preferably face-to-face dialogue on the results. In the modern environment target users should not only passively perceive information but also be actively engaged in SAIs' activities that aim to enhance good governance.
- Carrying out smaller reports for the senior management of the auditee to present this type of work internally to auditee staff. Auditee senior management also realize that a SAI can raise issues publicly that it is not always possible for the auditee to raise themselves. In addition, SAIs are well-placed to put auditees in contact with each other where doing so might promote finding better governance and program management solutions.
- Early sharing of information through publishing letters or blogs, social media posts, delivering presentations that summarize understanding of issues so that they add to the debate, learning and thinking about solutions, and helping others in holding public entities to account.
- Engaging in education to promote interest in the SAI's results and findings. Workshops and presentations for external entities are a valuable way to disseminate good practice and good governance.
- Visualizing data and presenting it in a sound and efficient way that prevents information overload by making complex concepts simple. A user-friendly visual representation of the SAIs' work results is crucial for conveying main messages to stakeholders.
- Participation in different conferences or national forums could be considered as a means of contributing to the strategic direction of good governance realm.

4.7.10. SAIs should foster their relations with parliaments to be responsive to stakeholders' needs and expectations, as well as to implement a sound strategy of endowment and development of SAI's advisory and counseling mandate.

4.7.11. SAIs should enhance their communication with the expert community - a valuable source of relevant expert information and expert opinions. Governments need to be under pressure to provide for evidence-based policy and collaborate more effectively with research. SAIs also could benefit from using research studies and developing their methodological work by applying research methods. SAIs might engage the academic institutions to conduct cooperative research.

4.8. Being a trusted advisor requires such soft skills as effective communication, emotional intelligence, and building and maintaining trust based on highly professional position. Continuous staff development should prepare auditors for advisory tasks (for example, through workshops on good governance, data analytics

and digital transformation of government etc.). The competency of auditors is a key success factor for advisory activities that supports successful change in public administration. If the auditor understands the audited area well and makes meaningful recommendations, which clearly address real problems, then it is more likely to be followed and deliver a positive impact.

- 4.9. Reports and publications should take into account the various expectations when analyzing the root causes of identified failure, accompanied by recommendations or by identifying opportunities for improvement. It is also possible to provide methodological tools and guidelines that would allow entities to analyze their problems, identify root causes of problems and develop a road map with activities aimed at eliminating the deficiencies identified during the audit process.
- 4.10. The SAI should be proactively engaged with its advisory activities. As institutions SAIs should not wait and respond to problems in their countries and the broader environment/society only after they occur, but can take advantage of their advisory role even before, which means identifying challenges and offering current policy makers and legislators guidelines and recommendations. SAIs vision and targets should be proactive and far-reaching. SAIs have to be foresight-oriented that provide clear, understandable and objective signals.

Questions for discussion:

1. What are the main risks and obstacles of the provision of advisory services in SAIs?
2. How could SAIs engage more effectively (and without an independence-risk) in advisory activities to enhance good governance?

5. Enhancing the quality of audits through analytics in SAIs

- 5.1. To maintain independence and ensure relevance, SAIs must understand that the SAI's relevance is predominantly determined by the quality of their work, which in turn depends on the competencies of the staff.
- 5.2. In order to realize SAIs' full potential, it is crucial to build capacity to manage, analyze and interpret performance and evaluation data for audit purposes, to nurture the culture of evaluation and foresight within SAIs, to build skills on program evaluation, data analysis and analytics, AI, system thinking, and assessment of policy coherence etc. There is a need to embed data analytics in the whole audit process, from planning to reporting. Discussions on the facilitation and development of capacities in data and analytics in SAIs are encouraged.⁹

⁹ These were among the topics discussed at the 24rd UN/INTOSAI Symposium on « Digitalization, open data and data mining: relevance and implications for SAIs' audit work and for enhancing their contributions to the follow-up and review of the SDGs» in 2017.

- 5.3. Data analysis, analytics, AI, and machine learning are innovations that make data a resource for the promotion of the efficiency, accountability, effectiveness and transparency of public administration. SAIs emphasized that the skills of problem-solving and data analytics that allow patterns to be seen can be hidden by the sheer quantity of data available. Developing these skills are crucial for auditors
- 5.4. The ongoing technological changes associated with the increasing amount of audited information pose increased demands on the auditors' analytical capabilities, including qualitative analysis (for example, conducting interviews) and quantitative analysis (surveys, work with datasets and databases, data visualization and the presentation of complex data). These should be followed by the development of SAIs' leadership and staff communication, emotional intelligence, flexibility and other soft skills to ensure that audit results and recommendations to stakeholders are presented in a clear and easy-to-understand manner and imply further collaboration.
- 5.5. To integrate innovative approaches, it is essential for SAIs to bring up the «auditors of the future» – staff within SAIs, who can deal with the challenges of the future, including using data analytics, AI, and innovation, being knowledge exchangers, producers of foresight, etc.
- 5.6. SAIs should build the capacities of auditors and audit teams. Multidisciplinary teams can be useful as they are able to provide a diversified look at a problem. Staffing groups such as multidisciplinary teams is costly. Thus, it might be beneficial to have a central group of experts on whom all audit teams can call. Senior officials should have broad experience in audit and soft skills to maintain a productive working environment in teams.

SAIs require a scientifically trained analytical team to build up the «receptive capacity» of SAI, and harness the opportunities of the digital revolution and data analytics. To strengthen their analytical potential, SAIs can establish separate analytical units to address particular problems (risk management, science and technology assessments, data analysis, and project's and programs' effectiveness evaluation departments). SAIs might develop analytical materials and conduct research on economic policy, public debt, and sustainability of public finances and evaluate the public policy in order to deliver key information to decision-makers from a point of view differing from traditional oversight. This can provide a complementary analysis and additional perspectives to influence public governance. Some SAIs have units which identify trends, risks and priority areas to be considered when selecting potential audit tasks. However, while setting up a centralized structure would be relatively easier, the decentralized structure has the availability advantage (analytical skills would be available with the personnel with domain expertise).

- 5.7. SAIs need to find ways to enhance their innovative and experimental approaches. SAIs should constantly push innovation in audit concepts, summarize good audit practices and explore multi-dimensional and intelligent data analysis methods to provide useful instructions for audit practices.

- 5.8. When planning (selecting topics) and carrying out audits, auditors determine the areas of great public interest and containing systemic weaknesses and risks to the sound management of public funds. Based on the analysis of collected information, it is possible to define possible trends for future development in the audited areas. More recently, some SAIs established foresight groups and began to provide products with a foresight perspective through the compilation and analysis of audit and non-audit work in some areas and a broader list of high risk themes.
- 5.9. The cross-cutting nature of tasks to be accomplished by modern SAIs also calls for adopting efficient staff training and recruiting policies. SAIs could recruit staff with multifaceted backgrounds, academic education and skills (statistics, sociology, economics, mathematics, etc.).¹⁰ Experience in and knowledge of these disciplines is required for processing big amounts of complex data, delivering valuable insights and communicating with stakeholders. It is also essential to engage qualified IT specialists to set up necessary technological systems and tools.
- 5.10. Nurturing a community of experts that can share good practice and offer peer-to-peer support. Supplemented by identifying a list of methods' specialists to whom all audit teams can have access (and using in-house activities to promote their work). SAIs should make use of experts, or organize panel group discussions to challenge audit work, as well as assumptions and recommendations. Participation of prominent experts in SAI's advisory bodies is also important. All audit and advisory teams could have the option to consult with such specialists when addressing complex issues.
- 5.11. Other forms of cooperation with researchers that could contribute to developing SAIs' analytical and evaluation capacities include participation of researchers in thematic workshops and panel discussions within SAIs related to areas which demand specific expertise or the use of specialized analytical techniques; exchange of analytical materials and insights that could be used in the planning stage/preliminary study phase of audit and advisory activities; support of studies in areas of interest for SAIs, outsourcing researches and analytical assignments; personnel training, development of specific programs, support of universities' students projects, encouragement of internships in SAIs; joint preparation of large-scale dialogue platforms on core issues of public governance.
- 5.12. Another option could be conducting whole-office events to identify techniques that could be used in future audits. At the end of such events, lessons, which can be useful for other teams can be compiled and saved in a central database. Where possible, some data analysis patterns should be automatized in order to be reused in future work.

¹⁰ In 2018, The INTOSAI Development Initiative has launched a Professional Education for SAI Auditors pilot - an education programme for SAI auditors based on the INTOSAI Competency Framework for Public Sector Audit Professionals.

- 5.13. The accumulated experience of SAIs should be constantly summarized and reviewed in order to identify good practices and effective toolkits. This knowledge is to be used to develop auditing, evaluation and advising guidelines, action frameworks, educational programs and tutorials, which can be used internally and/or disseminated to SAIs' stakeholders.
- 5.14. Data integration is another area where the capabilities of specialized organizations might be required. However, as it is closely connected to overall public sector data access and quality issues, efforts in this sphere should not be regarded as a long-term substitute for governmental investments in data integration and sharing infrastructure.
- 5.15. The enhancement of SAIs' research and advisory activities and their role in assessing long-term government goals and policies also largely depend on methodological capacities. For the purpose of building methodological capacities, SAIs can set up teams composed of key national researchers, who specialize in auditing and counseling theories. Methodological expertise is essential, first, for performing the audit role of SAIs and, second, for maintaining credibility with stakeholders. SAIs are encouraged to set up a team composed of key researchers in audit theories after a rigorous nationwide selection of recommended audit researchers.

Questions for discussion:

1. Under the restriction of SAIs' mandates and available resources, how can SAIs effectively develop their analytical capabilities?
2. How could /should SAIs develop capacities of their research/analytics units for the benefits of performance audits and advisory activities?