

## Principal paper on Theme II INCOSAI XXIII

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

#### Third draft

## 1. Background

1.1. In line with the INTOSAI mission of continuous progress of government auditing and capacity development of SAIs, Theme II «The role of the Supreme Audit Institutions in the achievement of the national priorities and goals» of the XXIII INCOSAI develops the previous INCOSAI discussions<sup>1</sup>, aims at elaboration on the necessity of SAIs' task to evolve strategically, thereby ensuring the continued relevance of SAIs as institutions of great value to society<sup>2</sup>.

1.2. The fundamental changes in the state auditing and in public policy worldwide have created a new environment in which SAIs operate and new expectations that stakeholders have from SAIs. The recent changes in SAI environment include:

(a) adoption of UN SDGs by all countries;

(b) data revolution;

(c) adoption of the IFPP by INTOSAI, INTOSAI pronouncement of authoritative standards for auditing;

(d) expectations and obligations arising from ISSAI-P 12.

Modern circumstances call for a better quality of audit work, new audit approaches and require SAIs to further rethink and reinvent their role in the governmental accountability processes.

To ensure value and benefits, SAIs must be able to apply new approaches and take advantage of opportunities to meet emerging challenges. SAIs must respond to a changing world of national governance in a best way and in doing so set up new tasks and new frontier in the future.

1.3. SAIs could add significant value not only by retrospective detection of violations and deficiencies but also by complementing financial, compliance and performance audit with forward-looking approach that allows SAIs to harness full potential to nudge the governments to greater transparency and accountability and to ensure the efficiency of public governance and economy<sup>3</sup>. The role of SAIs in promoting the achievement of national goals

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<sup>1</sup> Themes «The Role of SAIs in Planning and Implementing Administrative and Government Reforms» and «The Role SAIs in Auditing Administrative and Government Reforms» of XVII INCOSAI; Theme «Performance Assessment Systems Based on Key Indicators» of XIX INCOSAI; Theme «National Audit and National Governance» of XXI INCOSAI; Theme «How INTOSAI can contribute to the UN 2030 Agenda for Sustainable Development, including good governance and strengthening the fight against corruption?» of XXII INCOSAI.

<sup>2</sup> 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.

<sup>3</sup> This approach is closely related to the concept of «integrated reporting/thinking and auditing».

also means, among other things, identification of the causes of bad governance and enhancement of better governance by strategic and integrated approach to audit and advisory activities.

**1.4.** SAIs must, with the necessary regard for their legal mandates,

(a) find ways to evolve their focus and plans beyond their base mandates of financial and compliance audits to include strategic and integrated approach to audit<sup>4</sup> and performance audit of complex outcomes (rather than of individual programs and agencies);

(b) to complement the detection of violations with the focus on government capacities to address current and emerging challenges in the achievement of national goals;

(c) to provide advisory activities<sup>5</sup> supported by relevant analytics.

These activities are more time-consuming; require special skills and approaches (multidisciplinary approach, whole-of-government, whole-of-society approaches etc.).

**1.5.** Enhancing strategic approach to audit activities in SAIs contributes to the achievement of national goals:

– by adopting strategic and relevant performance audit toolkit to investigate «value-for-money» and to provide recommendations that are based on audit work to build the system of accountability and high-performance in the new era of data-driven approaches and thinking;

– by underlining the need not only for more robust and reliable performance data<sup>6</sup> but also for its use in government.

**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, IDI, GIZ and chaired by the SAI of the Russian Federation. The paper relates to Crosscutting priority 2 of INTOSAI's Strategic Plan 2017-2022 (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).

**2. Core strategic activities within audit and advisory functions**

**2.1.** SAIs can play **different roles** within their mandates that go beyond their traditional functions of financial and compliance audit. Traditionally, the roles of consultant, researcher and developer have been emphasized, but these are not the only possible ones.

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<sup>4</sup> In this paper, we use the term «strategic audit» that is not recognized by ISSAIs. Acknowledging a crucial effort of INTOSAI community to move forwards a common language for audit, we suggest discussing several concepts behind this term in greater details in search of common ground and language. Being at the early stages of conceptualization, we try tentative steps in defining the term «strategic audit» in section 2.4.

<sup>5</sup> See the recommendations from the 2013 UN/INTOSAI Symposium on «Audit and counselling by SAIs: Opportunities and risks, as well as possibilities of engaging citizens».

<sup>6</sup> Performance data is also referred as «non-financial data» or «service performance information» in discussion of International Public Sector Accounting Standards Board (IPSASB): IPSASB (2013) Reporting Service Performance Information.

- 2.2. The role of SAIs needs to evolve in accordance with transformation of governments. The changes can be inspired by legislature, changing environment, new emerging expectations regarding SAI's work (for example, contribution to the SDGs implementation) and an SAI's internal intention to contribute to the transparency, accountability of public administration and good governance.
- 2.2.1. There has been a growing complexity of public governance characterized by uncertainty of measures and results of government's interventions, multidimensional interactions between government agencies, sophisticated relations with non-governmental organizations and civil society. SAIs need to ensure **methodological development of performance auditing** in a way consistent with growing complexity of public governance needed for national goals and the 2030 agenda to be addressed successfully.
- 2.2.2. There is an increasing recognition that whole-of-government approach is required in order to ensure public policy coherence, coordination as well as agile integrated **government response** to constantly emerging challenges on the way towards the achievement of national goals. SAIs need to intensify **an integrated and strategic audit approach to provide an overall view** of the audited subject (organization or function).
- 2.2.3. To go beyond the role of «a critic», SAIs need to be proactive and to reinforce the impact of integrated auditing and this can be done through **the provision of advisory activities and counseling**. Keeping in mind key strategic requirements for government, SAIs can provide recommendations (along with audit reports), thematic reports and position papers on important and strategic issues of public administration and government functions. SAIs need not only to enhance performance auditing of government's activities, but also **to contribute to the building of the system of accountability and high-performance in government**.
- 2.3. In INTOSAI community, the shift of accountability focus from «accountability for process» to «accountability for performance» has long been recognized. The 2030 Agenda for sustainable development and challenges of national governments in the achievement of their goals brought to light a refocusing of accountability in a way consistent with performance-based and results-oriented public management and essential to good governance. For SAIs, the contemporary challenge is to form both an adequate integrated audit approach and clear understanding of working mechanisms of governance and accountability while maintaining SAIs as credible, objective, impartial and independent organizations.
- 2.3.1. **Outcome-oriented accountability** which is linked to the increased focus on results cannot be easily measured and applied as public entities and managers do not control outcomes completely. Accountability in terms of results and outcomes is often demanded by citizens or other SAIs stakeholders as a result of increased discontent about government actions. SAIs should audit not only if government entities have clearly established goals and objectives that contribute to national sustainable development but also whether government entities have sound and evidence-based strategies for achieving the goals, whether performance information and evidence are actually used for strategic planning, allocation of public resources, monitoring and evaluation, reporting etc. In case of government not setting national goals, SAIs must inform citizens and other stakeholders about the gaps of government in these issues.
- 2.3.2. Another important dimension of accountability to address is **accountability as a demonstration of learning** from results and failures. It involves the ability to solve problems by taking appropriate corrective actions based on the proper use of performance information and evidence.

2.3.3. **Clear roles and responsibilities** established in public administration are essential for well-designed coordination and for performance. Thus, it has an important implication for public sector management and accountability. Facing a problem of non-clarity of roles and responsibilities, SAIs need to contribute towards informing their stakeholders about these issues.

2.4. National governments often fail to foster their long-run perspective reflected in **strategic planning** (elaborated and fact-based link between performance plans, evaluation, corrective actions and long-term strategic goals), **coherent policy** (integrated way of implementation), **evaluation** (review of the results and accomplishments against initial expectations) **and learning**. In other words, governments often fail to be the strategic, interconnected, cross-cutting and interlinked policy-drivers as they should be to achieve national goals and SDGs. While SAIs need to retain their traditional focus on financial and compliance audit, increasingly there is a new role emerging: the role of a **more strategically-oriented player with a unique view on budget cycle and accumulated knowledge** that can contribute to long-run strategic views and activities of government needed to achieve national sustainable goals.

Discussion about what **strategic audit** means, how to do it, and what the requirements are, how it is consistent with performance audit standards, and what the tools and approaches for SAIs are should be facilitated.

2.4.1. Strategic approach in SAI refers, in particular, to the stage of **the identification of strategic issues to be considered** in audits and advisory activities in the process of SAI's strategic planning. Planning and preparation are a key point in strategic audit process. Strategic audit raises demands on audit planning. For example, in the preparation and planning phase of strategic audit an analytic report and/or a preliminary study could be prepared.

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

2.4.2. Strategic audits might refer to audits, evaluation or counseling **on various elements of policy cycle, and policy coherence overall, in a whole-of-government perspective** – from strategic planning to evaluation, accountability and learning<sup>7</sup>.

2.4.3. Strategic auditing also may include whole-of-government audits that examine three core elements of policy and program integration—horizontal (across ministries), vertical (across levels of government), and engagement (with civil society and stakeholders).<sup>8</sup>

2.4.4. Strategic audit and advisory activities are closely linked both envisaging **a forward-looking approach and addressing prospective topics** (see Chapter 4).

2.4.5. SAIs might perform strategic audits or provide their advice based on auditing work **not on a regular basis, but in order to indicate gaps in government evaluation work**, how it could be fulfilled by

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<sup>7</sup> See OECD (2016), *Supreme Audit Institutions and Good Governance: Oversight, Insight and Foresight*, OECD Public Governance Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264263871-en>

<sup>8</sup>For 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.

demonstrating a good practice of evaluation, and to encourage government to address the current problem. Strategic audits might include such a «band-aid» auditing work<sup>9</sup>.

The scope of SAI's involvement in strategic audit brings up **an issue of the SAI's mandate**. However, all SAIs under the limits of their mandates could contribute to the achievement of national goals by implementing 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 foundation for gaining, securing and developing the performance audit mandate.

SAI are to decide independently on the type of audit to carry out, depending on its mandate, expectations of stakeholders, environment and availability of resources. Balancing all these dimensions involves a robust combination of compliance, financial and performance audit methodologies.

- 2.5. Advisory function.** Responding to global and national challenges requires recognition of the new role of supreme audit institutions. SAIs may greatly contribute to the achievement of national goals through provision of advice and recommendations grounded on and within the limits of their independent institutional position and mandate, audit responsibilities and unique accumulated knowledge. Fundamental principles of public sector auditing promote SAIs to carry 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 parliament and the administration with their professional knowledge in the form of expert opinions under the condition that the effectiveness of their audit is secured (Lima Declaration, 23). Providing advisory service **without violating SAIs auditing functions** requires finding the balance between the audit assignments and other assurance tasks.

SAIs have accumulated a variety of diverse and hard to reconcile experiences on activities conducted beyond traditional audit function due to different mandate limits, resource allocation, capacity as well as accountability and performance regimes in respective countries. SAIs are encouraged to share their experience and contribution to the achievement of national goals by providing advice that is based on their audit and analytical work.

#### 2.5.1. The rationale.

- a) SAIs are strategically positioned in a constitutional set-up to overview and oversee the whole budget cycle and government activities that allow SAIs to accumulate knowledge, advanced skills, organizational capabilities and institutional power relevant to the enhancement and stimulation of improvements and positive change in governments. To ensure value and benefits (ISSAI 12), SAIs must utilize the opportunity of beneficial integration of their advisory activities on solutions for more efficient public governance with the government reforms process. By revealing and using their analytical and advisory potential, SAIs both ensure their value and benefits and act as model organizations.
- b) Audit work can be reinforced by SAIs' advisory and research activities aiming to reveal improvement potential as a result of systematic review of audit findings and SAIs' comprehensive analytical and research work.

Performance auditing is defined in a way that underlines the role of auditing in both accountability of public governance and improvement of their results (ISSAI 3100, 22). Performance audit report

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<sup>9</sup> Here we use the term «band-aids» audits mentioned in (Mayne, 2006). "Audit and Evaluation in Public Management: Challenges, Reforms and Different Roles." Canadian Journal of Program Evaluation 21,1: 11-45

is supposed to explain in detail problems that hamper performance in order to encourage corrective action, and to do so, should include constructive recommendations for improvements to performance that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit (ISSAI 300, 39-40).

- c) The more complex and interdependent the structure of government gets and the more uncertain environment due to the increasing complexity of society, the more apparent is the need for government (decision-makers) to be assisted by civil society, private sector, research communities and others, including SAs, in identification of problems and solutions.
- d) SAs may play a significant role in increasing trust in governments by forcing their greater transparency, providing new analytical insights into public governance, assuring credibility of performance reports and data, shedding light on decision- and policy-making process, high-risk areas, etc.
- e) Advisory functions complement assessment made through audits. Advisory can be performed in moments others than those which are typical of audit functions. As it was noted at the XVII INCOSAI, providing advisory service during the early stages of a reform effort can be used in shaping the reform agenda and helping to improve government performance and accountability. For example, advising the government to introduce KNI systems might allow for considerations of sustainability of a policy to be introduced.

2.5.2. **The focus.** Traditionally, audit work concentrates on retrospective identification of irregularities and deficiencies. SAs should not only focus on finding examples of good practice that could force positive changes and serve as benchmarks, but also **focus on a broader perspective of government path to results, including learning and the ability to take corrective actions.**

- a) In the course of their work, SAs build up a wide range of expertise related to accountability and efficiency of public governance (evaluation, performance measurement, strategic planning, financial management etc.) that should be exploited while carrying out advisory activities on issues related to the achievement of national sustainable goals.
- b) SAs should also consider closely strategic future-oriented issues that are crucial for government functioning in times of reforms, recessions or introduction of new governance principles (risk-management, social security systems, environmental sustainability etc.). Choosing such a strategic topic could be regarded as a feasible start for SAs with limited resources or those building performance audit functions (ISSAI 3100).
- c) Governance across sectors and levels of government are crucial to foster coordination and cooperation on the way to achieve the national sustainable goals and the SDGs until 2030. Additional to strategic future-oriented issues, SAs should also address issues of multilevel governance and network-management in their audits.
- d) To support learning, search for innovations, the implementation of new technologies, including new management styles in government, SAs should focus on the challenges that modern national governments face by complementing their core critical approach with the emphasis on good practices, ways of engaging citizens, open data initiatives, real-time communication with stakeholders as well as constantly addressing gaps in accountability in the process of shifts in structural organization of government.

- 2.5.3. **Actions.** SAI's advisory activities that contribute to good governance and achievement of national goals should not only be delivered within SAI's legal mandate, but also in a way that defends and promotes the principles of the Lima and Mexico Declarations (ISSAI 1, ISSAI 10) – maintaining independence and ensuring the best possible use of public funds in a credible, neutral and objective manner.
- a) SAls should foster their relations with parliaments and civil society 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.
  - b) SAls should secure their independence and position by avoiding interference in decision- and policy-making process, day-to-day management, and critics of government's objectives, but should not avoid strategic, complex and sensitive topics if SAI's work could add significant value.
  - c) From the selection of topics to the communication of results, SAls must conduct work based on facts that is open to scrutiny at every stage. It requires finding a balance between transparency and confidentiality in SAI.
  - d) SAI's advisory work should not be finished with the publication of a thematic report or a position paper as SAI's position should be properly communicated to stakeholders and defended during discussions (Section 4). It is possible that SAls will be in need to communicate their results by engaging in education to promote interest in SAI's results and findings.

### 3. Foresight and analytics in SAls. Advanced communication strategy.

3.1. **Research and analytics function.** Data analysis and analytics is an innovation that makes data a resource for promotion of the efficiency, accountability, effectiveness and transparency of public administration. In order to realize SAls' 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 SAls, to build skills on program evaluation, data analysis and analytics, key national indicators, systemic thinking, assessment of policy coherence etc. Discussions on the facilitation and development of capacities in data and analytics in SAls are encouraged.<sup>10</sup>

3.1.1. **New demands for analytics in SAls.** The ongoing technological changes associated with the increasing amount of audited information pose increased demands on the auditors' analytical capabilities, such as:

- a) qualitative analysis (work with strategic documents, sets of key indicators and key national indicators etc.);
- b) quantitative analysis (work with individual data, datasets and databases, data visualization and the presentation of complex data).

New demands for analytics in some SAls include growing demand for prospective analytics. High-quality audit demand is challenging in terms of quantity and quality of resources it requires.

3.1.2. **New skills.** As for job profiles and competencies, SAls also would need different academic education and skills than usual (statistics, sociology, economics, psychology, mathematic, etc.)<sup>11</sup>. In dealing with capacity-building:

- a) INTOSAI should facilitate elevating the skills of all current staff in the public sector to an acceptable professional level;
- b) SAls should produce the «auditors of the future» – staff within SAls who can deal with the challenges of the future, including using data analytics and innovation, being knowledge exchangers, producers of foresight, etc.

3.1.3. **Education in data and analytics for performance audits.** To maintain independence and ensure relevance, SAls must understand that SAI's relevance is predominantly **determined by the quality of their work**, which in turn depends on the competencies of the staff. SAls are going to be more and more involved in dealing with a big amount of complex data and must know how to treat it to maintain and enhance their relevance.

3.1.4. **New organizational solutions.** SAls require **a scientifically trained analytical team to build up «receptive capacity» of supreme audit institution**, to harness opportunities of digital revolution and data analytics. To strengthen their analytical potential, SAls can establish separate analytical units to address particular problems (understanding of risks and risk-management, data analytics, evaluation

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<sup>10</sup> These were among the topics discussed at the 24rd UN/INTOSAI Symposium on « Digitalization, open data and data mining: relevance and implications for SAls' audit work and for enhancing their contributions to the follow-up and review of the SDGs» in 2017.

<sup>11</sup> 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.



etc.). 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).

**3.2. Communicating new role and results.** SAIs need to increase the awareness of their audit role to have a positive impact on SAIs by shrinking the gap between SAIs and their stakeholders, especially the citizens, by sharing know-how, reporting the relevant findings in a clear and effective manner, and using the best communication tools to reach a wider audience. SAIs should communicate results of their activities **in plain and clear language**, using different tools of communication and taking into account different demands of their target audience.

3.2.1. 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. SAIs need a comprehensive communication strategy to address:

- a) communication of their new role and approach so that the stakeholders are active supporters of SAIs work;
- b) communication of their results keeping in mind different demands of its stakeholders. It requires knowledge of the theory of change in a policy field, thus the relationship between activities, output, outcomes and ultimately impact, so that you can explain why policy failure matters, why action is required, what the SAI is trying to achieve by auditing it.

3.2.2. Nowadays, target users should not only passively perceive information but also **be actively engaged in SAIs activities** that aim to enhance good governance. Thus, citizens and other stakeholders should be engaged in this process. SAIs should also look for new ways and tools for communicating their role and results (for example, mobile apps, social media, etc.).

3.2.3. **Data visualization.** Data visualization is not only a first stage of data analysis but also a sound and efficient way of data representation that prevents information overload by making complex concepts simple. User-friendly visual representation of complex results of SAIs work are crucial for conveying main messages of SAIs to stakeholders.

3.2.4. **Collaboration with universities and research institutions.** SAIs should **enhance their communication with 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 to collaborate more effectively with research. SAIs also could **benefit from using research studies and developing their methodological work by applying research methods**.

#### 4. Key topics to address

4.1. The new era of digital and data revolution, but low trust in government and growing complexity of its structures and relations shape several crucial topics for SAIs audits and advisory activities. Increasing the complexity and differentiation of «mechanics» of government require special attention to transparency and accountability.

4.2. **Enhancing collaboration in pursuit of national goals.** In government, building networks and fostering collaboration are essential for the successful achievement of national goals and the 2030 Agenda for Sustainable Development. There is a growing understanding that governments cannot achieve their goals without collaboration, cooperation and network management, meaning both intra- and extra-governmental collaboration – to this end SAIs will also have to strengthen their ability to collaborate with and positively influence a variety of stakeholders.

4.2.1. Combined efforts across agencies, levels of government, sectors, and with the public, are required for effective policy implementation and service delivery. **SAIs need to emphasize benefits and costs of collaborative government** and draw attention to the lack of coordination, issues of clear roles and accountability, gaps in risk management within the government.

4.2.2. Acknowledging that **policy coherence is central to the achievement of national goals**, SAIs need to assess coordination across different levels of government, to evaluate positive or negative synergies between public programs, policies, plans (strategies), identify policy interactions, spillovers, unintended effects and conflicts.

4.2.3. Strengthening the capacity of governments to achieve national goals by implementing coherent policies implies (a) a need for appropriate performance measurement and management of government results instead of results of a particular program or public entity; (b) a need for taking a «whole-of-government» approach to ensure integrated government response to particular public problems and risk areas; (c) corresponding and relevant shift in the focus of SAIs audits.

4.2.4. Government's efforts to achieve national goals will not be successful without **public awareness and civic engagement**. 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 need to stress both risks and opportunities of digital transformation of society and the government and highlight the benefits and means of collaborative tools in the government to draw on a potential of the public (i.e. hackathons, data science meet-ups and competitions, crowdsourcing, etc.). These collaboration tools catalyze communication and inspiration in public community, enable concentration of efforts, and encourage innovative solutions to public challenges formulated as clearly defined problems with parameters of an outcome.

The central role of SAIs in **promoting transparency of the access of the public and civil society to public information in open data formats** was emphasized in Recommendations of the 24-th UN/INTOSAI Symposium). 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 related to open data. The discussion about the publication of SAI's results in open data format should also be facilitated.

SAIs should 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 gives way

to a new analytical paradigm for government, the public, private sector and SAIs. Most importantly, effective use of public data serves to a greater transparency and accountability of government.

Unique position of SAIs within public sector refers also to generated and published data. The advantage of SAIs is that they can verify the obtained data directly at the controlled entities. The data explosion of available data generated by public administration (open data) is demanding also for the SAIs. Their position and data analytics are forming a unique opportunity/possibility to make assurances about public data quality, reliability and accuracy (veracity). It's hard to follow strategic and integrated approach to auditing without quality underlying data.

- 4.2.5. Over 70 SAIs are working together under an INTOSAI Knowledge Sharing Committee/IDI joint project to assess national preparedness to implement the Sustainable Development Goals. This initiative, along with other related ones within INTOSAI, will provide a wealth of valuable information both for the respective nations as well as globally on common challenges and emerging good practices<sup>12</sup>.

**4.3. Advancing the use of data and evidence in the government's decision-making process.** An informed decision-maker should be

- (a) equipped with high-quality and timely information on performance of government entities and outcomes of their activities in order to react to budget-related problems quickly and appropriately;
- (b) armed with results of rigorous complex evaluations in order to meet long-term challenges.

Monitoring and evaluating as well as using produced evidence for decision-making are important parts of the framework that ensures accountability, high-performance and learning in government.

- 4.3.1. The SAI should assess **the credibility of the government's reporting** on the achievement of national goals by providing audit and advising on the quality of their 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.
- 4.3.2. Advances in technologies are close to allowing real-time monitoring and early warnings, but **the use of data and evidence to inform and drive major decisions** still remains a serious problem in government due to the absence of proper institutional arrangements, integrated information systems, standards and guidelines. SAIs should address national («whole-of-government») capacity and public entities capacity to effectively use performance information and its organization to improve and manage results. SAIs should also support data-driven and evidence-based culture and values in government by paying due attention to the objective representation of performance measurement problems, public skills deficiencies and transparency of performance information systems.
- 4.3.3. Performance audit requires continuous advancement of performance audit methodology and auditors skills to be in line with the developments in social science research and evaluation methods.

**4.4. Facilitating prospective approach and future-oriented approaches in government.**

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<sup>12</sup> Also see results 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.

- 4.4.1. Better risk management in government is needed to provide a direction of performance improvement keeping in mind a broad understanding of risk that includes not only financial risks but also environmental, social risks or the risk of a lack of innovation. SAIs can concentrate on :
- **Identifying risk areas of national and international interest** and addressing such crosscutting issues as climate change, social welfare programs, cyber security and demography etc.
  - **Raising awareness of risks** is crucial for a SAI to remain relevant and to help build citizens' trust in public policies and institutions. Assessing risks associated with public policies and programs implementation shall provide SAIs with evidence allowing them to provide their insight and expertise (foresight) to support parliamentary oversight function.
  - Addressing **a need for managing systemic risk in government** in addition to the operational and enterprise risk of a single entity.
- 4.4.2. SAIs should enhance and strengthen long-term strategic thinking, planning, and foresight capabilities by auditing of strategic plans in government and foresight capabilities as well as address the problem of strengthening the Center of Government's capabilities in strategic management, guiding the implementation of crosscutting efforts, and fostering innovation<sup>13</sup>.
- 4.5. **Inclusiveness** is a key point of the 2030 agenda for sustainable development with its slogan of «leaving no one behind», and SAIs should take into account this crucial feature of development agenda while conducting their audit work (by examining preparedness of national statistical systems, government goals, by conducting audit of performance information etc.)<sup>14</sup>.

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<sup>13</sup> See Federal Court of Accounts – Brazil (2016) Guidelines for governance assessment of the Center of Government <https://portal.tcu.gov.br/lumis/portal/file/fileDownload.jsp?fileId=8A8182A2589BC8D301589C881C61792C>

<sup>14</sup> Inclusiveness is among the principles of effective governance developed by UN DESA, Committee of Experts on Public Administration (Principles of effective governance, 2018)