

Making SAI independence a reality

Some lessons from across
the Commonwealth





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Preface

Supreme Audit Institutions need to be independent if they are to be credible and effective. However, across the Commonwealth several SAIs do not have the necessary independence which impedes their ability to hold the governments to account for their use of public resources. In this context, the Commonwealth Auditors General are committed to work towards increasing the independence of audit offices across the Commonwealth.

This paper is a useful contribution to this endeavour. It recognises that independence can not only be something given to Supreme Audit Institutions but it is to be earned also. We need to work with others in parliaments, governments, civil society and elsewhere to make the case for our independence and to gain their support for the same. Equally we need to make sure that our own organisations are as good as they can be. We need to make sure that we are producing high quality, insightful audits which help improve public financial management in our countries, and thus reduce waste and help in mitigating the risk of fraud and corruption.

I would like to thank the UK National Audit Office, in particular Mr. David Goldsworthy, for their efforts in producing this paper and my colleagues, Mr John Muwanga, the Auditor General of Uganda and Ms Pamela Monroe-Ellis, Auditor General of Jamaica, for their comments on earlier drafts.

I would also like to thank my colleagues across the Commonwealth who continue to strengthen their respective audit offices and are striving to achieve the independence which their organisations deserve.



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Chair of the Commonwealth Auditors General Conference
Comptroller and Auditor General of India
March 2015

Introduction

1 At the Commonwealth Heads of Government meeting (CHOGM) in Sri Lanka in November 2013, the Heads of State reaffirmed their commitment to the independence of supreme audit institutions (SAIs) stating in the final communique that:

“Heads recognised the contribution that strong, properly resourced and independent supreme audit institutions play in improving transparency, accountability and value for money to ensure that public funds are appropriately spent.”

2 This resolution built on the March 2012 UN General Assembly resolution 66/209 promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions. The resolution recognised that supreme audit institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence.

3 Independence is a vital element in providing citizens with assurance that there are functioning checks and balances. The regular and timely release of credible and high quality audit reports by SAIs provides reassurance that governments are accountable to their parliaments and their electorates.

4 In reality, many Commonwealth SAIs still fall well short of the level of independence defined in the Mexico Declaration issued at the 2008 Congress of the International Organisation of SAIs (Annex 1).

5 Some Commonwealth SAIs remain part of government, often as departments of a Ministry of Finance. This can mean that they do not have the ability to recruit, promote and manage their own staff. It also means that their funding is approved by the government which they audit, rather than by the parliament. Indeed, in some jurisdictions, the heads of SAIs themselves have little security of tenure and may be removed without proper process.

6 While most Commonwealth SAIs are set up under specific legislation, in many cases the legislation does not provide the SAI with comprehensive access rights to audit all the bodies and organisations which either spend public money or collect revenues e.g. taxes. In some Commonwealth countries, the legislation limits the types of audits which the SAI can undertake.

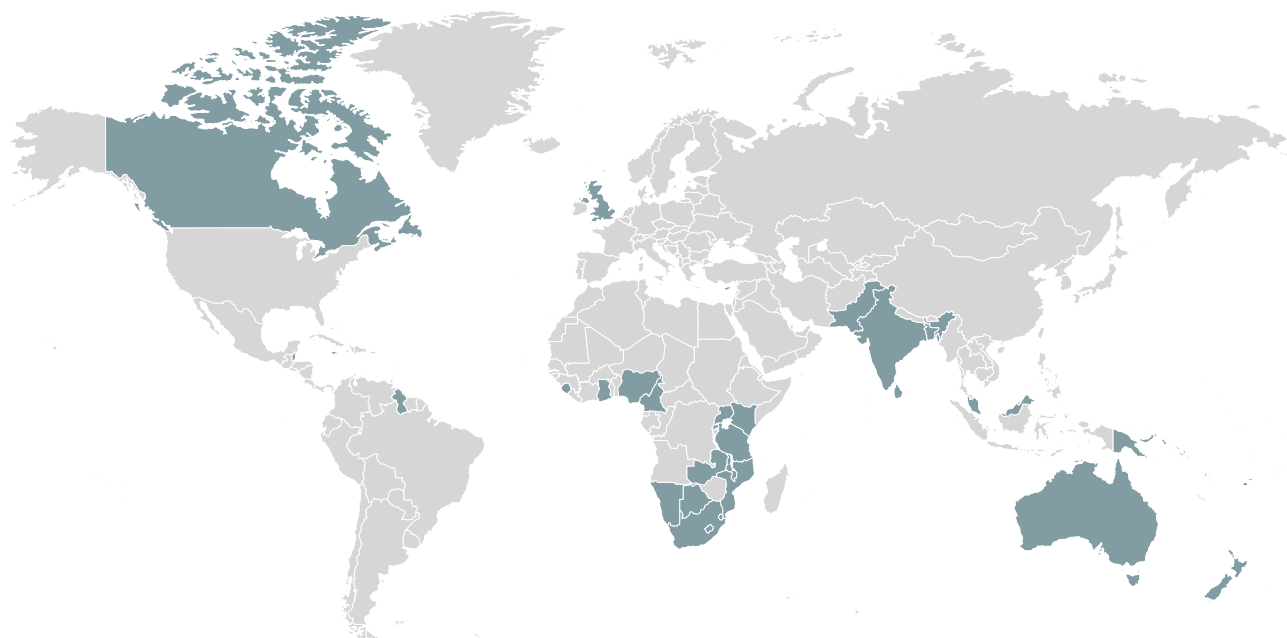
7 A key aspect of independence is for the SAI to publicise the results of its work and then undertake follow-up work as required. It is, therefore, worrying that some Commonwealth SAIs experience difficulties reporting to the wider public the results of their audits, or are not able to follow-up the recommendations made in their audit reports to ensure they have been implemented.

8 At the Commonwealth Auditors General Conference held in Malta in March 2014, the participants took a collective decision to launch a campaign across the Commonwealth to make the CHOGM communicate a reality. This paper is one part of that campaign. It draws on the recent experience of those Commonwealth SAIs who have increased their level of independence. It describes some of the barriers to increasing the level of SAI independence and some of the strategies which may help SAIs overcome them. The paper does not seek to be a checklist of how full SAI independence can be achieved, but rather provides an illustration of some of the issues which need to be considered and suggestions for addressing them.

9 In seeking to achieve greater independence it is important to remember that independence is a state of mind as much as a series of laws. There are many examples of what courageous and persistent Auditor Generals have achieved, even in the absence of legislative independence. Equally, independence is an evolving construct. Each generation of auditors needs to be vigilant that their SAIs remain relevant and able to provide parliament and citizens with the assurances they need. As governments adopt new ways of delivering services, for example using private companies to deliver public services, then being independent means the SAI having the right to audit the flow of funds to non-public sector bodies.

10 Independence is also something which SAIs can progressively gain by demonstrating that they can produce high quality useful audits and that they are operating as professional, open and transparent organisations. Much is likely to be made over the next few years of the importance of good governance and the post-2015 UN sustainable development goals will commit the world to improvements in this area. SAIs need to embrace this agenda and show that they are capable of managing their independence in an accountable, open and responsible manner.

The Commonwealth



Countries by region

Africa

Botswana
Cameroon
Ghana
Kenya
Lesotho
Malawi
Mauritius
Mozambique
Namibia
Nigeria
Rwanda
Seychelles
Sierra Leone
South Africa
Swaziland
Uganda
United Republic of Tanzania
Zambia

Asia

Bangladesh
Brunei Darussalam
India
Malaysia
Maldives
Pakistan
Singapore
Sri Lanka

Caribbean and Americas

Antigua and Barbuda
Bahamas, The
Barbados
Belize
Canada
Dominica
Grenada
Guyana
Jamaica
Saint Lucia
St Kitts and Nevis
St Vincent and The Grenadines
Trinidad and Tobago

Europe

Cyprus
Malta
United Kingdom

Pacific

Australia
Fiji
Kiribati
Nauru
New Zealand
Papua New Guinea
Samoa
Solomon Islands
Tonga
Tuvalu
Vanuatu

Independence as a project

11 Independence rarely happens to an SAI by accident. Independence needs to be planned for carefully and can take years of persistent work by many different partners. Like any project, it is important that the SAI is clear about what it wants to achieve, has a full appreciation of what the barriers and risks are, and can make a strong case to those who can help the SAI achieve the greater independence it is seeking. In planning how to obtain greater independence, it is important to set milestones and be clear about which SAI staff are responsible for which part of the campaign to achieve greater independence.

Involving partners

12 To strengthen its independence, an SAI usually needs the support of its Parliament, the Ministry of Finance, the Public Service Commission (or equivalent body), and, of course, its own staff. Each of these groups will need to understand what the SAI is seeking and have their fears allayed. In all cases, an SAI will need to identify who are the potential supporters within these groups, who are the opponents and the basis of their opposition, and who are the potential influencers who might be able to reassure the doubters? Thought needs to be given to the best way to communicate with these different groups. In many cases an SAI will also need to develop close links to the international development community who may be able to provide funding support to help the SAI achieve independence.

Parliament

13 If the Parliament has an active Public Accounts Committee (PAC), it is likely that the committee members will be major supporters of change. They are well placed to talk to ministers, party leaders, the Speaker, and other MPs about the benefits of greater independence for the SAI. However, they may not always be clear about the benefits to them, their political parties or their constituencies of a more independent SAI. They will need to be given opportunities to develop a clearer understanding and appreciation of what is possible and why. In this process, it is also important to ensure that parliamentary officials, for example parliamentary clerks, and the staff who support the PAC understand the reasons why an SAI requires greater independence and the benefits of having such greater independence. Where the PAC is chaired by the opposition, it is essential that the chair is seen to be acting in as politically neutral a way as possible. If government see the opposition using the PAC as a political tool to attack the government, then they are more likely to resist pressure from the committee for greater autonomy for the SAI.

14 Careful thought needs to be given to the likely impact of parliamentary electoral schedules. If draft legislation reaches the parliament too late in the electoral cycle, there may not be enough parliamentary time for new or amended legislation to pass. Are any key supporters likely to lose their seat in elections, or be distracted during electoral campaigns?

15 In countries with a strong presidency then SAI heads will also need to consider how and when to engage the office of the President in discussions about the importance of SAI independence and their support sought.

Possible actions include:

- arranging a study tour to countries with an independent SAI and meetings with the PACs and individual MPs, possibly with funding support from development partners;
- ensuring that the PAC has more visibility when audit reports are released and allowing the committee to take more credit for the audit reports;
- conducting special workshops in country – perhaps led by an MP or other expert from elsewhere on the benefits of greater independence – possibly using *ISSAI 12 – The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens* adapted for the specific context of individual countries, available at <http://www.issai.org/media/84539/issai-12-e.pdf>;
- obtaining a capacity building project to strengthen the PAC so that it can better understand its role and why greater independence is important for an SAI;
- encouraging PAC members to conduct briefing sessions for other MPs – often having to talk about something in public can generate a deeper understanding of the issues;
- producing a briefing paper for the PAC providing ready answers to typical objections. PAC members may well face lobbying from disgruntled staff or others and need to be able to deal with these;
- making sure the Senate or House of Review understand why change is needed and what the benefits are likely to be; and
- making sure the key political parties are supportive encouraging them to make greater independence of the SAI part of their political manifestos.

Ministry of Finance

16 Ministries of Finance usually view their role as the guardians of public funds and one of the few public bodies who can be trusted with public funds. They may see the funding of the SAI directly from parliament as a threat to their position. Ministries of Finance may also argue that an SAI which is a department of the Ministry of Finance already has sufficient independence to undertake its audit work and to report the results of this work. The SAI will need to be able to show that it understands the views of the ministry, but may need to emphasise that there is a fundamental conflict of interest with an SAI being within the government structure, i.e. part of a government department or ministry, and being the external auditor of government. Where Ministries of Finance, and others, fear that an independent SAI is unaccountable, the SAI may need to suggest appropriate accountability mechanisms including oversight arrangements for the SAI governance processes and procedures and how SAI performance will be assessed.

Possible actions include:

- Recommending the establishment of a Public Accounts Commission in parliament. Such a Commission would scrutinise and approve the SAI's strategic plan, budget and annual report, and would appoint the SAI's external auditor. In agreeing the budget of the SAI, the Commission would be expected to consult with the Ministry of Finance, but would not be bound by its advice;
- Considering the creation by Parliament of a board for the SAI. The role of the board would include scrutinising the performance of the SAI and it would be excluded from interfering in the day-to-day audit decision-making, i.e. what to audit, how to audit and how to report. For most boards, the majority of the members would be non-executive members i.e. not employees of the SAI and therefore more likely to provide a constructive challenge to the Auditor General and the SAI's Leadership Team. If such a board is to be established, it is vital that the process of appointing board members is transparent, politically neutral and results in the appointment of people of integrity. It is also important that board members understand their oversight role and do not involve themselves in audit decision-making which must remain the prerogative of the Auditor General;
- Ensuring that the SAI has an up-to-date Finance Manual. The Manual should set out the policies and procedures to be followed to ensure that the SAI operates in accordance with best practices in financial management. The SAI may wish to consult with the Ministry of Finance when updating its Finance Manual;
- Carrying out a functional review to ensure that the SAI has all the functions needed to manage its own operations. The review should identify how many audit staff are needed, and at which grades, to deliver the audit programme i.e. to ensure that all the audit work can be delivered in a timely way. The review will also cover corporate services and IT functions. The review will support the SAI's bid for the resources which will be considered by the parliament;
- Conducting a pay and grading exercise to assess how the salaries of different SAI grades compare with similar staff in the public sector and in the private sector i.e. private sector audit firms. The SAI will need to recognise that the salaries paid to its staff need not match private sector salaries because of such benefits as pensions, and job security. However, if there is a substantial gap between the salaries of SAI staff and the salaries of staff in private sector audit firms, the SAI will need to acknowledge the risk that it is likely to lose some of its most highly experienced qualified professional staff unless this gap is bridged;
- Publishing an Annual Report on the SAI's performance and management of resources, including financial accounts, which complies with international best practices on transparency and openness; and
- Carrying out audits which are although independent are clearly aligned with the ministry's aim of delivering broader public financial management reform.

Public Service Commissions

17 Some Commonwealth countries have strong centralised Public Service Commissions which seek to ensure that robust and transparent processes exist for the recruitment, promotion and management of public sector staff. However, the formality and inflexibility of these systems can make it difficult for SAIs to recruit, promote and reward professional staff on merit rather than seniority. At the same time, such Commissions may resist change because they may have doubts that the SAI can manage its staff in compliance with good employment practices and to avoid nepotism. The Commissions may also be worried about the risk of ‘wage explosion’ as the SAI seeks to pay its professional staff in line with auditors in private sector firms and the effect on other staff in the public sector if they see one entity being treated differently to another.

Possible actions include:

- Developing an up-to-date Human Resources Manual and seeking engagement with the Public Service Commission in developing the manual;
- Conducting a pay and grading exercise possibly using the services of a private sector firm to compare salary packages in similar organisations in the public and private sector. Salaries need to be set at a level which is sufficient to attract and retain qualified staff and, ideally, linked to the achievement of professional qualifications. However, it will be important not to forget the tangible benefits (pensions) and intangibles (doing good, job security) offered by the SAI. The salaries may need to be higher than the prevailing civil service rate, but often not much higher;
- A combined approach to the Public Service Commission by the SAI, Ministry of Finance and other parts of the public sector employing qualified accountants and other professionals may be a useful way of making the case for salary increases; and
- Inviting Public Service Commission staff on to recruitment and promotion panels as the SAI moves from seniority to a competency-based promotion system. This will help ensure that the SAI's processes comply with good employment practices.

Staff and the Unions

18 SAI staff, and the trade unions which represent them, may feel unsettled by discussions of independence. In some cases, they will fear job losses, or reduced promotion opportunities. They may also fear the loss of public service employment rights and a general erosion of conditions. In this context of uncertainty, rumours can often abound and inflame the situation.

Possible actions include:

- introducing modern human resource management approaches – in line with the INTOSAI Capacity Building Committee guide *Human Resource Management: A Guide for SAIs* can help reduce staff concerns about prospective changes, available at <http://www.intosaicbc.org/humanresourcemanagementguidesais-englishversion/>;
- needing to have regular minuted meetings with the trade union side to identify their concerns and to ensure that, as far as is reasonable, they are dealt with while at the same time being clear about the 'non-negotiables';
- ensuring regular face-to-face and written communication with all staff to ensure they receive clear and consistent messages and can feel that their voice is listened to. Where there is consultation, it is important to make sure that it is genuine consultation and, where changes are made as a result of that consultation, to make sure that staff are kept up-to-date;
- offering a 'honeymoon period' of up to 3 years during which staff can decide whether they wish to stay in the civil service and take up other posts in government, or to transfer to the new independent SAI;
- setting up a special fund for staff who wish to take voluntary redundancy or early retirement; and
- obtaining additional funding (an increase in the SAI's budget) to pay for salary increases if they are warranted. As far as practicable, salary increases should be directly linked to the achievement of professional qualifications. The professionalisation of the SAI is crucial as it seeks greater independence.

Creating wider support for reform

19 As part of the process of seeking greater independence, SAIs may find it useful to foster good links to other key stakeholders. These are likely to include donor agencies, the media, civil society organisations and business groups. It is important that these different stakeholders understand what changes are being sought and why.

20 Donor agency, governance and public financial management staff may understand the importance of SAI independence, but their Heads of Mission may not. It may prove beneficial to set out clearly what the SAI wants and the impact this will have on the quality of audit reports and the broader issues of transparency and accountability. Heads of donor agencies are well placed to raise issues of SAI independence when meeting presidents, ministers and other senior government officials. Ambassadors and senior embassy officials are similarly well placed to act as advocates for SAI independence.

21 The media often have little understanding of the role of SAIs and why independence is important. However, they are well placed once they understand the issues to write useful articles on the SAI. They are more likely to do this in situations where the SAI has engaged actively and has communicated the results of audits to the media in clear and concise forms.

22 Civil society organisations, especially those dealing with transparency and accountability issues, are well placed to campaign for SAI independence. However, they also need training so that they understand the role of SAIs and the reason for demanding greater independence. Such groups are often well connected into the parliamentary world and can be useful allies.

23 Business organisations need to know that governments are making best use of the taxes and levies collected from companies and other businesses. They usually understand the importance of external audit and are likely to be natural allies of the SAI in wanting to see proper public accountability. With their contacts at senior levels, business organisations are well placed to advocate for reforms and greater independence for SAIs. Accounting and other professional organisations are also potential allies.

24 While such partnerships can play a useful part in creating a climate and willingness to change, care needs to be taken that working with such groups does not create a resistance or backlash in government or parliament.

Possible actions include:

- Arranging public seminars or accountability conferences which provide a forum for key stakeholders to discuss issues of transparency and accountability – including SAI independence;
- Making sure that the SAI Annual Report and/or a summary is shared with key groups;
- Offering to address conferences and major meetings of partner organisations so that they are more aware of the work of the SAIs and how it can benefit their members; and
- Producing articles for key public finance and business journals on the importance of SAI independence.

Drafting the legislation

25 Once government and parliament have agreed to consider developing new, or updating old, SAI legislation, there is much that can go wrong and SAIs need to be especially vigilant. Starting with a good draft law, ideally one which has PAC and Ministry of Finance support is key. In doing this, SAIs will need to work closely with parliamentary counsel and Law Commissions involved in drafting legislation so that they understand the areas of potential contention. The SAI will need to carefully review current legislation and compare this with the audit laws developed for other SAIs in similar circumstances – there is no need in this area to start from scratch.

26 In general, good SAI legislation is concise and sets the framework and principles for operating. Good legislation should allow sensible discretion in SAI operational issues so that as audit evolves there is not a constant need to seek legislative amendments. It also needs to be tempered by reality. While an SAI might want to be able to audit every 'dollar and cent' of public money spent and collected every year, it may not get the funding and resources to do this. Nor, indeed would it necessarily be a prudent use of public funds. So laws which leave some discretion may be preferable to those which try to be overly specific.

27 Some of the main legislative areas which can cause difficulties are:

- **how the SAI budget is determined and agreed** – ideally by a special commission of parliament and/or a Board of Audit – albeit with advice from the Ministry of Finance;
- **how the SAI is held accountable and to whom** – with greater independence the SAI should expect to be more visibly accountable. This can be done by the special commission of parliament or a board but also by the SAI making more information available on its performance and management of funds;
- **SAI's right to hire, promote, fire and set remuneration packages** – the SAI should set these being mindful of prevailing rates in the public and private sector and acting in accordance with good employment practices with the overall framework ratified by the special commission of parliament and/or the SAI board;
- **appointment of the SAI's external auditor** – ideally a role for the special commission of parliament;
- **SAI's capacity to retain income** – useful to seek so that fees for service audits, for example the audit of donor agency funds, may be retained for use by the SAI;
- **SAI's freedom to say no to requests to carry out work** – while it is important that the SAI consults the PAC and others on its audit programme, it must always have the right to refuse a request if it considers the request unreasonable, or too political;
- **SAI's right to follow public money to the final point** – as governments use the private sector and non-government sector to deliver public services, SAIs need the power to follow public money to the final point;
- **SAI's legal immunity** – when the SAI produces audit reports for parliament, it needs the legal protection of parliamentary privilege against the risk of being sued;
- **types of SAI audits** – SAIs need the freedom to undertake a wide range of audits, including, but not limited to, financial, compliance and performance audit;
- **tenure of SAI Head** – SAI heads need to know that they have a reasonable period of time to manage the SAIs without fear of sudden dismissal or challenge – typically around 10 years. Indeed the grounds on which an SAI Head may be dismissed need to be clear and the process transparent so that they are safe from unfair dismissal;

- **transparency of appointment process of head of SAI** – the appointment to the key position in the SAI needs to be transparent and open and comply with best practices in the appointment of senior executives. The head of the SAI needs to be seen as a person of integrity, professional competence and without evident political allegiance and the appointment needs the approval of both the government and major opposition parties;
- **SAI's right to publish** – SAIs need to be able to publish their audit reports as soon as the reports are completed and not wait until they have been formally discussed by PAC and/or parliament. The immediacy of audit information is important; and
- **follow-up of SAI audit recommendations** – it should be clear that the SAI has the powers to follow-up its audit recommendations and those made by the PAC and to see that information on such follow-ups is placed before parliament and in the public domain.

28 While having a good legal framework is important, it is by no means a guarantee of SAI independence. Many SAIs face challenges with de facto independence even when rigorous legal frameworks are in place. SAIs always have to be vigilant that their independence does not get eroded. Some SAIs have had to resort to appeals to the courts to resist attempts to erode their independence.

Start operating as though you are already independent

29 One of the best ways to obtain greater independence is to operate as though you already have greater independence. The more an SAI can demonstrate that it can produce high quality audit reports which are useful to public bodies and bring about beneficial change, are accessible to literate members of the public, and are delivered to time and budget, the more likely the SAI will gain the greater independence it is seeking.

David Goldsworthy
15 October 2014

Annex 1

Mexico declaration on SAI independence

Preamble

From the XIX Congress of the International Organisation of Supreme Audit Institutions (INTOSAI) meeting in Mexico:

- Whereas the orderly and efficient use of public funds and resources constitutes one of the essential prerequisites for the proper handling of public finances and the effectiveness of the decisions of the responsible authorities.
- Whereas the Lima Declaration of Guidelines on Auditing Precepts (the Lima Declaration) states that Supreme Audit Institutions (SAIs) can accomplish their tasks only if they are independent of the audited entity and are protected against outside influence.
- Whereas, to achieve this objective, it is indispensable for a healthy democracy that each country have an SAI whose independence is guaranteed by law.
- Whereas the Lima Declaration recognises that state institutions cannot be absolutely independent, it further recognises that SAIs should have the functional and organisational independence required to carry out their mandate.
- Whereas through the application of principles of independence, SAIs can achieve independence through different means using different safeguards.
- Whereas application provisions included herein serve to illustrate the principles and are considered to be ideal for an independent SAI. It is recognised that no SAI currently meets all of these application provisions, and therefore, other good practices to achieve independence are presented in the accompanying guidelines.

Resolves:

- To adopt, publish, and distribute the document entitled *Mexico Declaration on Independence*.

General

Supreme Audit Institutions generally recognise 8 core principles, which flow from the Lima Declaration and decisions made at the XVIIIth Congress of INTOSAI (in Seoul, Korea), as essential requirements of proper public sector auditing.

Principle 1: The existence of an appropriate and effective constitutional/ statutory/ legal framework and of de facto application provisions of this framework

Legislation that spells out, in detail, the extent of SAI independence is required.

Principle 2: The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties

The applicable legislation specifies the conditions for appointments, reappointments, employment, removal and retirement of the head of SAI and members of collegial institutions, who are:

- appointed, reappointed, or removed by a process that ensures their independence from the Executive (see ISSAI-11 Guidelines and Good Practices Related to SAI Independence);
- given appointments with sufficiently long and fixed terms, to allow them to carry out their mandates without fear of retaliation; and
- immune to any prosecution for any act, past or present, that results from the normal discharge of their duties as the case may be.

Principle 3: A sufficiently broad mandate and full discretion, in the discharge of SAI functions

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; and
- the economy, efficiency, and effectiveness of government or public entities operations.

Except when specifically required to do so by legislation, SAIs do not audit government or public entities policy but restrict themselves to the audit of policy implementation.

While respecting the laws enacted by the Legislature that apply to them, SAIs are free from direction or interference from the Legislature or the Executive in the:

- selection of audit issues;
- planning, programming, conduct, reporting, and follow-up of their audits;
- organisation and management of their office; and
- enforcement of their decisions where the application of sanctions is part of their mandate.

SAIs should not be involved or be seen to be involved, in any manner, whatsoever, in the management of the organisations that they audit.

SAIs should ensure that their personnel do not develop too close a relationship with the entities they audit, so they remain and appear objective.

SAIs should have full discretion in the discharge of their responsibilities, they should cooperate with governments or public entities that strive to improve the use and management of public funds.

SAIs should use appropriate work and audit standards, and a code of ethics, based on official documents of INTOSAI, International Federation of Accountants, or other recognised standard-setting bodies.

SAIs should submit an annual activity report to the Legislature and to other state bodies – as required by the constitution, statutes, or legislation which they should make available to the public.

Principle 4: Unrestricted access to information

SAIs should have adequate powers to obtain timely, unfettered, direct, and free access to all the necessary documents and information, for the proper discharge of their statutory responsibilities.

Principle 5: The 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.

Principle 6: The freedom to decide the content and timing of audit reports and to publish and disseminate them

SAIs are free to decide the content of their audit reports.

SAIs are free to make observations and recommendations in their audit reports, taking into consideration, as appropriate, the views of the audited entity.

Legislation specifies minimum audit reporting requirements of SAIs and, where appropriate, specific matters that should be subject to a formal audit opinion or certificate.

SAIs are free to decide on the timing of their audit reports except where specific reporting requirements are prescribed by law.

SAIs may accommodate specific requests for investigations or audits by the Legislature, as a whole, or one of its commissions, or the government.

SAIs are free to publish and disseminate their reports, once they have been formally tabled or delivered to the appropriate authority – as required by law.

Principle 7: The existence of effective follow-up mechanisms on SAI recommendations

SAIs submit their reports to the Legislature, one of its commissions, or an auditee's governing board, as appropriate, for review and follow-up on specific recommendations for corrective action.

SAIs have their own internal follow-up system to ensure that the audited entities properly address their observations and recommendations as well as those made by the Legislature, one of its commissions, or the auditee's governing board, as appropriate.

SAIs submit their follow-up reports to the Legislature, one of its commissions, or the auditee's governing board, as appropriate, for consideration and action, even when SAIs have their own statutory power for follow-up and sanctions.

Principle 8 Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources

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. See <http://www.intosai.org/issai-executive-summaries/view/article/issai-10-the-mexico-declaration-on-sai-independence-eger.html>

