



**9th Meeting of the Steering Committee of the
INTOSAI Committee on Knowledge Sharing and Knowledge Services
(Goal 3)**

Bali, Indonesia
August 23-25, 2017

**AGENDA ITEM 26
Annual Progress Report of the INTOSAI Working Group on the
Value and Benefits of SAIs (WGVBS)**

Dear colleagues,

On behalf of Mr. Juan M. Portal, CPA, Auditor General of Mexico and Chairman of the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS), I am pleased to inform you on the activities carried out by the Working Group since the last meeting of the KSC Steering Committee held in Mexico City, in September 2016.

Unfortunately, the SAI of Mexico was not able to attend this meeting due to a series of national commitments. Nevertheless, they transfer their sincere greetings to Ms. Rita Mitra, Deputy Comptroller and Auditor General of India, on behalf of the KSC Chair; to Dr. Moermahadi Soerja Djanegara, Chairman of the Audit Board of the Republic of Indonesia, host of this meeting, and to all the KSC members attending this meeting.

It is worth mentioning that our Working Group's 10th meeting will be held from September 6 to 8, in Mexico City, so this is a progress report subject to the topics to be discussed and agreements stemming from that event. The SAI of Mexico, as Working Group Chair, will shortly submit an updated version of the report to the KSC Steering Committee.

Before referring to each of our ongoing projects, I would like to announce that the SAIs of Hungary, Kuwait, and Moldova have joined our Working Group, after concluding the consultation period among the membership. We also thanked the SAIs of Bahrain and Germany, which concluded their membership in our Working Group due to other institutional commitments. Therefore, to date our Working Group comprises 22 SAIs, which contact information is periodically updated and available on our website.

As you know, this Working Group has been given a mandate to develop tools, strategies and/or mechanisms for communicating and promoting the value and benefits of Supreme Audit Institutions. In this regard, this entity has been working on raising the awareness, within the INTOSAI community and before relevant stakeholders, on the impact of supreme auditing and its value to make a difference in the lives of citizens through trust, efficiency, and effectiveness. It is important to highlight the commitment shown by the members of the Group as to the development of the different projects that are included in our work plan and in our meeting agenda.

Firstly, I would like to refer to the Forum of SAIs with Jurisdictional Functions, project co-chaired by the SAIs of Chile and France, which aims to be a space for reflection, collaboration, and exchange of good practices among SAIs with this type of organizational model.

I would like to convey to you that, during a side event of the INTOSAI Congress held in Abu Dhabi, in December 2016, the Paris Declaration was ratified by the Forum members and other parties. As you might remember this document lists the values of SAIs with jurisdictional functions; its purpose is to promote the value and benefits of jurisdictional SAIs as independent, credible and effective bodies. The participation of Dr. Margit Kraker, President of the Austrian Court of Audit, and INTOSAI General Secretary, as well as Heads of SAI, including institutions with a different model, reveals the interest raised within the community of SAIs on the Forum's work and objectives.

This *momentum* has been exploited to create, under the umbrella of the Working Group, a sub-group on jurisdictional activities standardization responsible for creating a guide on the value and benefits of SAIs with jurisdictional functions, including reference to the tools used by jurisdictional SAIs to effectively fight against fraud and corruption. This project proposal has been presented before the Forum for INTOSAI Professional Pronouncements. During our meeting in Mexico City, we will further explain and agree on the Forum's activities, and work plan for the future.

As you may recall, our Working Group continues collaborating to conclude a *Guideline on Effective Practices of Cooperation between SAIs, the Legislature, the Judiciary, and the Executive*, project led by our colleagues from the SAI of Jamaica. In Arusha, during our 2016 meeting, the Working Group members approved the revised guideline and agreed upon presenting the document, without its annexure, before the members of the Goal 3 Steering Committee.

In relation to the referred annexure, the Working Group members also agreed to enrich both its drafting and examples included. To this end, an online survey was developed by the project leader, with assistance provided by the Working Group Chair and other member SAIs. Later on, the survey was applied to the INTOSAI community, which counted on a 10 week-period to provide comments and good practices in terms of their cooperation strategies with the three government branches. The SAI of Jamaica used the gathered information to enrich the annexure of good practices.

I am glad to highlight the keen participation of the INTOSAI community on this initiative. During our meeting, the leading SAI will present the revised version of the guideline, including the updated annexure, so the set of documents, meaning the guideline and its annexure, could be endorsed and submitted to Chair of the Knowledge Sharing Committee.

Now, I would like to refer to the work carried out by the Task Team made up by the SAIs of Namibia, South Africa and Mexico, which look after the implementation of the ISSAI 12 principles.

At the Arusha meeting, the Task Team members identified, following the application of a survey to a reliable sample of the INTOSAI community, that the most challenging principles, in terms of implementation, were numbers 3, 6, 7, 9 & 11. This information allowed the Task Team to prepare and launch a survey, as well as to organize video-conferences with representatives from targeted SAIs. The objective of this initiative is to gather concrete information on institutional strategies and actions that other SAIs could take into account to implement the referred challenging principles.

Interesting findings will be presented by our colleagues from the SAIs of Namibia and South Africa. These findings could be used by the Working Group to develop and provide the INTOSAI Community with guidance material to help SAIs to fully implement the ISSAI 12. Additionally, this information could allow to focus the Working Group's activities for the next period. The KSC Steering Committee will be kept informed on the progress related to this project.

Another important initiative is related to the importance to expound the main elements that SAIs should take into account to identify and manage key national risks, as well as their own internal functioning risks. As you might recall from our meetings in Nanjing and Arusha, the SAIs of the United States of America and China, in cooperation with the Working Group Chair, have developed, respectively, papers on (1) "*Risk Identification Process in the Public Sector*", and on "*Risk Management Process in SAIs*".

During our 2016 meeting, both drafts were presented, and the Working Group members agreed upon providing comments to the preliminary versions. The revised papers will be presented in two weeks in Mexico City, so we will be in a position to define the potential next steps of these initiatives.

Relating to the audits quality control and its impact on the value and benefits of SAIs, the Working Group recognized, following a roundtable discussion held in Arusha on this topic:

- the diversity of institutional arrangements related to the implementation of a quality control policy;
- clarified the importance of the tone of the top for not limiting quality control to products but also outcomes;
- highlighted the relevance of the institutional principles guiding the quality management throughout the audit process and support activities, and
- made reference to the SAI Performance Measurement Framework as an adequate reference, although not the only one, for SAIs to verify the quality assurance.

These reflections were the basis for the members to decide drafting a paper on the implementation of quality control in the audit process, which could go beyond the contents addressed in ISSAI 40. This paper is expected to address the level of independence, mandate and position within the institution, and guiding principles of the unit responsible for audit quality assurance.

To this end, a Task Team within our Working Group was established, after a call among the member SAIs, and thanks to the interest expressed by the SAIs of Austria, China, Iraq, Pakistan, Peru, and the United States of America. During our meeting in September, the project's work plan will be presented.

Now, I will refer to the SAIs Performance Measurement Framework (SAI PMF), which, as you may recall, after its endorsement of the XXII INCOSAI, it was shifted from 2017 onwards from our Working Group, as part of the Knowledge Sharing Committee, to a unit established within the Capacity Building Committee, with IDI as operational lead and responsible for looking after the operationalization of the Framework high level strategy 2017-2019, as well as an adequate performance measurement system.

Taking into consideration the interest expressed by the members, the Working Group Chair has maintained a periodic communication with IDI, due to the relevance of the Framework implementation and updating for our working agenda.

Another topic of the utmost importance for this Working Group is the SAIs' potential role to go beyond their traditional oversight function, in order to have a foresight focus, which could be key to strengthen their credibility. As referred by the OECD representatives last year, SAIs could create economic value by helping institutions to make a better use of data, and also by providing cross-government comparisons to ensure the comparability of data amongst various levels.

SAIs could also raise the awareness of open data strategies, be aware of potential risks and opportunities in the open government data area, and use this approach to support their institutional endeavors to fight against corruption and money laundering, and to promote integrity in the public sector.

While INTOSAI has recently created a Working Group on Big Data, which represents a step forward to have a foresight focus, in 2016 we decided to include the topic of Open Government Data as part of our working agenda, considering that it links with transparency, better government services, and improvement of the lives of citizens. As Chair of the Working Group on Value and Benefits of SAIs, we have maintained communication with OECD since this Organization has a line of work on this field.

In this regard, I am glad to inform that the SAI of China, as Chair of the Working Group on Big Data, will make a presentation on "Data-Assisted Auditing: Value to Enhance the Government Auditing Impact." This will allow our membership to define our work scope, and to avoid any overlapping of activities.

Another ongoing initiative is the drafting of a paper on a risk-management framework for SAIs to incorporate relevant programs related to the Sustainable Development Goals in their annual audit plans. During our meeting we will present a progress report, which was prepared considering the conclusions of the last INCOSAI Technical Theme I.

As for the extended mandate granted by the INTOSAI Congress in 2013, the Working Group is also responsible for communicating and promoting the importance of the

different INTOSAI tools, such as the SAIs' Information Database, the Self-Assessment on Integrity (IntoSAINT), the KSC-IDI Community Portal, the INTOSAI Online Glossary, the SAIs Capacity Development Database, and the Experts Database, among others.

The awareness-raising on these tools within the INTOSAI community and before relevant stakeholders becomes very important, taking into consideration their impact on INTOSAI's perception.

An agenda item has been included in our meeting in September to present guidance material prepared by the Working Group Chair, which aims to strengthen the design, implementation, dissemination and sustainability of any tool made available to the INTOSAI Community. This project was prepared taking into account an analysis made in 2016 comprising the existing tools' purpose, users, platforms, updating, funding, quality assurance mechanisms, accountability before INTOSAI authorities, impact measurement, communication policies, and strategies for sustainability in the long run.

Given the environment of mistrust that surrounds public sector, SAIs must permanently lead by example, as pointed out in ISSAI 20, and shall demonstrate the accuracy of their auditing work. Thus, SAIs must act with neutrality and impartiality. In our forthcoming meeting, we will have an opportunity to deepen the discussion on this topic through a roundtable on "The Impact of SAIs' Work, the balance Between Facts and Perception", wherein we will count on the participation of civil society representatives.

Last but not least, I would like to highlight that our Working Group fosters the exchange of experiences and good practices related to the promotion of the value and benefits of supreme auditing. An example of this is that in every meeting, we allocate time slots for member SAIs to voluntarily present good practices and experiences dealing with the subject matter by means of national case studies.

Ladies and gentlemen, thank you for your attention.

Court of Audit of France

On behalf of the Chair of the INTOSAI Working Group
on Value and Benefits of SAIs (WGVBS)

August 24, 2017

Motions presented for endorsement by the KSC Steering Committee:

1. To take note of the Working Group's progress report. The final version of this report will be submitted by the WGVBS Chair after the Working Group's 10th meeting, to be held from September, 6-8, in Mexico City.
2. If necessary, to approve *per capsulam* decisions on specific projects of the Working Group, taking into account their corresponding progress, and bearing in mind that this body's meeting will take after the KSC SC's 9th meeting.