# 8th Meeting of the Steering Committee of the

# INTOSAI Committee on Knowledge Sharing and Knowledge Services (Goal 3)

# Mexico City, Mexico

# September 7-9, 2016

# Annual 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 Washington DC, in October 2015.

To date, the Working Group’s membership comprises 21 SAIs since the Office of the Auditor-General of Pakistan has recently been admitted as new member.

Taking into account that the Working Group has been given a mandate to develop tools, strategies and/or mechanisms for communicating and promoting the value and benefits of SAIs, during this year we have focused our efforts on concrete projects, as agreed by the members to work towards practical outcomes, rather than theoretical ones, that could be useful for the SAIs community.

Our activities status and the progress made by the task teams or the project coordinators were recently addressed during our 9th meeting, which was held from August 29 to 31, 2016 in Arusha, Tanzania. Thirty participants representing 12 member SAIs[[1]](#footnote-1) attended this meeting, together with two representatives from the INTOSAI Development Initiative and one participant from the Policy Forum, a non-governmental organization in Tanzania.

The objective of this meeting was to discuss the latest developments, achievements attained, and new initiatives to be undertaken by the Working Group, on the eve of the XXII INTOSAI Congress, as I will refer in this progress report.

First I would like to refer to the Forum of Jurisdictional SAIs Network of General Prosecutors, a Working Group’s sub-entity[[2]](#footnote-2) established in 2014, which aims to be a space for reflection, collaboration, and exchange of good practices among SAIs with this type of organizational model. As a result of the meeting held in Paris, in November 2015, a key document was released, dubbed the “Paris Declaration”, which 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.

This document is to be presented and signed by the Forum members and other parties, during a side event of the XXII INCOSAI in December 2016, in Abu Dhabi. Additionally, the Forum members will hold periodic plenary meetings. In this regard, during the upcoming encounter, the Forum members will address the specific tools used by jurisdictional SAIs to fight against fraud and corruption. I would like to highlight that an additional objective of this Forum is to develop a guideline, which could internationally acknowledge the principles of the jurisdictional SAIs.

Another relevant initiative refers to a Guideline on Effective Practices of Cooperation between SAIs, the Legislature, the Judiciary, and the Executive, which is led by the SAI of Jamaica. As agreed during our 2015 meeting in Nanjing, China, the Working Group’s feedback was considered in the drafting of its revised version. The updated guideline was re-exposed before the Working Group members for additional comments, in order to obtain information concerning SAIs’ good practices in their cooperation with the three government branches. The comments received by the project leader were included in a new version of the Guideline, which was presented last week during our meeting in Arusha.

Since the members confirmed that their comments were appropriately reflected in the document, they approved the revised guideline, which is enclosed for your reference. In this regard, hereby I kindly ask you to endorsement this document, so it could be exposed for comments by the INTOSAI community. To this end, the WG Chair will prepare, together with the project coordinator, a communication to be submitted to the community of SAIs, so that they could submit their comments and provide the information required to prepare an annex with good practices.

The revised guideline together with the referred annex should be made available at the end of 2017 first quarter.

As you may recall, a Task Team made up by the SAIs of Namibia, South Africa and Mexico, have followed up the application of a survey related to the implementation of ISSAI 12 principles. This survey results have been useful to identify that the most challenging principles are No 3, 6, 7, 9 and 11. I would like to clarify that the number of survey responses received by this Task Team represents a reliable sample of the INTOSAI community, so it helps to outline robust conclusions on the matter.

The value of this information is that it will allow restricting and focusing the Working Group’s activities for the following period, including the role the WG could play to help SAIs effectively face and potentially reduce the challenges at implementing the referred principles. To this end, the Working Group will identify, support with documentary evidence, and spread detailed information on the good practices within the INTOSAI community relating to these principles implementation.

Other relevant initiatives were launched during our 2015 meeting, where we had the opportunity to discuss the importance to expound the main elements that SAIs should take into account to identify key national risks, as well as to recognize and manage their own internal functioning risks.

While the SAIs of Mexico and the United States of America drew up the draft document “Risk Identification process in the Public Sector”, the SAIs of China and Mexico prepared the draft document “Risk Management Process in Supreme Audit Institutions”.

I am glad to inform that both projects have been submitted to the WG members for their reference and comments, which should be sent by October 31, 2016, at the latest. The KSC Steering Committee will be kept informed on the progress related to these working documents.

A recent activity of the Working Group is its collaboration with the Organisation of Economic Co-operating and Development (OECD), regarding the use of Open Government Data by SAIs as a source to broaden and/or deepen the scope and impact of their audits. This is part of our working agenda considering that Open Government Data links supreme auditing with transparency.

The Working Group has recognized the increasing importance for SAIs to go beyond their traditional oversight function, in order to have a foresight focus, which could be key to strengthen their credibility. In this sense, 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. Additionally, SAIs, as one of the environment actors, 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.

Additionally, relating to the audits quality control and its impact on the value and benefits of SAIs, the Working Group has recognized the diversity of institutional arrangements related to the implementation of a quality control policy, clarified the importance of the tone of the top for looking after quality control not only in relation to products but also to outcomes, highlighted the relevance of the institutional principles guiding the quality management throughout the audit process and support activities, and made reference to SAI PMF as an adequate mechanism (although not the only one) for SAIs to verify the quality assurance.

These reflections will be the basis for the WG members to draft a paper on the implementation of quality control in the audit process, which could go beyond the general principles defined in ISSAI 40. This paper will address the level of independence, mandate and position within the institution, as well as the guiding principles of the unit responsible for audits quality assurance. In preparing this paper, the WGVBS Chair will consider information to be provided by the IDI on SAIs’ experience in the subject matter after implementing the SAI PMF. The WG Chair will call for SAIs which could voluntarily join the task team responsible for drafting this paper in 2017.

Another new initiative to be undertaken by the Working Group is the drafting of a paper on a risk-assessment framework for SAIs to incorporate relevant programs related to the implementation of the Sustainable Development Goals in their annual audit plans. In this regard and to avoid duplication of efforts, the Working Group will take into account IDI’s information on the capacity development programme “Auditing Sustainable Development Goals”.

As for the extended mandate granted by the INCOSAI 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.

In this regard, the WG Chair conducted an analysis on the INTOSAI Tools’ broad diversity in terms of purpose, users, platforms, updating, funding, quality assurance mechanisms, accountability before INTOSAI authorities, measurement of impact, communication approach, and strategies for their operational sustainability. Bearing in mind that the effective awareness-raising of these tools within the INTOSAI community and before relevant stakeholders becomes utterly important, and taking into consideration their impact on the perception of the value of supreme auditing and of our Organization, hereby we ask you to endorse our proposal for the responsible committees and SAIs to jointly prepare, as far as possible, a guidance with good practices on the INTOSAI Tools development, updating, quality assurance, outreach, and operationalization.

As a result of this initiative, INTOSAI bodies and member SAIs could be encouraged to harmonize the existing tools terms of reference around a global strategy supporting the new Strategic Goal 4 “Maximize the value of INTOSAI as an International Organization”.

In relation to our own communication strategy, our new Website is available at the URL address displayed on the screen[[3]](#footnote-3). The WGVBS Chair will liaise with each project coordinator, in order to jointly feed the corresponding sections on this Website.

With regard to the upcoming endorsement of the INTOSAI Strategic Plan 2017-2022, the Working Group is acquainted with its new features, including the crosscutting priorities for the INTOSAI community. This new Strategic Plan will be considered by our Working Group members to align, if necessary, the future approach of our activities to effectively promote and communicate the value and benefit of SAIs.

Last but not least, I would like to address the development of a single, global Performance Measurement Framework for SAIs (PMF) for assessing and monitoring SAIs’ performance. In this regard, after confirming that the process agreed during our 2015 meeting had been followed by the responsible Task Team led by the IDI, and that the exposure comments had been appropriately reflected from the pilot version, the WGVBS members approved its Endorsement Version and confirmed that it could be forwarded for your consideration and approval at this meeting.

This version is based on the experiences stemming from the outcomes of the pilot version launched in July 2013. It takes into account the results of extensive consultation and testing through more than 20 pilot assessments, and several official rounds of consultation with numerous stakeholders, from 2013 to 2015. Additionally, this version includes contributions from francophone SAIs with jurisdictional functions, and was disseminated among the Working Group member SAIs for comments.

Although the SAI PMF is neither an ISSAI nor an INTOSAI GOV, and it is therefore not required to follow the INTOSAI Due Process, in order to strengthen the reliability and rigorousness of the document before the INTOSAI community, it was decided, in coordination with the KSC Chair and the Task Team, to follow a process similar to the required to endorse our professional standards.

Enclosed to this report, you will find the SAI PMF Endorsement Version, a document including the inputs to the Framework received from June to August 2016 and recommended responses. Additionally, we have also enclosed the SAI PMF Strategy 2017-2019 for your reference.

On this matter, our Working Group has taken note of the decision of the Goal 2 and 3 Chairs that the responsibility for strategic governance of SAI PMF will shift from the Committee on Knowledge Sharing and Knowledge Services (KSC) to the Capacity Building Committee (CBC) from 2017 onwards, with IDI as operational lead.

Detailed information on the purpose of the SAI PMF Strategy, the key SAI PMF functions, critical success factors, and the relevant next steps, will be addressed right after my presentation, by Mr. Magnus Lindell, Deputy Auditor General at the Swedish National Audit Office, and Vice-Chairman of the CBC.

I would only like to highlight, on behalf of the Working Group members, the importance of the operationalization of this strategy as well as of an adequate performance measurement system. Additionally, with regard to the future role of the Working Group, I hereby express our membership’s expectation for continuous communication and collaboration with the SAI PMF unit, an entity to be established within the IDI, not only in relation to the updating of the Framework, but also relating to the relevance the Framework implementation has to define our Working Group’s agenda. To this end, we have expressed a wish to be kept informed on the Framework implementation and updating; this could be during our Working Group’s annual meetings.

Ladies and gentlemen, thank you for your attention, and I now give the floor to Mr. Magnus Lindell, Vice-Chairman of the CBC.

**Mr. Juan M. Portal, CPA**

Auditor General of Mexico and

 Chairman of the INTOSAI Working Group on Value and Benefits of SAIs

September 2016

**Motions presented for endorsement by the KSC Steering Committee:**

1. To take note of the Working Group’s annual report, including the progress made regarding existing and new initiatives to support the communication of the value and benefits of Supreme Audit Institutions.
2. In relation to the SAI Performance Measurement Framework, to approve its Endorsement Version, and confirm that it can be forwarded to the INTOSAI Governing Board for endorsement at its 68th meeting in December 2016, and for final approval at the XXII INCOSAI in December.

In addition, to take note of the decision of the Goal 2 and 3 Chairs that the responsibility for strategic governance of SAI PMF will shift from the Knowledge Sharing Committee to the Capacity Building Committee from 2017 onwards, with IDI as operational lead.

Besides, to take note of the SAI PMF high level strategy 2017-2019 which is developed by an INTOSAI task team, and to bear in mind the Working Group’s concern on the operationalization of this strategy as well as of an adequate performance measurement system.

Finally, to take into account our Working Group’s expectation for continuous communication and collaboration with the SAI PMF unit not only in relation to the updating of the Framework, but also relating to the relevance the Framework implementation has to define our Working Group’s agenda.

1. To take note on the actions carried out by the Forum of Jurisdictional SAIs Network of General Prosecutors, for the “Paris Declaration” to be presented and signed by the Forum members and other parties, during a side event of the XXII INCOSAI in December 2016, in Abu Dhabi.
2. In relation to a Guideline on Effective Practices of Cooperation between SAIs, the Legislature, the Judiciary, and the Executive, to endorse the revised version so it could be exposed for comments by the INTOSAI community.
1. SAIs of Austria, China, France, Indonesia, Iraq, Jamaica, Mexico, Namibia, Peru, South Africa, Tanzania, and the United States of America. [↑](#footnote-ref-1)
2. Forum members: SAIs of Brazil, Chile, France, Italy, Morocco, Peru, Portugal, Spain, Tunisia, and Turkey. [↑](#footnote-ref-2)
3. [www.wgvbs.com.mx](http://www.wgvbs.com.mx) [↑](#footnote-ref-3)