**Slide 1 Key National Indicators: Guidance for Supreme Audit Institutions**

Dear colleagues!

Slide 2 The Secretariat of the Working group on key national indicators in pursuance of the decision of the KSC Steering Committee prepared the draft document «Key National Indicators: Guidance for Supreme Audit Institutions» (further - Guidance). The Guidance focuses primarily on KNI as a necessary tool for the effective evaluation of the national development strategies realization, and the role of SAIs in the development and use of key indicators. The main objectives of the Guidance are:

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* to explain what KNI and the KNI system are;
* to provide a framework for self-assessment of the countries preparedness to use KNI systems; and
* to describe the role of SAIs in the development and use of KNI.

Slide 4 The Guidance comprises three parts.

**Part 1** provides essential background. It defines KNI as a specific set of indicators that measures economic and social progress in achieving national goals in the respective areas. It also provides the main concepts in the KNI framework. The diversity of interpretations of such terms as “progress,” ”key national indicators,” and others makes it necessary for SAIs to formulate a common understanding of key terms used by SAIs. In this case, not only definitions and terms, but interpretation and description of the most correct way to use them are important.

**Part 2** deals with self-assessment process of the level of KNI system preparedness. It proposes various ways of improving KNI systems. The basic step of self-assessment is to determine if a KNI system is in place or being developed. The KNI system may be an element of an overall strategic management plan and be a part of the government activity, or it may be based on traditional macroeconomic indicators, which development is the responsibility of national statistics services. KNI can define the state of the economy (employment, transport, finance, etc.), society (health, housing, education, crime, culture, etc.), environment (natural resources, ecosystem etc.) and other spheres.

**Part 3** describes general principles for the application of KNI by SAIs in view of existing restrictions. The role of a SAI in the process of the selection and use of KNI largely depends on political, legislative and administrative systems of each country and SAI’s mandate. In order to avoid possible risks SAIs should follow general principles of the KNI application:

• Independence;

• Objectivity and impartiality;

• Professionalism;

• Transparency and accountability.

Slide 5 The Guidance was prepared on the basis of the analysis of international experience on the development and use of KNI. The materials of the INTOSAI Working group on KNI, of the international organizations in particular the UN and the OECD, and ISSAIs are used, including ISSAI 100 Fundamental Principles of Public-Sector Auditing and ISSAI 5130 Sustainable Development: The Role of Supreme Audit Institutions. The results of the survey on researching SAIs’ readiness to use KNI, which was carried out in 2014 by the Working group on KNI, are included into the Guidance as illustrative examples of countries’ experience.

At the moment the Guidance accumulates the basic principles and approaches in the development and use of KNI and primarily it is aimed at the application of provided recommendations by SAIs. The document is intended to optimize SAIs activities and to improve the quality of performance management assessment for ensuring the competitiveness, security and sustainability of development processes. We hope the implementation of the Guidance will ensure the consideration of the interests of a SAI in the process of developing the performance indicators system that would ensure transparency, objectivity, and methodologically elaboration of KNI and, in general, will affect the growth of professionalism of SAIs.

The Guidance was disseminated among the group members for comments and approval. All opinions were taken into account and the document was highly appreciated by group members.

Slide 6 The Guidance is planned to be the basis for the ISSAI on the use of KNI in SAI’s activity. In the Standard it is planned to examine all questions mentioned above and to submit recommendations in auditing how the strategies and development programs are implemented.

Slide 7 Therefore it would seem reasonable to suggest that the Committee adopts the Guidance so it could be presented at the Congress next year.

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