**Independence Strategy [template] for the**

**Office of the Auditor-General of xxx**

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Letter from the Auditor-General

[Office of the Auditor-General letterhead]

[date]

TO:

Honourable …

**RE: Independence Strategy for the Office of the Auditor-General**

We have completed the development of strategies for the greater independence of the Office of the Auditor-General (OAG). The independence of the audit office is the key to delivering effective assurance to the citizens regarding transparency and accountability in the use of public funds and in integrity in public management.

Through a self-guided assessment of independence, following the Lima Declaration of Guidelines on Auditing Precepts as well as the Mexico Declaration on SAI Independence, conducted on [dd/mm/202y], we have identified:

1. the legal framework governing OAG must be enhanced;
2. changes to some of the OAG operational practices must be made; and
3. […].

The details of the assessment including the corresponding strategies that were formulated are discussed in the following pages.

We are soliciting the support of the leadership of our country, particularly the Legislature for the passing of the enhancements to the [name] Act and for helping in making the changes to some of the OAG operational practices. [We submitted the proposed amendments to the Legislature on dd/mm/20yy.]

Respectfully submitted

[Name]

Executive summary [suggested]

The work of the Office of the Auditor-General (OAG) is essential for good governance. The OAG gives assurance to the citizens of transparency and accountability in the use of public funds and integrity of public management. It is only by being independent that this assurance can be effectively achieved.

The basic principles of independence for government audit offices (which are known internationally as supreme audit institutions, or SAIs) originated in the Lima Declaration in the 1970s and the Mexico Independence Principles. Yet, the constitutional and legal frameworks have yet to capture the full range of the Mexico Independence Principles (for example, by recognising the audit office as an institution, with financial independence and managerial/operational autonomy).

Thus, the overall objective of the OAG in this project is to achieve greater independence in both its legal framework and in practical terms (day-to-day operation). With greater independence, the right resources and the right number of suitably qualified and trained staff, the OAG would be able to make a difference to the lives of our citizens by strengthening accountability, transparency and integrity of government and public sector entities.

Further, with greater independence, the OAG would be able to better achieve its purpose of performing risk-based auditing.

In this regard, the OAG has conducted a SAI Performance Management Framework assessment (or self-assessment [see Annex I]). The results of the assessment have indicated the lack of an appropriate level of independence for the office.

The assessments identified:

1. the SAI legal framework must be enhanced; and
2. changes in some of the SAI operational practices must be made.

To improve the situation, the OAG will pursue greater SAI independence by the following strategies:

1. Propose enhancements to the legal framework in which OAG operates.
2. Advocate and engage with relevant stakeholders.
3. Enhance the quality and the communication of the OAG reports and activities.
4. Seek a budget that would supply sufficient staff.
5. Monitor our independence, be accountable and lead by example.

Background

Office of the OAG

The OAG is the supreme audit institution (SAI) in XXXX.

Organisation chart

[insert chart here]

Legal framework

The SAI mandate is provided for by both the Constitution under Section xxx and the Auditor General Act [insert the actual name here]. The details of functions and responsibilities of the office are shown in [Exhibit A](#_Exhibit_A:_Legal).

Importance of an independent SAI

An independent SAI would be able to accomplish its tasks objectively and effectively and would be protected against any form of influence or undue political pressure. In addition, an independent SAI, with adequate, competent and professional staff, will accrue the following values and benefits to the citizens while doing audit and investigation works:

#### Promoting and boosting accountable governance

An independent SAI would have a significant and positive effect on the quality of service delivery and management of resources in public entities in terms of transparency and accountability. The managers can be held accountable to their decisions and actions.

#### Strengthening fiscal transparency

With adequate, competent and professional staff, there could be more proactive audits and investigations that could strengthen the financial health and stability of public services, thus, offer more and increased transparency and certainty for the public.

#### Enhancing public sector integrity

Through financial, compliance (with laws and regulations) and performance audits, the SAI can support the enhancement of public integrity. By extending and focusing audits on compliance, ethical behavior and conflict of interest, the auditor could report issues on integrity. For example, an auditor can audit organisational culture by auditing the financial management behavior of high officials. These audits are not about materiality but about the tone on the top, as the leadership example reveals parts of institutional culture of an organisation.

#### Help fights against corruption

As part of its audit activity or as part of the annual or strategic plan, the SAI is assessing audit risks. Part of these risks could be fraud, bribery and corruption including the assessment of the related programs and corruption risk strategies implemented by the government to help mitigate the risks. In this regard, the SAI is the first line of defence against corruption.

If the results of the assessment indicate that these kinds of risks are high, that would justify the SAI to include in its plan an audit focusing on risks. When an audit is initiated, the auditor would be able disclose and refer cases for further investigation. This way, the SAI could help fights against fraud, bribery and corruption. However, this also needs competent, certified and qualified staff to conduct a meaningful investigation.

#### Contributing to the achievement of Sustainable Development Goals (SDGs) or 2030 Agenda[[1]](#footnote-1)

The SAI has a central role to play in conducting an independent oversight of the implementation of the 2030 Agenda. By doing an audit on implementation of SDGs, the SAI would then be able to contribute to value and benefits for citizens. In conducting an independent oversight over the implementation of the SDG, the SAI should seek answers to the following objectives or questions:

1. To what extent has the government adopted the 2030 Agenda into its national context?
2. Has the government identified and secured resources and capacities (means of implementation) needed to implement the 2030 agenda?
3. Has the government established a mechanism to monitor, follow up and review and report on the progress towards the implementation of the 2030 Agenda?

Purpose and importance of developing a strategy

The fundamental purpose of developing a strategy is to make explicit choices in each context in the pursuit of a certain outcome. A strategy is important to an organisation because it can provide an overall strategic direction to the management of the organisation and give a specific direction to specific area/s to achieve success in execution.

Methodology and approach to developing the SAI Independence Strategy

The methodology and approach used in developing the OAG independence Strategy include the following:

1. Assessing the SAI’s current state of independence, with reference to its environment, its constitutional and statutory/legal framework and the practices that enable it to be independent in a practical sense.
2. Undertaking a SWOT Analysis(encompassing strengths, weaknesses, opportunities and threats), using as a basis the Mexico Declaration principles and any available assessment tools or benchmarks.
3. Formulating and writing a strategy document, including key priorities and objectives (recognising that a strategy may encompass both constitutional/legal reform and other actions), a blueprint for strengthened independence, an analysis of threats to independence and a plan for implementation through resourcing and ongoing stakeholder engagement.
4. Developing the Implementation Plan including timeline, resources and budget.
5. Monitoring and reporting.

Understanding the SAI external environment

*Governance arrangements*

*Executive Branch*:

*Legislative Branch*:

*Judiciary Branch*:

*Municipal governments*: ???

*Traditional Council*: ???

Identification of the SAI’s key stakeholders

The SAIinteracts with stakeholders that can be regarded as partnerswith whom it has a natural relationship. Examples of partners include audited entities, the legislature or its committees, the Executive, the Judiciary, the Attorney General, the Ministry of Finance and other government departments and entities, investigative agencies, non-government organisations, the development partners or donors and the public/citizens. The identification of stakeholders and evaluation of their ranking are in the subsequent tables.

How stakeholders relate with the SAI

| **Stakeholder** | **Definition/Description** |
| --- | --- |
| Legislature |  |
| Executive |  |
| Audited entity | These are the departments or offices that the SAI is mandated to audit |
| Judiciary | The judiciary is the branch of the state charged with the responsibility of administering the justice system. The judiciary may deal with cases relating to fraud and corruption that the SAI may come across during the audit.  |
| Civil Society Organisations (CSOs) | The term civil society refers to the wide array of nongovernmental and not-for-profit organisations that have presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious, or other considerations. The CSOs are an important sector of the demand side of accountability and play a critical role in promoting transparency and holding the government to account. There has also been a growth in social movements that may be less formally organized than more traditional CSOs but that have shown themselves capable of implementing ambitious advocacy initiatives. Increasingly, many SAIs are recognising that engaging CSOs and leveraging their capacity can considerably enhance the overall effect, relevance and legitimacy of audit processes. Therefore, effectiveness of SAIs requires active interaction with all the relevant CSOs for the accountability system to hold the government and public sector entities accountable |
| The media | The media is non-state entity involved in the collection and communication of information to the citizens. Medium is defined as "one of the means or channels of general communication, information, or entertainment in society”, such as newspapers, radio, etc. |
| Other accountability institutions (anticorruption and internal control agencies, ombudsmen, etc) | These accountability institutions or internal control agencies can turn out to be allies in fostering effective accountability. They often relate with SAIs through exchange of information, or in follow-up of audit. |

Evaluation of stakeholders’ rankings

| **Stakeholder** | **N/A** | **Somewhat Important** | **Critical** | **Ranking of top 5** |
| --- | --- | --- | --- | --- |
| Legislature |  |  |  |  |
| Governor/Executive |  |  |  |  |
| Judiciary |  |  |  |  |
| General public/citizens/civil society |  |  |  |  |
| Media |  |  |  |  |
| Cooperating partners/donors |  |  |  |  |
| Audited entities management |  |  |  |  |
| Governance/oversight management |  |  |  |  |
| Non-governmental organisations |  |  |  |  |
| Regional organisation such as PASAI, APIPA |  |  |  |  |
| Professional and academic bodies |  |  |  |  |

Assessment of the OAG’s current state of independence

Assessing the current state of independence would enable the SAI to identify barriers to its independence, with the aim of addressing or removing them through a combination of legal or practical changes. The state of independence was assessed using the following tools:

1. Against the Eight Principles of the Mexico Declaration
2. Using the Performance Management Framework
3. Analysis of the conditions which must exist to effectively maintain the independence of the SAI within the existing legal framework.
4. Against the Eight Principles of the Mexico Declaration

The assessment involves examining each of the Mexico Declaration principles and the specific requirements they refer to, with specific reference to the legal framework. This identifies the specific strengths and weaknesses, and where to focus attention on strengthening independence.

The results of the assessment involving the Mexico Declaration are shown in [Exhibit B](#_Exhibit_B:_Assessment).

1. Using the Performance Management Framework (PMF)

The SAI PMF is an assessment framework developed by the INTOSAI[[2]](#footnote-2) Working Group on the Value and Benefits of SAIs, which was endorsed by the Congress of INTOSAI in 2016. It is intended to be used to establish how well a SAI performs compared to international good practices, as well as to identify its strengths and weaknesses for further performance improvement.

The SAI PMF has a broad coverage. The domains include internal governance and ethics, audit quality and reporting, financial management, human resources and training, and communication and stakeholder management. The assessment framework includes a domain to be able to assess the SAI independence under seven dimensions. These dimensions are closely aligned with the Mexico Declaration principles:

|  |  |
| --- | --- |
| 1. an appropriate and effective constitutional framework;
2. financial independence and autonomy;
3. organisational independence and autonomy;
4. independence of the Head of the SAI and its officials;
 | Independence and legal framework |
| 1. a sufficiently broad mandate;
2. access to information; and
3. the SAI’s right and obligation to report.
 | Mandate of SAI |

The results of the assessment using the SAI PMF are shown in [Exhibit C](#_Exhibit_C:_Assessment).

1. Analysis of practical independence

Practical independence refers to conditions which must exist to effectively maintain the independence of the SAI within the existing legal framework:

| **Criteria** | **Assessment – Satisfied? (Y/N)** |
| --- | --- |
| 1. The ability to be protected when the SAI’s independence (or that of its Head) is challenged.
 |  |
| 1. The ability to have access to resources when needed and the willingness to be held accountable for their use.
 |  |
| 1. The ability to recruit and be supported by professional and well rewarded staff;
 |  |
| 1. Ensuring the SAI is led and staffed by people of impeccable character, leadership and integrity.
 |  |
| 1. Effective use of the SAI’s powers to select and conduct audits, make and follow up on its reports and communicate its work to stakeholder.
 |  |

Challenges to independence

The SAI independence is a key to successful and valuable audits. Further, it is essential in ensuring that public sector auditing is free from outside influence and can result in objective audit findings. Independence will always be a concern for SAI and therefore, a major challenge is to ensure that it is ensured, practiced and protected.

A ‘challenge’ arises from weaknesses or an absence of opportunities inside the SAI, or within its power to address, that can affect the SAI’s ability to act independently. A ‘threat’ is an external factor or reality which lies outside the SAI or is beyond its control but affecting the SAI independence legally and in practice.

1. Challenges related to the appointing authority and the tenure of the Head of SAI

Principle 2 of the Mexico Declaration relates to the independence of the Head of SAI. It requires, specifically, that the Head of SAI should be “appointed, re-appointed or removed by a process that ensures independence from anybody”.

[explain appointment procedure here]

[explain term of office/tenure/dismissal here]

1. Challenges related to budget and funding

SAI has no adequate resources to fulfil its mandate.

The SAI should get sufficient financial resources to fulfil its mandate. Though in the end the budget is approved by the Legislature, the current budgeting process and funding is one of the major challenges to its independence.

[describe budget/financial procedure here]

[To whom is SAI budget submitted?]

[Describe human resources here]

1. Challenges related to managerial and administrative autonomy

Threats to independence

SAI faces threats to independence that arise from external factors. The common threats to independence can be categorised into two broad groups: those affecting the legal framework and mandate; and those affecting independence in practical terms.

1. Threats affecting the SAI’s legal framework and mandate

The SAI’s constitutional or legal independence is threatened by:

….

[ADD AS APPROPRIATE]

This group of threats arises in relation to principles 1 and 2 of the Mexico Declaration. Obviously, governments and politicians are entitled to propose amendments to laws, and no SAI is above the law. But legal changes should be undertaken in a principled way, after due consideration, and should not violate international audit principles.

1. Threats affecting the SAI’s independence in practical terms

In a more practical sense, the SAI’s independence can be threatened by actions and omissions that have the effect of undermining the SAI’s ability to function independently. They can be grouped as follows:

1. Interference in the appointment of Head of SAI and staff

The actual threats experienced by the OAG due to the appointment process for the Head of SAI and staff include:

* delays in the recruitment of the SAI staff,
* interference in the selection and conduct of audits and
* other threats (explain).
1. Threats arising from denial of adequate resources

A SAI’s previously noted funding challenge can develop into distinct threats. For example, cuts are made to the SAI’s budget without any prior dialogue with the SAI, generally to retain low funding or staffing levels. Thus, there should be means of dealing with these threats in a manner that they do not undermine independence. The SAI should be able to directly appeal to the Legislature about inadequate budget allocations.

Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT Analysis)

Assessing the current state of independence enables the SAI to identify current barriers to its independence, with the aim of addressing them through a combination of legal or practical changes. This helps to identify specific strengths and weaknesses, and where to focus attention on strengthening independence.

The results of the SWOT Analysis are presented in Figure 1 and the results of the SWOT Analysis applying the Eight Pillars of Independence under the Mexico Declaration are presented in Figure 2, below.

Figure 1: SWOT Analysis

Figure 2: Example of a SWOT Analysis applied using the Eight Pillars of Independence under the Mexico Declaration.

| **Eight Pillars of Independence** | **Strength** | **Weakness** | **Opportunity** | **Threat** |
| --- | --- | --- | --- | --- |
| 1. The existence appropriate and effective constitutional and statutory legal framework
 |  |  |  |  |
| 1. The independence of SAI Head and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties
 |  |  |  |  |
| 1. A sufficiently broad mandate and full discretion, in the discharge of SAI functions
 |  |  |  |  |
| 1. Unrestricted access to information
 |  |  |  |  |
| 1. The right and obligation to report on their work
 |  |  |  |  |
| 1. The freedom to decide the content and timing of audit reports and to publish and disseminate them
 |  |  |  |  |
| 1. The existence of effective follow-up mechanisms on SAI recommendations
 |  |  |  |  |
| 1. Financial and managerial/ administrative autonomy and the availability of appropriate human, material and monetary resources
 |  |  |  |  |

Strategy for achieving SAI independence

| **The standards for independence** | **What are the challenges and threats in achieving these standards?** | **What strategies can help overcome or address challenges and threats?** | **What are the values and benefits of an independent SAI?** |
| --- | --- | --- | --- |
| Constitutional and legal framework |  |  |  |
| 1. Enhance the quality and the communication of SAI products
 |  |  |  |
| 1. Enhance the quality and the communication of SAI products
 |
| 1. Enhance the quality and the communication of SAI products
 |  |
| 1. Reporting powers to institutions and to citizens
 |  |  |
| 1. Independence of the SAI Head
 |  |  |
| 1. Funding Independence, Operational Autonomy and Accountability
 |  |  |
|  |  |
| 1. Ability to engage with stakeholders and follow up powers
 |  |  |
| Being independent in practice[[3]](#footnote-3) |  |  |
| 1. To be protected as institution when independence is challenged
 |  |  |
| 1. To have access to resources needed and being accountable for its use
 |
| 1. To be supported by professional and well rewarded staff
 |
| 1. To be led by people of impeccable character, leadership and integrity
 |  |

Implementation Plan

Objective: To provide for greater SAI independence both in the legal framework and in SAI actual practices

| **Strategy/Activity** | **Output** | **Responsible** |  |
| --- | --- | --- | --- |
| **FY2021** | **FY2022** |
| Mo | Resources Needed | Budget | Mo | Resources Needed | Budget |
| 1. Amend the existing legal framework or the Auditor General Act
 |  |  |  |  |  |  |
|  | 1. Assess the current state of legal framework on SAI independence.
 | SAI Independence Assessment Report,SWOT Analysis,Identification of Challenges and Threats to Independence |  |  |  |  |  |  |  |
|  | 1. Propose amendments or changes in the existing legal framework.
 |  |  |  |  |  |  |  |  |
|  | 1. Request for the PASAI support to provide for an expert who would advocate, explain the importance of SAI independence and engage with stakeholders who can influence for the enactment of the amendments in the statute to provide for greater SAI independence. Such stakeholders are as follows:
* xxx
* Attorney General
* Concerned members of the Legislature.
* Civil Society
* Donor Country Officials
* Citizen/s
 |  |  |  |  |  |  |  |  |
|  | 1. Enact the proposed amendments in the statute.
 |  |  |  |  |  |  |  |  |
| 1. Implement changes in operational practices
 |  |  |  |  |  |  |
|  | 1. Assess the current SAI practices that constraint the full implementation of the legal framework on SAI Independence.
 |  |  |  |  |  |  |  |  |
|  | 1. Propose changes in the existing practices to make them consistent with the requirements of the existing and proposed legal framework. The changes identified include the following:
	1. x.
	2. x
	3. x
	4. x
	5. x.
 |  |  |  |  |  |  |  |  |
|  | 1. Request for the PASAI support to provide for an expert who would advocate, explain the importance of SAI independence and engage with stakeholders who can influence for the enactment of the amendments in the statute to provide for greater SAI independence. Such stakeholders are as follows:
 |  |  |  |  |  |  |  |  |
|  | 1. Obtain the approval of the Legislature to be able to implement the proposed changes in SAI practices.
 |  |  |  |  |  |  |  |  |
|  | 3. Monitor SAI independence |  |  |  |  |  |  |
|  | 1. Design a checklist to monitor compliances and/or barriers to SAI independence
 | Independence Monitor |  | Continuous |  |  |  |  |  |
|  | 1. Include any SAI independence issues or concerns to the annual report to the legislature
 |  |  | Continuous |  |  |  |  |  |

.

Exhibit A: Legal Framework

[describe here the Constitutional provisions and the provisions of the Act as they relate to independence]

Exhibit B: Assessment of SAI independence against the Eight Principles of the Mexico Declaration

| **Mexico Declaration Principle** | **Criteria** | **Assessment****Satisfied? (Y/N)** |
| --- | --- | --- |
| 1. The existence of an appropriate and effective constitutional/ statutory/ legal framework and of de facto application provisions of this framework
 | 1. Legislation that spells out, in detail, the extent of SAI independence is required.
 |  |
| 1. The independence of SAI Head 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, re-appointments, employment, removal and retirement of the head of SAI and members of collegial institutions, who are:1. appointed, re-appointed, or removed by a process that ensures their independence from the Executive;
2. given appointments with sufficiently long and fixed terms, to allow them to carry out their mandates without fear of retaliation; and
3. immune to any prosecution for any act, past or present, that results from the normal discharge of their duties as the case may be.
 |  |
| 1. A sufficiently broad mandate and full discretion, in the discharge of SAI functions
 | SAIs should be empowered to audit the:1. use of public monies, resources, or assets, by a recipient or beneficiary regardless of its legal nature;
2. collection of revenues owed to the government or public entities;
3. legality and regularity of government or public entities accounts;
4. quality of financial management and reporting; and
5. 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:1. selection of audit issues;
2. planning, programming, conduct, reporting and follow-up of their audits;
3. organisation and management of their office; and
4. 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 objective and appear objective. |  |
| SAI 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. |  |
| SAI should use appropriate work and audit standards and a code of ethics, based on official documents of INTOSAI, International Federation of Accountants, or other recognized 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. |  |
| 1. 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. |  |
| 1. 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. |  |
| 1. 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. |  |
| 1. 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. |  |
| 1. 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 fulfill their mandate. |  |
| SAIs have the right of direct appeal to the Legislature if the resources provided are insufficient to allow them to fulfill their mandate. |  |

Exhibit C: Assessment of the independence and legal framework of SAI using PMF Tool

| **Independence and legal framework of SAI – dimension and minimum criteria for dimension score** | **Key references** |
| --- | --- |
| **(i) Appropriate and effective constitutional framework** |
| 1. “The establishment of Supreme Audit Institutions (…) shall be laid down in the Constitution; details [including the role, powers and duties of the SAI] may be set out in legislation.” *ISSAI 1:5. See also ISSAI 1:18 and ISSAI 10.*
 |  |
| 1. The SAI’s “(…) independence shall be laid down in the Constitution (…).” *ISSAI 1:5*
 |  |
| 1. *“The independence of Supreme Audit Institutions provided under the Constitution and the law also guarantees a very high degree of initiative and autonomy (…).” ISSAI 1:8*
 |  |
|
| 1. The appointment, term, cessation of functions of the Head of the SAI (and members, in the case of collegiate bodies) and the independence of their decision-making powers are guaranteed in the Constitution. *ISSAI 1:6, ISSAI 10:2.*
 |  |
| 1. There is “adequate legal protection by a supreme court against any interference with a SAI’s independence”. *ISSAI 1:5.*
 |  |
| 1. “SAIs should report on any matters that may affect their ability to perform their work in accordance with their mandates and/or the legislative framework.” *ISSAI 12:1*
 |  |
| 1. “SAIs should strive to promote, secure and maintain an appropriate and effective constitutional, statutory or legal framework.” *ISSAI 12:1*
 |  |
| **Score = 4:** All the criteria above are in place.**Score = 3:** Criteria (a), (b) and at least three of the other criteria above are in place.**Score = 2:** Criteria (a), (b) and at least one of the other criteria above are in place.**Score = 1:** At least one of the criteria above is in place.**Score = 0:** None of the criteria above are in place. |
| **Score:** |
| **(ii) Financial independence/autonomy** |
| 1. The legal framework explicitly or implicitly provides for the SAI’s financial Autonomy, ISSAI 1
 |  |
| 1. The legal framework explicitly or implicitly provides for the SAI’s financial independence from the executive, ISSAI 1:7, ISSAI 10,
 |  |
| 1. The SAI’s budget is approved by “the public body deciding on the national budget ISSAI1:7,
 |  |
| 1. The SAI is free to propose its budget to the public body deciding on the national budget without interference from the executive. ISSAI 10: 8,
 | . |
| 1. The SAI “shall be entitled to use the funds allotted to them under a separate budget heading as they see fit”. *ISSAI 1:7,*
 |  |
| 1. After the SAI’s budget has been approved by the Legislature, the Executive (such as the Department of Administrative Service) should not control the SAI’s access to these resources *ISSAI 10:8,*
 |  |
| 1. The SAI has “the right of direct appeal to the Legislature if the resources provided are insufficient to allow [it] to fulfill [its] mandate.” *ISSAI 10:8,*
 |  |
| 1. During the past three years there have been no cases of undue interference from the Executive regarding the SAI’s budget proposal or access to financial resources *ISSAI 10:8,*
 |  |
| **Score = 4:** All of the above criteria are in place**Score = 3:** Criteria (a), (f), (g) and at least two of the other criteria above are in place**Score = 2:** Criterion (a) and at least two of the other criteria above are in place**Score = 1:** At least one of the criteria above is in place**Score = 0:** None of the criteria above are in place. |
| **Score** |
| **(iii) Organisational independence/autonomy** |
| 1. The legal framework ensures that the SAI has “(…) the functional and organisational independence required to accomplish [its] tasks.” *ISSAI 1:5*
 |  |
| 1. In practice, the SAI is “free from direction or interference from the Legislature or the Executive in the (…) organisation and management of [its] office.” *ISSAI 10:*
 |  |
| 1. The SAI has the power to determine its own rules and procedures for managing business and for fulfilling its mandate, consistent with relevant rules affecting other public bodies. *ISSAI 10:8, ISSAI 20:6.*
 |  |
| 1. The Head of SAI is free to independently decide on all human resource matters including appointments of staff and establishment of their terms and conditions, constrained only by staffing and/or budgetary frameworks approved by the Legislature. *ISSAI 10:8.*
 |  |
| 1. The relationship between the SAI and the Legislature and also the Executive is clearly defined in the legal framework. *ISSAI 1:8,*
 |  |
| 1. The legal framework “(…) provides for accountability and transparency [by covering] the oversight of the SAI’s activities (…).” *ISSAI 20:1*
 |  |
| 1. The SAI is entitled to call on and pay for an external expertise as necessary ISSAI 1:14
 |  |
| **Score = 4:** All of the above criteria are in place**Score = 3:** Criterion (b) and at least four of the other criteria above are in place**Score = 2:** At least three of the criteria above are in place**Score = 1:** At least one of the criteria above is in place**Score = 0:** None of the criteria above are in place.**Score:**  |
| **(iv) Independence of the Head of the SAI and its members** |
| 1. “The applicable legislation specifies the conditions for appointments, reappointments, [and] removal (…) of the Head of the SAI and [where relevant] Members// of collegial institutions (…) by a process that ensures their independence (…).” *ISSAI 10:2* *(such as with the approval of the Legislature, and where relevant, the Head of State; removal only for just cause / impeachment, similar protections to those that apply to a High Court Judge).*
 |  |
| 1. *”(…) the head of SAI and [where relevant] members of collegial institutions [are] given appointments [and re-appointments] with sufficiently long and fixed terms, to allow them to carry out their mandates without fear of retaliation.” ISSAI 10:2*
 |  |
| 1. The Head of SAI and [where relevant] members of collegial institutions are (…) **immune** to any prosecution for any act (…) that results from the normal discharge of their duties.” *ISSAI 10:2* *(in other words, the SAI / Head of SAI cannot be sued for* *expressing audit opinions. This criterion is considered met if the legislation states that the Head of the SAI shall not be subject to the direction or control of any other authority when carrying out their functions as prescribed by law.)*
 |  |
| 1. Within the past three years, there have been no periods longer than three months during which there has been no properly appointed Head with tenure. *SAI PMF Task Team.*
 |  |
| 1. The last appointment [or re-appointment] of the Head of the SAI was done through a transparent process that ensured his/her independence. *ISSAI 10:2, SAI PMF Task Team.*
 |  |
| 1. During the last three years there have been no cases where the Head of the SAI (or where relevant) members of collegial institutions were removed through an unlawful act or in a way that compromised the SAI’s independence PMFTask Team.
 |  |
| 1. The legal framework ensures that “in their professional careers, audit staff of supreme audit institutions must not be influenced by the audited organisations and must not be dependent on such organisations.” *ISSAI 1*
 |  |
| **Score = 4:** All of the criteria above are in place**Score = 3:** Criteria (a), (e) and at least three of the other criteria above are in place.**Score = 2:** Criterion (a) and at least two of the other criteria above are in place.**Score = 1:** At least one of the criteria above are in place**Score = 0:** None of the criteria above are in place.**Score:**  |

Exhibit D: Assessment of the mandate of SAI using PMF Tool

| **Mandate of SAI – dimension and minimum criteria for dimension score** |
| --- |
| **Dimensions** | **Key references** |
| **(i) Sufficiently broad mandate** |
| 1. “All public financial operations, regardless of whether and how they are reflected in the national budget, shall be subject to audit by Supreme Audit Institutions *ISSAI 1:18 (in scoring this criterion, assessors may need to define and record their interpretation of ‘National Budget’ in relation to the structure of Government in the country)*
 |  |
| 1. *Where criterion (a) is not in place*, the SAI has the right toaddress the Legislatureor the relevant legislative committee regarding concerns it may have over audit arrangements for any public financial operations which are not within the mandate of the SAI. *ISSAI 1:18, SAI PMF Task Team*
 |  |
| 1. The SAI’s mandate specifically ensures it is responsible for the audit of all central government activities. *ISSAI 10:3* *(such as audit of the consolidated fund, including* *flows in and out of the fund, and all revenue, expenditure, assets and liabilities).*
 |  |
| 1. “(…) SAIs are free from direction and interference (…) in the selection of audit issues, planning, (…) conduct, reporting and follow-up of their audits.” *ISSAI 10:3*
 |  |
| 1. During the past three years the SAI has not been given and has not taken any tasks which influence the independence of its mandate. *ISSAI 10:3, SAI PMF Task Team.*
 |  |
| 1. There have been no cases of interference in the SAI´s selection of audit clients or subjects within the last three years, in a way that may compromise the SAI’s independence. *ISSAI 10:3, SAI PMF Task Team*
 |  |
| As a minimum, “SAIs should be empowered to audit the (…)” *ISSAI 10:3* |  |
| 1. “legality and regularity of government or public entities’ accounts”. *ISSAI* 10:3
 |  |
| 1. “quality of financial management and reporting”. *ISSAI 10:3*
 |  |
| 1. “economy, efficiency and effectiveness of government or public entities’ operations”. *ISSAI 10:3*
 |  |
| **Score = 4:** All of the criteria above are in place.**Score = 3:** Criterion € and at least six of the other criteria above are in place**Score = 2:** Criterion € and at least three of the other criteria above are in place**Score = 1:** At least two of the criteria above are in place**Score = 0:** Less than two of the criteria above are in place***Score :***  |
| **(ii)** **Access to Information** |
| 1. The law provides the SAI with unrestricted right of access to records, documents and information. *ISSAI 1:10*
 |  |
| 1. The SAI has the right to decide which information it needs for its audits. *ISSAI 1:10*
 |  |
| 1. In case the access to information required for the audit is restricted or denied, there is an established and appropriate process for resolving such matters, such as the possibility to address the Legislature or one of its committees, to take the matter to court, or direct powers to sanction those preventing access to information. *ISSAI 10:4, SAI PMF Task Team*
 |  |
| 1. For jurisdictional controls, in the event that access to information considered necessary is hindered, the SAI has specific powers to sanction those responsible for such hindrance *(such as fines for failing to produce information, fines for* *hindering access, etc). SAI PMF Task Team*
 |  |
| 1. SAI staff have right of access to the premises of audited bodies in order to do the fieldwork the SAI deems necessary. *ISSAI 1:10*
 |  |
| **Score = 4: All of the criteria above are in place.****Score = 3:** Criterion (a) and at least two of the other criteria above are in place.**Score = 2:** At least two of the criteria above are in place.**Score = 1:** At least one of the criteria above are in place.**Score = 0:** None of the criteria above are in place***Score :***  |
| **(iii) Right and Obligation to Report** |
| 1. “The Supreme Audit Institution shall be empowered and required by the Constitution to report its findings annually and independently to Parliament. *ISSAI 1:1, ISSAI 10 (body of public representatives).*
 |  |
| 1. The SAI has the right to publish its annual audit reports. *ISSAI 1:16*
 |  |
| 1. “The SAI shall also be empowered to report on particularly important and significant findings during the year.” *ISSAI 1:16*
 |  |
| 1. “SAIs are free to decide the content of their audit reports.” *ISSAI 10:6*
 |  |
| 1. “SAIs are free to decide on the timing of their reports except where specific requirements are prescribed in law.” *ISSAI 10:6*
 |  |
| 1. During the past three years there has been no interference in the SAI’s decisions on the content of its audit reports. *ISSAI 10:6*
 |  |
| 1. During the past three years there has been no interference in the SAI’s efforts to publish its audit reports. *ISSAI 10:6*
 |  |
| **Score = 4:** All of the criteria above are in place.**Score = 3:** Criterion (a) and at least four of the other criteria above are in place.**Score = 2:** At least three of the criteria above are in place.**Score = 1:** At least one of the criteria above are in place.**Score = 0:** None of the criteria above are in place.***Score :***  |

1. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries—developed and developing—in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. [↑](#footnote-ref-1)
2. The International Organization of Supreme Audit Institutions (**INTOSAI**) operates as an umbrella organisation for the external government audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. [↑](#footnote-ref-2)
3. The SAI’s independence can be threatened by actions and omissions that have the effect of undermining the SAI’s ability to function independently. [↑](#footnote-ref-3)