

GLOBAL SAI STOCKTAKING REPORT 2020



SAI GOVERNANCE

SAIs governance and transparency should be enhanced



49%

of all SAIs have a digitalisation strategy.

The SAI’s credibility in making recommendations to government entities hinges upon its reputation for managing its own organisation.

As pronounced by INTOSAI-P 12 “The value and benefits of SAIs”, being a role model is one of the principles SAIs need to follow if they want their work to have an impact and deliver benefits to society.

This chapter shows that SAIs are using strategic plans as a governance tool, and that more SAIs are conducting SAI PMF assessments. However, globally SAIs are still closed, inward-looking organisations that could demonstrate their own accountability better by being more transparent, undergoing external audits of their financial statements and publishing performance results.

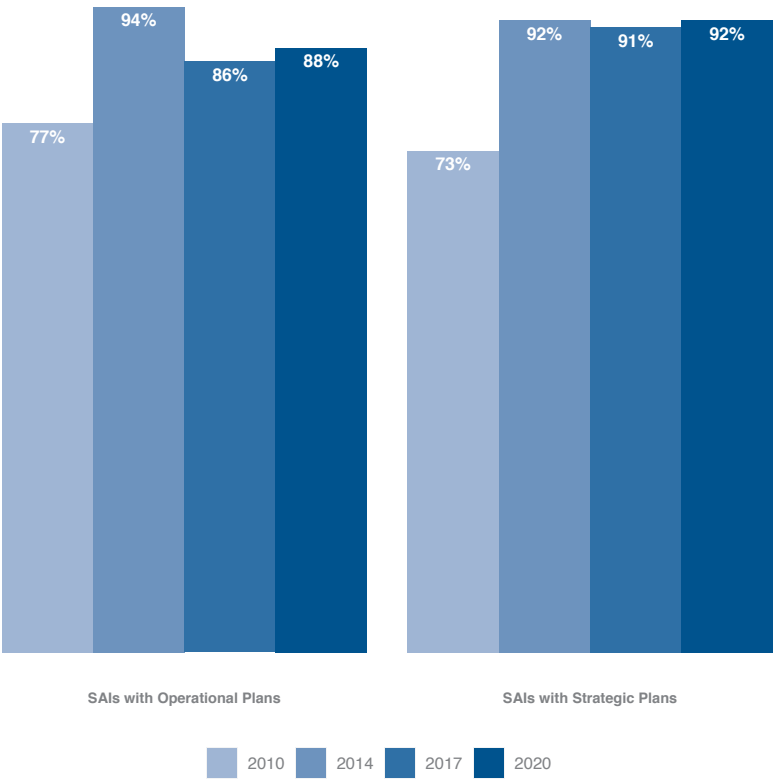
In terms of human resource management, a majority of SAIs have challenges related to the adequacy of staff. In addition, the gender balance seen across professional audit staff does not translate to senior positions. To address any gaps, it’s becoming increasingly important to define necessary competencies and professional pathways.

3.1 STRATEGIC MANAGEMENT PRACTICES COULD FOCUS MORE ON EMERGING ISSUES

The Global Survey 2020 confirms that strategic planning is well-established as a tool for SAI governance. 92% of SAIs globally have a Strategic Plan, with a slightly higher prevalence in developing countries (93%) than in HI countries (88%). The majority of these SAIs (96%) stated that their Strategic Plan were based on a holistic needs assessment, and 50% state that SAI PMF assessments were used as part of the strategic planning process.

The majority of SAIs (79%) make their Strategic Plans available to the public, a sharp increase from 2017 (32%).

FIGURE 19 STRATEGIC AND OPERATIONAL PLANNING 2010-2020
Bars show percentage of SAIs answering each Global Survey indicating that they had a plan in place



Source: INTOSAI Global Survey 2020

Although strategic planning has become a common and sustainable practice among SAIs worldwide, SAI PMF data shows that only 43% of the sampled SAIs had a high-quality strategic planning document that met the SAI PMF benchmark¹⁶.

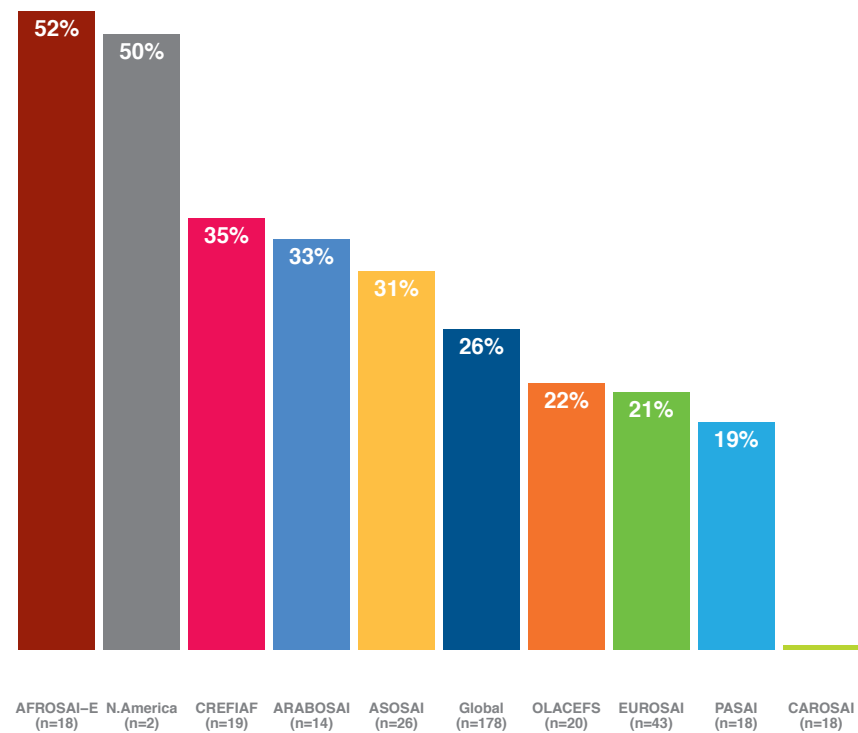
In addition, the Global Survey suggests that strategic planning could be better

used to address emerging and cross-cutting issues. Only half of all SAIs have a digitalisation strategy as part of their Strategic Plan (49%). Globally, only 10% have used a gender analysis to inform their strategic planning, and less than one-third of SAIs promotes gender equality at the institutional level or commit to

developing gender capacity of staff in their strategic plans. The SAIs most frequently addressing these three gender dimensions in their strategies and plans are in AFROSAI-E and CREFAF.

It should be noted that separate gender policies and gender strategies can also serve as high-level guidance for SAIs' work on gender equality, with a focus on strategic priorities and how to implement them.¹⁷ Both can be relevant to enhancing gender equality and diversity in the organisation, by including gender issues in decision-making processes and gender balance in SAI management and staffing and in strengthening audit work that contributes to gender equality. However, few SAIs are developing and applying these tools to direct their gender equality efforts, with only 29% reporting that they have a gender policy and 15% reporting to have a gender strategy.

FIGURE 20 GENDER EQUALITY MEASURES IN STRATEGIC PLAN COMBINED AND ACCORDING TO REGIONS
Percent of SAIs indicating any of the following about their strategic plan: (i) it promotes gender equality at the institutional level; (ii) it commits us to integrating gender equality within our audit work; (iii) it commits us to developing the capacity of our responsible staff to integrate gender equality in audit work



Source: INTOSAI Global Survey 2020



58%

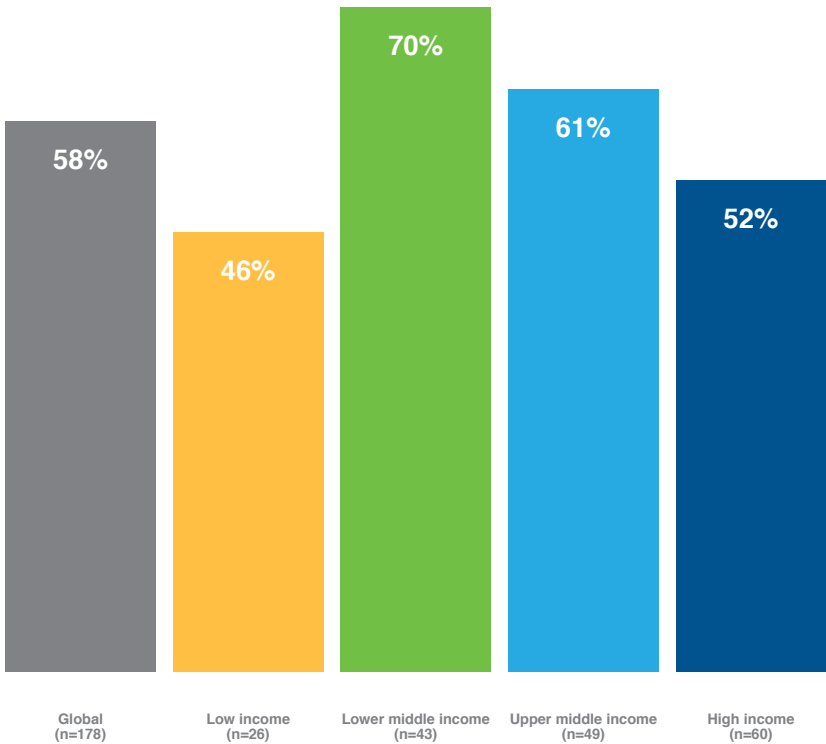
of SAIs carried out performance assessments in 2017-2019

SAI GOVERNANCE

3.2 SAIS' OWN PERFORMANCE ACCOUNTABILITY MEASURES ARE NOT TRANSPARENT

For undertaking performance assessments, there is a decrease from 2017, when 62% of SAIs reported having done a performance assessment, to 58% in 2017-2019. 72 SAIs from developing countries and 31 SAIs from HI countries have undertaken performance assessments. In ASOSAI, CREFIAP and EUROSAI, the share of SAIs doing performance assessments has increased.¹⁸ SAI PMF is the preferred tool for assessing performance, with 82 SAIs reporting to have used SAI PMF. However, findings on the extent to which SAIs share their performance assessments show a continued reluctance to share the full results with stakeholders and the public. Out of all SAIs that have carried out a SAI PMF assessment, only 18% of SAIs report have shared the full report with all its external stakeholders. 22% have shared the report with a limited number of stakeholders, and an additional 12% have shared parts of the report. Of the SAIs which carried out SAI PMF assessments, around half were not shared with anyone outside the SAI in any form.

FIGURE 21 SAIS WHO CARRIED OUT PERFORMANCE ASSESSMENTS 2017-2019 ACCORDING TO INCOME CLASS GROUP

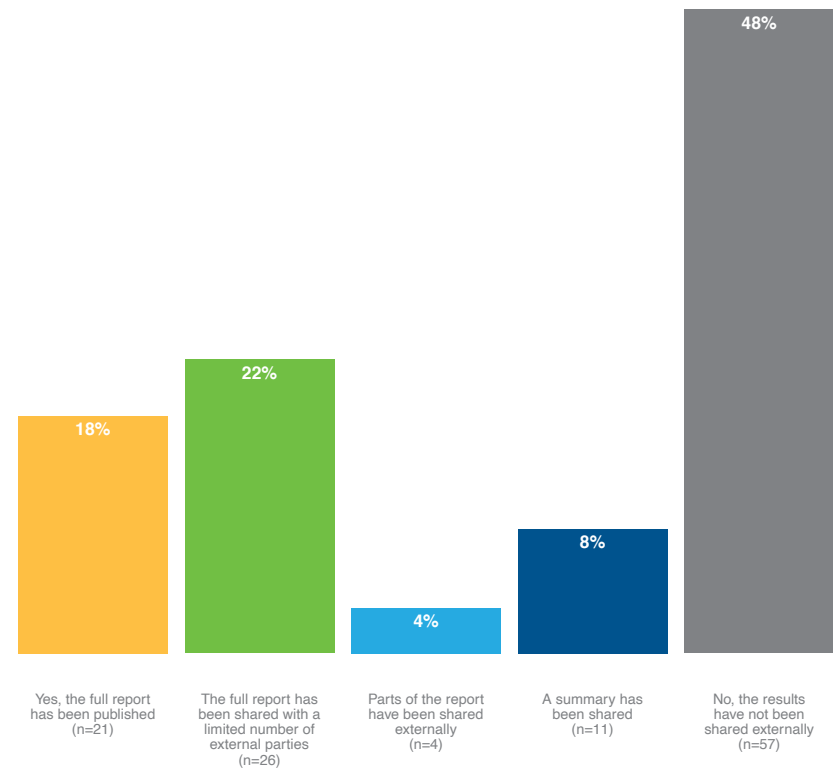


Source: INTOSAI Global Survey 2020

16. Achieving scores 3 and 4 on the first dimension of SAI PMF indicator SAI-3.
17. A gender policy is defined in the survey as a set of rules or guiding principles on gender equality made by the SAI. A gender strategy is a comprehensive plan, made to accomplish the SAI's objectives on gender equality.
18. Linked to the roll-out of the IDI Strategy, Performance, Measurement and Reporting (SPMR) Initiative.



FIGURE 22 SAIS SHARING RESULTS OF SAI PMF REPORTS EXTERNALLY
Percentage of SAs indicating each option

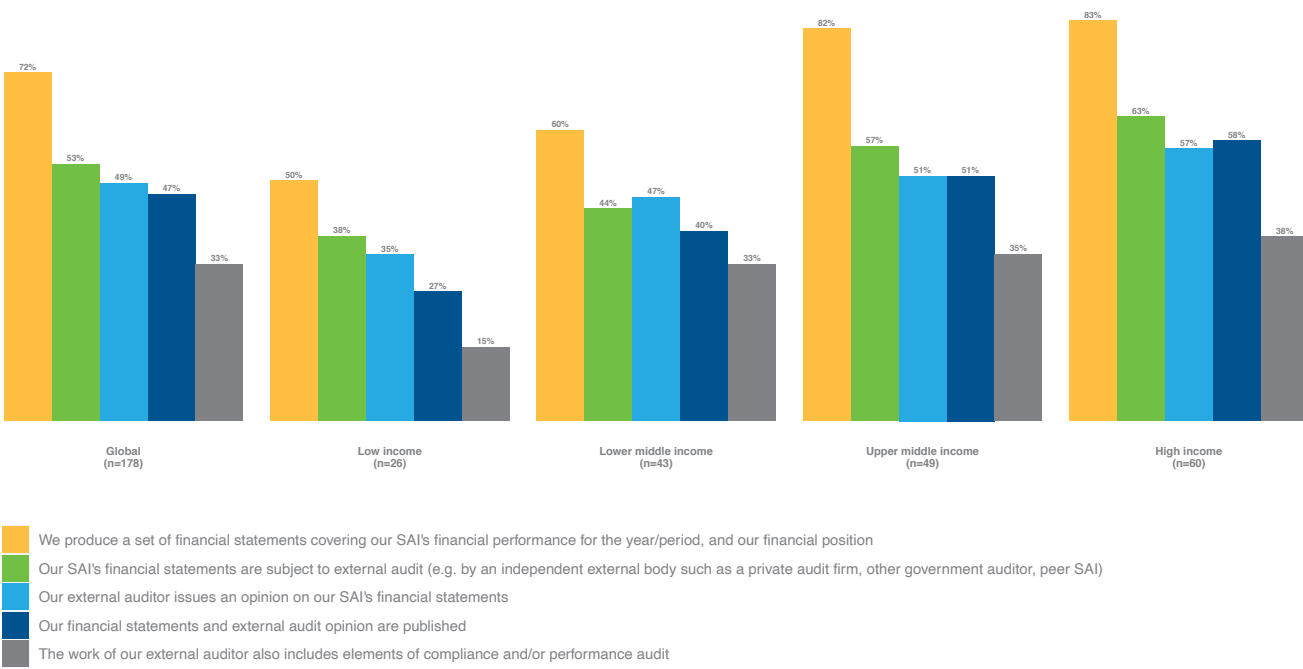


Source: INTOSAI Global Survey 2020

Transparency and accountability issues are also identified in SAs' reporting on financial accountability. A basic requirement for financial accountability is to prepare a set of financial statements by the end of the fiscal year and to have them audited by an independent auditor. The Global Survey 2020 shows that only 72% of SAs produce financial statements and, of those SAs, only 73% invite external auditors to audit their financial statements. The majority of SAs who produce financial statements (but not all, at 65%), publish these statements along with the external audit opinion. Figure 23 shows that the performance on these criteria is closely correlated with the country income level.

SAI GOVERNANCE

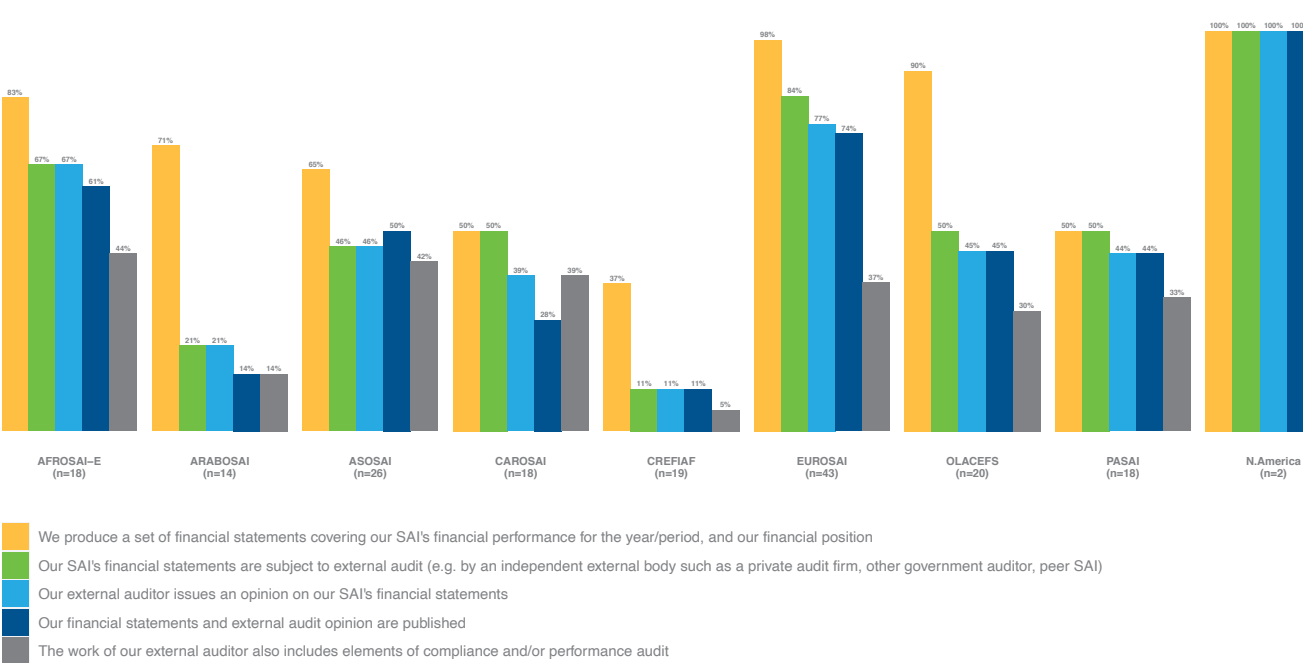
FIGURE 23 ACCOUNTABILITY AND TRANSPARENCY ON FINANCIAL PERFORMANCE PER INCOME LEVEL
Percent of SAs indicating that they have each of the following



Source: INTOSAI Global Survey 2020

Figure 24 provides the data on a regional level. SAs from EUROSAs and AFROSAs-E are most likely to prepare financial statements and to have them audited and published. SAs from the ARABOSAs and CREFIAF region are least likely to do so. It should be noted that these are also the regions reporting to have SAs with less financial and organisational autonomy.

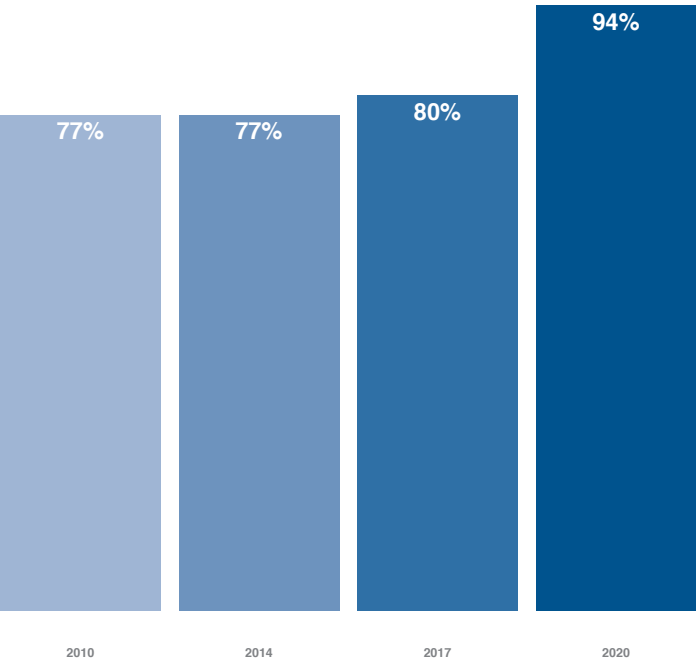
FIGURE 24 ACCOUNTABILITY AND TRANSPARENCY ON FINANCIAL PERFORMANCE BY INTOSAI REGION
Percent of SAs indicating that they have each of the following



Source: INTOSAI Global Survey 2020

It is also crucial for the credibility of the SAI that the institution’s integrity is not compromised by wrongdoing from any of its staff members. This has been recognised by SAIs globally since 2010, with an increasing proportion of SAIs adopting a Code of Ethics (see figure 25). The Global Survey 2020 shows that a majority (94%) of SAIs have a Code of Ethics. The small group of SAIs that do not have a Code of Ethics does not vary significantly by country income status or region. CREFIAF members constitute a larger part of the SAIs without a Code of Ethics.

FIGURE 25 SHARE OF SAIS WITH A CODE OF ETHICS IN PLACE



Source: INTOSAI Global Survey 2020

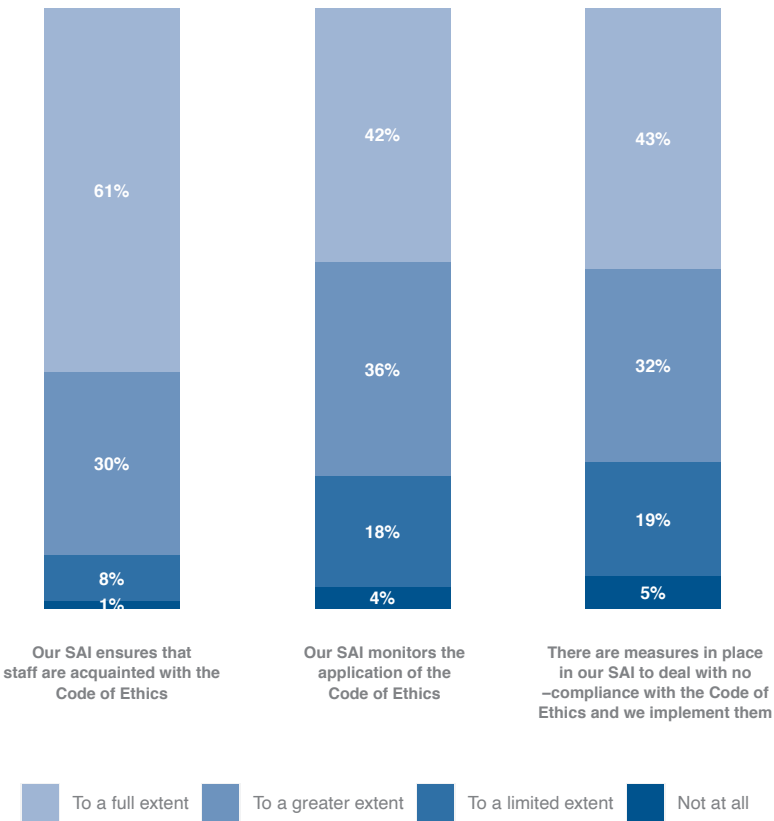


Having a code of ethics by itself is not sufficient. It also requires that the staff are aware of the code, that the application of the code is monitored and that measures are taken in case of non-compliance.

Figure 26 shows that full implementation of the Code of Ethics is challenging. Findings are correlated with the country income status. SAIs’ implementation of measures to deal fully with non-compliance increases in higher income countries. More than half of SAIs globally (56%) include gender equality and diversity issues in their Code of Ethics. The highest share is among OLACEFs (70%) and AFROSAI-E (67%).

FIGURE 26 IMPLEMENTATION OF THE CODE OF ETHICS

Percent of all SAIs indicating each of the following



Source: INTOSAI Global Survey 2020

3.3 HUMAN RESOURCE MANAGEMENT NOT SUFFICIENTLY FOCUSED ON PROFESSIONALISATION

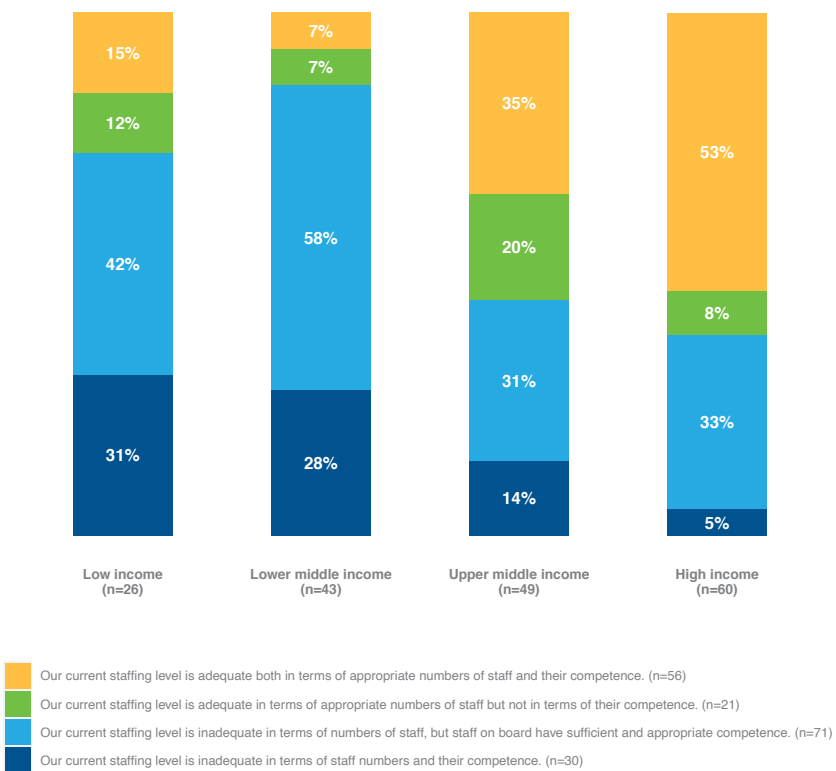
The main assets of SAIs are its people. To manage human resources well, SAIs need to attract and retain talent, while considering gender and inclusiveness in recruitment and professional development. The Global Survey 2020 responses suggest there is potential for more focus on this area, by strengthening competencies of auditors and cultivating leadership positions.

3.3.1 INADEQUATE HUMAN RESOURCES AN ISSUE FOR SAIS

For public sector auditors, competency requirements expand with the increased complexity of government operations. There is a recognition that SAIs need to professionalise and strengthen their human resources to meet these changes in their operating environment. In fact, nearly 70% of SAIs consider that they have inadequate staff in terms of either (a) staffing levels or (b) staff competence. Of this 70%:



FIGURE 27 GLOBAL SAI PERCEPTION ON ADEQUACY OF STAFFING BY COUNTRY INCOME LEVEL
% of SAIs selecting each option



SAIs perception on the adequacy on staffing is closely correlated with the country income level and SAIs with better access to resources perceive themselves as being more adequately staffed. See figure 27.

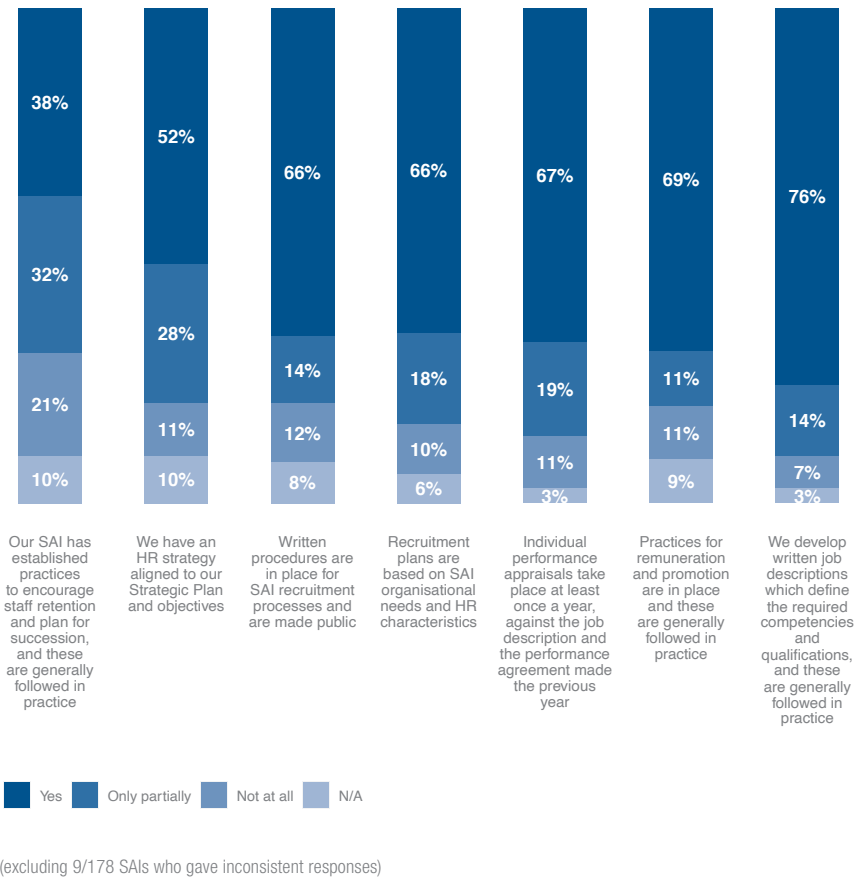
Source: INTOSAI Global Survey 2020

3.3.2 NEED FOR EFFECTIVE HR – STRATEGIES AND TOOLS FOCUSED ON PROFESSIONALISATION

Inadequate staffing in terms of number and staff competencies, along with a limited focus on gender composition, suggests there's a need for effective tools for human resource management and professionalisation of staff.

Some of the limitations in the use of HR tools to recruit and develop staff are due to structural limitations, which in turn are due to a lack of independence. About 37% of SAIs report having full control over recruitment. 18% of SAIs do not have full control over internal appointments²⁰ and 56% of SAIs have not got full control over remuneration. See also section 2.4 on Financial and administrative autonomy.

FIGURE 28 SAI STRATEGIC HR MANAGEMENT
Percent of SAIs indicating that they have each of the following



(excluding 9/178 SAIs who gave inconsistent responses)

Source: INTOSAI Global Survey 2020

19. These 15% are part of the larger set of 47% of SAIs that state that they are not fully independent in recruitment of new staff.
20. Some SAIs report to be limited in appointments internally in the organisation, which could even limit their ability to reorganize and advance staff according to government set systems for official positions.

The Global Survey 2020 responses suggest that:



Even though many SAIs are limited in their ability to recruit their own staff or in promoting and remunerating existing staff as a way of rewarding and incentivising good performance, there are still internally managed ways to develop staff, such as applying different pathways of professionalisation. Professional development of auditors seems to be increasingly important for SAIs, with 44% of SAIs stating that they increased the professional development budget in 2020 from 36% in 2017. However, in nearly half of SAIs, the budgets for professional development have not changed, and in 12% the budget was reduced. It's worth noting that this is an additional

aspect to the general resource constraints which half of SAIs state they are experiencing. Professionalisation should be based on a competency framework that clearly defines the necessary skills and competencies of SAI staff. 65% of SAIs globally report that they have developed a competency framework across all three audit streams (financial, performance and compliance audits) and more than half (56%) state that they have built their HR processes around their competency frameworks. Around 70% of SAIs have appraisal mechanisms in place (fully or partially) to assess auditor competence and

performance against the competency framework. Meanwhile, over 30% of SAIs either have no competency framework on which to build HR functions, or these processes are out of their control. It is noted that all SAIs in the AFROSAI-E region and 95% of SAIs in OLACEFS report to have adopted a competency framework. This reflects a widespread roll-out of competency frameworks developed by these regional bodies.

Figure 29 indicates that, globally, SAIs combine different approaches to professional development of their staff. The most widely used approach is a professional development programme created in-house. 72% of SAIs use in-house developed programs for financial, compliance and performance audit and 30% of SAIs respond that these programmes are recognised and regulated by a national educational/professional regulatory body responsible for the quality of educational/professional programmes. On average, 50% of SAIs use professional accountancy qualifications to build their auditor pathways for the three audit streams.

This is followed by programmes by relevant INTOSAI regional bodies by 42%, and by external programs (e.g., university programs) by 41% of SAIs. For leadership development, the most common mechanism appears to be on-the-job training and coaching and/or mentoring by SAI leaders. SAIs are also frequently using leadership programmes run by external providers (e.g., universities). However, as Chapter 6 also indicates, offers of leadership development training are not prominent amongst the capacity development support offered by INTOSAI regions or received by SAIs. A notable exception is the Women Leadership Academy

offered by AFROSAI, which also explains higher numbers of SAIs from AFROSAI-E and CREFIAF who've taken part in leadership development (see annex on gender).

44%

of SAIs increased their budget for professional development in 2017-2019

FIGURE 29 DELIVERY OF PROFESSIONAL DEVELOPMENT BY SAIS ACROSS AUDIT STREAMS
Bars show the percentage of all SAIs who indicated the relevant options

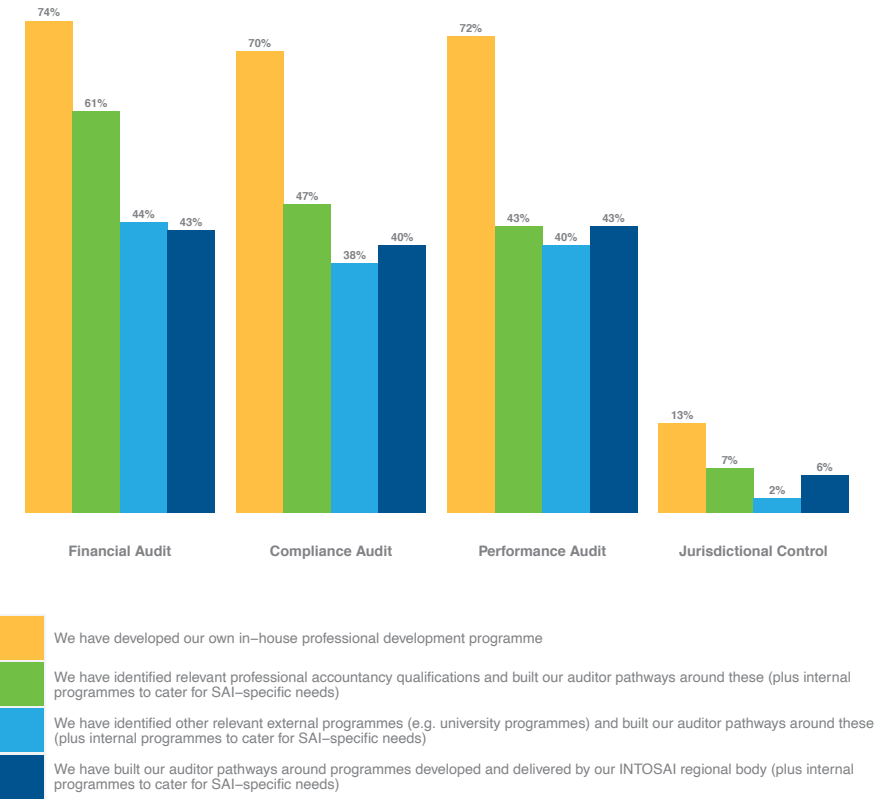
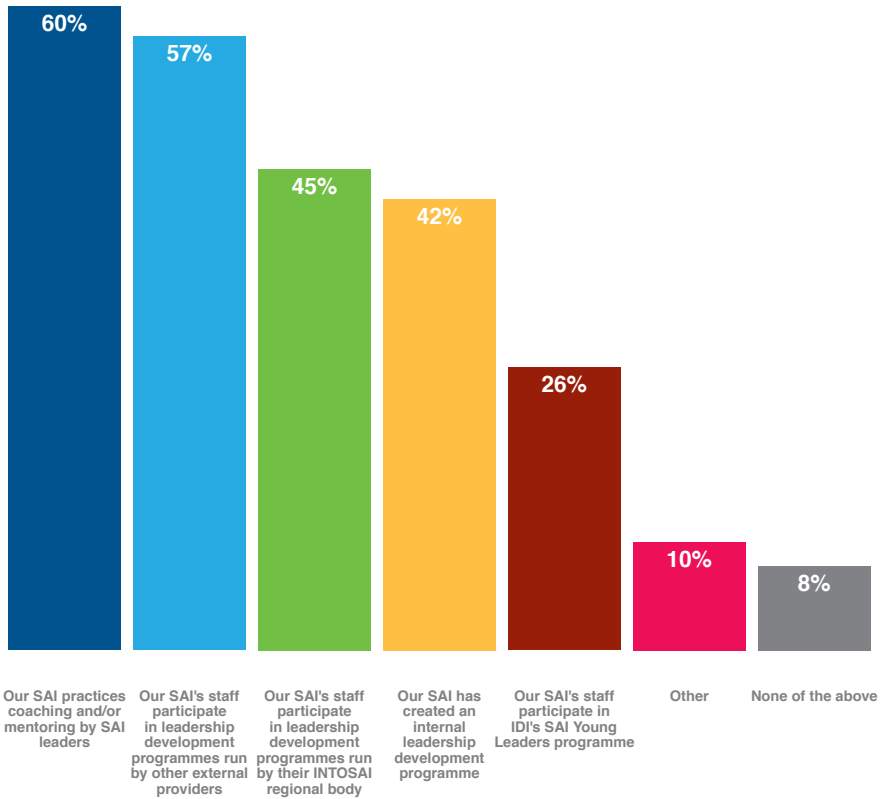


FIGURE 30A LEADERSHIP DEVELOPMENT IN SAIS
Percentage of SAIs indicating that they have each of the following



Source: INTOSAI Global Survey 2020

Source: INTOSAI Global Survey 2020

3.3.3 SAIS CAN DO MORE TO PROMOTE FEMALE LEADERS

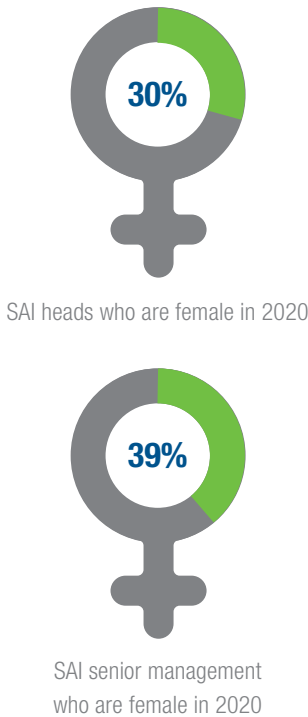
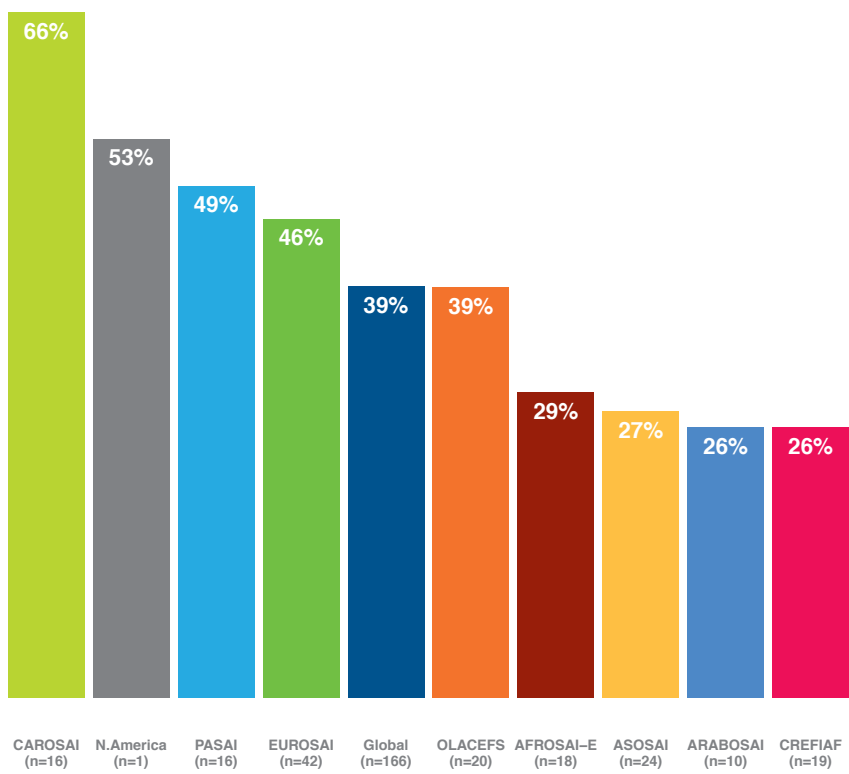
Over the last ten years, gender composition has been balanced for SAIs overall. According to the Global Survey 2020, male staff comprise 51% and female staff 49% of total staff numbers. There are variations across regions, some of which are due to structural issues. Certain regions with a lower proportion of female staff in 2010, such as CREFIAF and AFROSAI-E, now note an increase in the proportion of women staff.

However, analysis according to income level shows that LI countries have a lower proportion of female staff, with only 29% female vs 71% men in 2020, with little change over the last decade.

For professional audit staff, data indicates that gender composition is balanced and that the trend hasn't changed much over the last ten years. However, for leadership positions - heads of SAI and senior management - the percentage of men remains significantly higher.

This holds true across all regions and income groups. At the top management level, the majority of SAI Heads are male (70%). The number of female Heads of SAIs increased somewhat from 24% to 30% between 2017 and 2020. Among senior management positions, women account for 39% in 2020. Senior management teams are thus predominantly male (61%). LI countries have an even higher proportion of men in senior management positions, at 81%.

FIGURE 30B LEADERSHIP DEVELOPMENT IN SAIS
Percentage of SAI senior management who are female



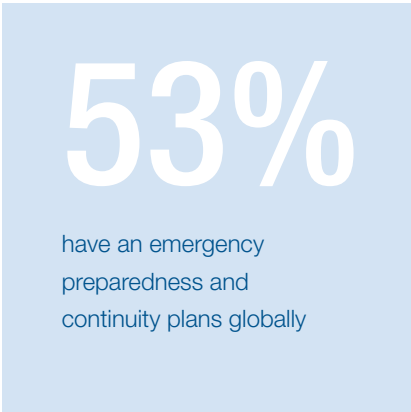
Source: INTOSAI Global Survey 2020

The gender imbalances seen among top management could be a reflection of the low emphasis on gender in strategic plans, as seen in 3.1. When it comes to addressing any gender imbalances for Heads of SAI, senior management, professional auditing staff and support staff, the Global Survey shows that only one-fifth of SAIs have set targets for increasing the under-represented gender, and around 40% of SAI respond that they don't consider gender imbalance to be an issue across any positions.

3.3.4 RISK MANAGEMENT / COVID-19 RESPONSE

Globally, 53% of SAIs have an emergency preparedness and continuity plans. Lower income countries are significantly lagging behind the higher income countries. In response to Covid-19 pandemic, SAIs have undertaken various measures.

Out of these measures, facilitation of staff to work from home ranks the highest (87%) followed by the revision of audit plan. 66 percent of SAIs have performed audits on Covid-19 related government funds.



DURING THE COVID-19 PANDEMIC, OUR SAI HAS...

