# Facilitating Audit Impact Strategy

2021-2023

**Facilitating**
**Audit**
**Impact** 1

# WHY DOES FACILITATING AUDIT IMPACT MATTER?

*SAIs make a difference by contributing to value and benefits for all. SAI's audit impact helps them make that difference.*

The main purpose of SAIs is to provide value and benefits for all through their audit work. Such value and benefits can be provided only when the audit work of the SAI leads to intended outcomes and contribution to impact. INTOSAI P 12 says 'The auditing of government and public sector entities by SAIs has a positive impact on trust in society because it focuses the minds of the custodians of public resources on how well they use those resources. Such awareness supports desirable values and underpins accountability mechanisms, which in turn leads to improved decisions. Once SAIs' audit results have been made public, citizens are able to hold the custodians of public resources accountable. In this way SAIs promote the efficiency, accountability, effectiveness and transparency of public administration'.
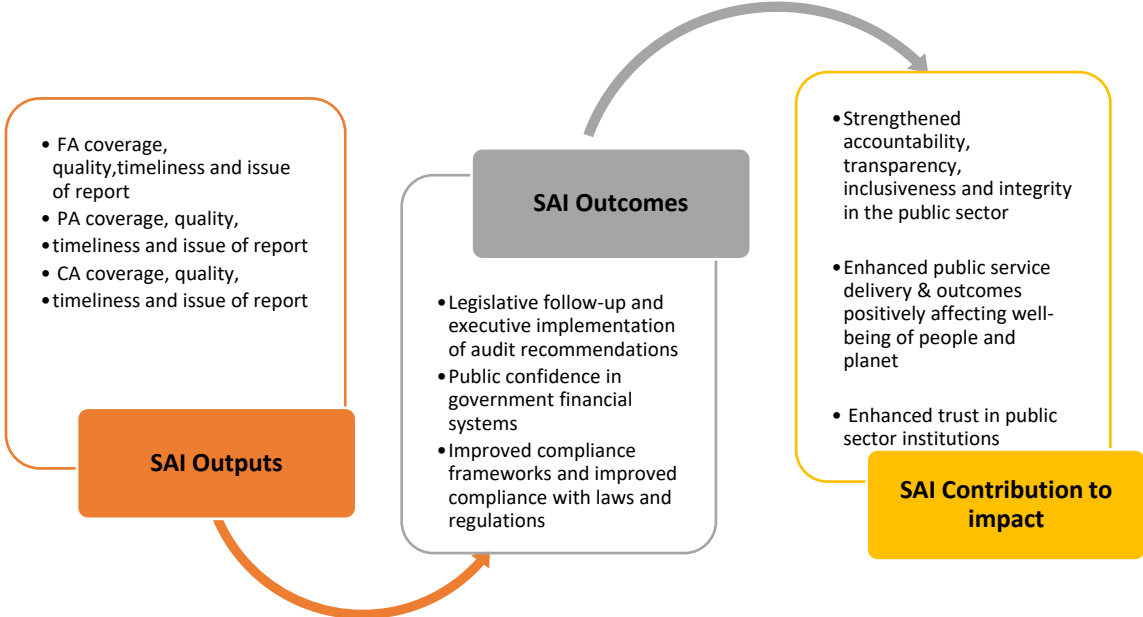
However, studies show that SAIs are often faced with lack of or limited executive response to, and implementation of audit recommendations and findings – and insufficient or absent follow-up by the legislative powers.  For instance, the most recent Open Budget Survey (OBS) shows that executive response only has an average score of 13 out 100, while legislative oversight is at 44, with the sub-component of legislative timeliness being at 37. Public participation in audit and oversight is at a very low level – with a score of 16. Additionally, the legislative and SAIs' own work to follow up on such implementation is often weak and/or not systematic across audit types, with an average score of 28 only in the OBS. IDI's Global SAI Stocktaking Report 2020 reveals that one-third of SAIs report that they do not have any internal system for monitoring the implementation of observations and recommendations. Moreover, the report concludes that "the lack of follow-up and limited focus on stakeholder management and communication with public suggests that this is an area of improvement which could be better integrated in the audit process, and that a more holistic approach to the audit approach could help improve audit impact". The above-mentioned studies clearly demonstrate the need to support SAIs in enhancing the impact of their audit work. The significance of audit impact and the current gap in achieving it makes it necessary to develop a shared understanding of audit impact amongst SAIs and key stakeholders and cultivate impact driven SAI processes and culture. [1]

---

[1] For more work on SAIs and stakeholders, see IDI SAIs Engaging With Stakeholders Guide and examples of engaging with stakeholders in CAAF (2021) How Audit Offices Collaborate with Civil Society: Highlights from our international survey (caaf-fcar.ca)

# WHAT IS AUDIT IMPACT?

*IDI describes audit impact as the contribution of the SAI's audit work to positive effects on people and planet (a society/on a group/area), especially those left behind, or at risk of being left behind.*

SAI contribution to impact is the result of a value chain. At one end of this value chain, we have SAI outputs, which are the direct outputs of SAI's audit work related to financial, performance and compliance audit. The next on the value chain are the SAI outcomes, which are the intermediate results of SAI audits. The extent of an SAI's audit impact is largely dependent on SAI outputs and SAI outcomes. This entire results value chain depends on an SAI's institutional, professional staff and organizational systems capacities. The SAIs' audit impact value chain is outlined below:

- FA coverage, quality,timeliness and issue of report
- PA coverage, quality,
- timeliness and issue of report
- CA coverage, quality,
- timeliness and issue of report

**SAI Outputs**

**SAI Outcomes**

- Legislative follow-up and executive implementation of audit recommendations
- Public confidence in government financial systems
- Improved compliance frameworks and improved compliance with laws and regulations

- Strengthened accountability, transparency, inclusiveness and integrity in the public sector

- Enhanced public service delivery & outcomes positively affecting well-being of people and planet

- Enhanced trust in public sector institutions

**SAI Contribution to impact**

The way this value chain operates is very country specific and heavily influenced by the overall country governance, political, social and cultural environment.

# WHAT IS FAI's VISION?

*Impact driven SAIs*

FAI envisions impact driven SAIs. For us this means that SAIs demonstrate greater audit impact by conducting high quality and impact driven audits, having in place robust follow up systems and fostering strong stakeholder coalitions that work together for greater audit impact. Most importantly we visualise SAIs contributing to equal futures by mainstreaming gender and inclusiveness considerations in working towards audit impact.



Impact Driven Audits

Robust Follow up Systems

Strong stakeholder coalitions
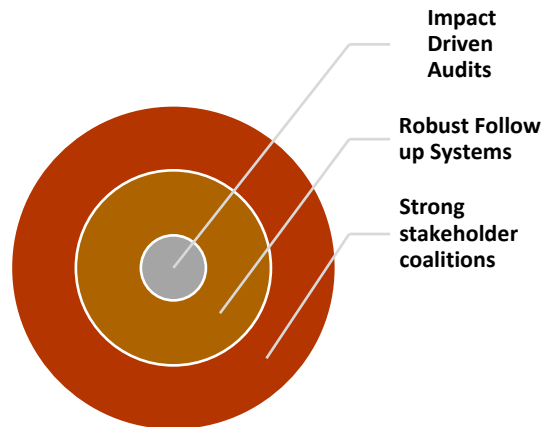
# HOW WILL IDI FACILITATE AUDIT IMPACT?

*Ignite, Huddle & Incubate for impact driven audits, robust follow up systems and strong stakeholder coalitions*

We plan to integrate three strategic delivery mechanisms to deliver results on the three FAI goals.

| IGNITE | HUDDLE | INCUBATE |
|---|---|---|
| As the name suggests, this strategic delivery mechanism involves igniting interest, awareness, and a shared passion for audit impact amongst SAIs, key stakeholders and citizens. IDI and other partners plan to bring together diverse stakeholders and citizens to interact on and discuss key issues related to SAI audit impact | We plan to bring together SAIs and stakeholders in global, regional and SAI level huddles to work together for enhancing SAI capacities. This includes organizational and professional staff capacities for impact driven audits, follow up systems and fostering stakeholder coalitions | Under Incubate, we plan to explore and experiment with new ideas and solutions for facilitating audit impact. We will identify key issues related to SAI audit impact, explore innovative solutions available across geographies and experiment with fit for purpose solutions for SAIs. |

A 3x3 FAI Framework brings together the three FAI goals and three strategic delivery mechanisms. The table below details the planned actions:

| FAI STRATEGY FRAMEWORK 2021-2023 | IGNITE | HUDDLE | INCUBATE |
|---|---|---|---|
| **IMPACT DRIVEN AUDITS**<br>• **Financial Audit**<br>• **Performance Audit**<br>• **Compliance Audits** | *FAI Ignite Series:* Webinars/ Seminars/Side events/Panel discussions organised with SAIs and different stakeholders (2021-2023)<br><br>2021: We will develop a concept note on 'What is SAI Audit Impact'. The note will feed into an online Global Summit on '*What is the audit impact of Supreme Audit Institutions?*', to be held in the second half of 2021. The global summit will bring together SAIs and stakeholders to explore the dimensions of audit impact, share success stories from achieving such impact and discuss paths to enhance audit impact. We will also encourage SAIs to check audit impact through engagement with direct beneficiaries/groups of citizens | • Continue to support SAIs in mainstreaming audit impact in cooperative performance and compliance audits, e.g. TAI Audits, SDG Audits<br>• Develop FAI Action Plan templates for FA, PA, CA<br>• Support SAIs in adapting FAI action plan templates in cooperative audits and implementing some of the FAI actions.<br>• Support SAIs in annual audit planning | Mainstream audit impact considerations in FA audit methodology |
| **ROBUST FOLLOW UP SYSTEMS**<br>• **Define Follow up**<br>• **Strengthen Follow up Systems**<br>• **Measure Audit Impact**<br>• **Monitor & Report on Audit Impact** | | Integrated Education & Audit Support for Robust Follow Up Systems | Develop Framework & Guidance for Audit Follow up, including a framework for Measuring Audit Impact |
| **STRONG STAKEHOLDER COALITIONS**<br>• **Audited Entities**<br>• **Legislative Bodies**<br>• **Civil Society Organisations**<br>• **Citizens** | | Joint SAI-Stakeholder education activities for building coalitions, including exploring ways of engaging with citizens | Framework for developing strong stakeholder coalitions for audit impact (SAIs - Audited Entities, Legislative Bodies and CSOs, citizens) |

We plan to **implement the FAI framework in a coherent and integrated way,** with outputs from different strategic delivery mechanism feeding into each other. For example, the framework and guidance on audit follow up will be used to deliver integrated education and audit support to SAIs in strengthening follow up systems. The FAI ignite series will bring together SAIs and key stakeholders to discuss key challenges and solutions for strengthening audit follow up.

Besides connecting the dots within the FAI framework, we will also seek **synergies with other initiatives**. For instance, audit impact considerations will be mainstreamed through initiatives like auditing SDGs implementation, discussed in Professional Education for SAI Auditors Pilot (PESA -P), included in GPGs related to financial, performance and compliance audits and included in IDI's cooperative audit support. The 2021 SAI Innovation Framing Webinar will be organized on the theme of 'Innovating for Impact'. Results of the Global Survey and work done in other initiatives like SPMR and SAIs engaging with stakeholders will also feed into FAI.

# WHO WILL BENEFIT FROM FAI?



All SAIs, across the INTOSAI community and citizens in their countries can benefit from FAI. The FAI Ignite Series will aim to bring all SAIs and stakeholders together for interaction and discussion. The substantive support under FAI Huddle will focus on SAIs in developing countries. Stakeholders, e.g. audited entities, CSOs and legislative bodies can also benefit from FAI Huddle activities. Products developed through FAI Incubate will be publicly available. Within SAIs, FAI will benefit SAI leadership, SAI auditors from the three audit streams and communication staff.

While the initial development and delivery will be done in English, FAI will also be available in Arabic, French and Spanish.

# WHO WILL FAI PARTNER WITH?



We plan to seek a wide range of stakeholders and partners to work with in facilitating audit impact. In pursuing partnerships, we will also include organisations that work with gender and inclusiveness.

# WHAT RESOURCES DOES FAI NEED?

FAI implementation will require an IDI team of managers, coordinators and associates, working together with key partners, experts and resource persons. The Manager responsible for FAI will cooperate with different teams within IDI. We will also explore options to resource associates from SAIs or other partner organisations to work with us on specific issues.

The funding needs under FAI can be worked out when activities under the delivery mechanisms Ignite, Huddle and Incubate are further detailed out. The scale of funding will also depend on the extent of in person interventions planned and possible, given the uncertain future re. travelling at this stage.

# HOW WILL WE MAINSTREAM GENDER AND INCLUSIVENESS IN FAI?

√   Mainstreaming gender and inclusiveness implies that these considerations are taken into account in:
   o   design, development, implementation, monitoring and reporting in all our activities and delivery mechanisms.
   o   audit impact definition, vision, objectives, the FAI framework
√   As inclusiveness is a broad concept, with no universal definition and with varying contextual implications, we will approach it by:
   o   Focus on *leaving no one behind* (LNOB) to identify the particular contextually relevant approach for a SAI

- Focus on *intersectionalities* (often coinciding with LNOB considerations)

√ A gender and inclusiveness analysis feeds into development of FAI, uncovering status and gaps. IDI will take informed decisions on what needs and gaps we can address in the initiative based on resources, available expertise, etc.

√ Additional gender and inclusiveness analysis will be undertaken as the initiative evolves and identified gaps can be closed

√ FAI activities under way (PESA-P, SDG audits) have already mainstreamed gender and inclusiveness considerations

√ Mainstreaming depends on the specific activities within the buckets – some examples:
- FAI Huddle activities: For FAI Action Plan template for follow up from the SDG preparedness audits, the leaving no one behind principle will be the entry point for mainstreaming, pending on report findings and recommendations.