

GLOBAL SAI STOCKTAKING REPORT 2023







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2023

ACRONYMS & ABBREVIATIONS

AFROSAI	African Organization of Supreme Audit Institutions
AFROSAI-E	African Organization of English speaking Supreme Audit Institutions
ARABOSAI	Arab Organization of Supreme Audit Institutions
ASOSAI	Asian Organization of Supreme Audit Institutions
CA	Compliance Audit
CAROSAI	Caribbean Organization of Supreme Audit Institutions
CBC	Capacity Building Committee (INTOSAI)
CREFIAF	Organisation for Sub-Saharan Francophone Supreme Audit Institutions
EUROSAI	European Organization of Supreme Audit Institutions
FA	Financial Audit
iCATs	ISSAI Compliance Assessment Tools
ICBF	Institutional Capacity Building Framework (AFROSAI-E)
IDI	INTOSAI Development Initiative
ISA	International Standards on Auditing
ISSAI	International Standards of Supreme Audit Institutions
INTOSAI	International Organization of Supreme Audit Institutions
KSC	Knowledge Sharing Committee (INTOSAI)
LI	Low Income Countries
LMI	Lower Middle Income Countries
OBI	Open Budget Index
OECD/DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
OLACEFS	Organization of Latin American and Caribbean Supreme Audit Institutions
PA	Performance Audit
PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability Assessment
QA	Quality Assurance
QC	Quality Control
SDGs	Sustainable Development Goals
SAI	Supreme Audit Institution
SAI PMF	Supreme Audit Institutions Performance Measurement Framework
UMI	Upper Middle Income Countries
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WGVBS	Working Group on the Value and Benefits of SAIs

OUR KEY MESSAGES

Global context creates a risk for SAI operations and the conditions for accountability

SAI Independence is threatened with an increase in interferences

Strategic Management tools is helping SAls improve their governance

SAls are becoming more gender responsive

Professionalisation support is needed to establish sustainable audit practices of high quality

Transparency through audit publication and strategic stakeholder engagement will be key to strengthen accountability

SAI create impact by auditing emerging issues like national crisis response, SDG implementation and high-risk and financial value sectors

In certain contexts, SAls play a complementary role in curbing corruption through investigation and sanctioning



EXECUTIVE SUMMARY

The fifth Global SAI Stocktaking gives a snapshot of Supreme Audit Institutions' performance and aims to present their operations in light of global developments. The main data source for the report is responses from 166 SAIs collected through the INTOSAI Global SAI Survey. The analysis has been enriched by SAI PMF and PEFA data, together with selected democracy indicators from the v-dem. The Global Survey and the Global SAI Stocktaking was developed by IDI. IDI is grateful for the support and contribution from INTOSAI regions and the INTOSAI Global Survey Committee.

FACED WITH INCREASED THREATS TO TRANSPARENCY, SAIS NEEDS TO ELEVATE ENGAGEMENTS WITH ACCOUNTABILITY ACTORS

Concerning trends in accountability and democracy have continued to characterise global developments since the Global SAI Stocktaking Report 2020 (GSR2020). Research shows that over the last ten years, levels of democracy, civil liberties and accountability have declined to levels close to those of the 1990s. These global waves can make it even harder for SAIs to continue their work to hold governments around the world accountable for public spending and governance.

For the third consecutive Stocktaking, SAI independence levels have declined. This continued trend can be explained by a deterioration in certain geographical regions, accompanied by sustained low levels in others. Access to information continues to fall, and interference in budget execution and audit planning has gone up. 10% of respondents to the Global Survey 2023 reported interference against the SAI leadership.

Meanwhile, SAIs' ability to transparently report on their audit findings are also suffering, with a two-point drop in the SAIs' right to publish audit reports, accompanied by a lower average of 69% of SAIs reports being published, compared to 77% in the GSR2020. The result begs of whether the levels of transparency in SAI reporting and publication could be linked to levels of openness in society overall. The GSR2023 suggests there is a moderately strong correlation between levels of reports published and civil

liberties, which proposes trends affecting transparency and openness could have detrimental effects on SAI's work.

Despite these results, SAIs are still not making sufficient efforts to forge strategic relationships with institutional and non-institutional end users, through predictable and adapted communication, consultation, and follow-up. There's a significant fall in regular communication with the Executive compared with the GSR2020, from 63% to 23%. This implies lost opportunities both for making effective use of internal audit findings, as well as sensitisation and improved understanding of audit objectives which could improve the use of results. The Executive is also not involved by SAIs in follow-up of audits, which means that systemic issues derived from audits, are less likely to be addressed. Only 40% involve the Executive regularly in follow-up of audits, and levels are similarly low for involvement of Parliament, which also means significant governance issues risk not being debated and potentially addressed by policy makers.



IMPROVEMENT IN GENDER AND SDG AUDITS SHOWS SAIS CAN BE RESPONSIVE

While SAIs face institutional challenges, they can also pinpoint emerging and current topics through their audit work. The GSR2023 shows that during and in the aftermath of the COVID-19 pandemic, 87% of SAIs reported to have conducted audits on COVID-19 emergency funds. 70% published a report based on these audits.

Another area where SAIs have shown dedication to global development is audits of the Sustainable Development Goals (SDG Audits). The Global Survey results show that 49% undertook performance audits of the preparedness of national

governments to implement the SDGs (Sustainable Development Goals), while 43% undertook performance audits on national implementation of SDGs. The latter is a substantial increase since the GSR2020, when only 30% did so. There's also an increase from 16% to 22% in the proportion of SAIs that carry out audits for the purpose of country reporting against SDG targets. 49% also confirm to carry out audits on other specific SDGs.

There has also been a slight increase in audits on gender since 2020. Although the numbers of gender audits are still low,

with 31% of SAIs doing audits on gender and 21% mainstreaming gender in audits, the numbers represent an improvement since GSR2020, where 24% did audits and 14% mainstreamed gender in their audit work. Furthermore, these practices are accompanied by an improvement in gender work on the organisational level. 60% of SAIs have now institutionalised gender responsibilities in the SAI, there is an increase in the proportion of SAIs with a gender focal point from 25% reported in 2020 to 37% in 2023.

A JOINT EFFORT IS NEEDED TO LIFT SAI AUDIT QUALITY

To maintain credibility, SAIs' endeavours to cover significant audit topics must be accompanied by risk-based high-quality audits. The GSR2023 shows that while the adoption of ISSAIs as authoritative auditing standards is now almost universal at 97%, there is no clear joint understanding of what the adoption process entails. 62% of SAIs report to have adopted the relevant standards as the authoritative audit standards. Almost two-thirds have a provision in the audit act for adoption of standards. Yet, the processes SAIs undertake during standard adoption vary and only 21% have made an implementation plan for the adopted standards within the SAIs.

This is reflected in the quality of manuals, audit work and existence of quality management systems. SAI PMF data shows that across audit types, SAI audit manuals meet the quality benchmark for 70%, 52% and 70% for financial, compliance and

performance audits respectively. Despite relatively high numbers related to ISSAI-compliant audit manuals, there is a steep fall when compared to the quality of SAI audit practices, where the quality benchmark from SAI PMF is met by 48% of SAIs for performance audits, but falls to 25% for financial audit and 16% for compliance audit.

Implementation of the ISSAIs is a long-term change process, so it's not unexpected that improvements in audit practices will not be captured by performance data over shorter periods. However, it is worth noting that good manuals are not sufficient, and it appears that many SAIs need continued support to fully organise the roll-out of ISSAIs and integrate it into their existing work. The GSR2023 shows that quality management is one aspect where continued work is required, together with upscaled support at the organisational level in planning and risk analysis.

Another key area is professionalisation of staff and organisation of audit teams. Only 37% of SAIs find their current staff to be adequate both in terms of size and competencies. When asked about professional development programmes, SAIs rely most commonly on in-house development programmes not regulated by any other organ, which is used by 60%. Only 66% of SAIs have competency frameworks at the base of audit and professionalisation efforts, suggesting that their in-house efforts will not be sufficient, considering the challenges many SAIs face in doing ISSAI-compliant audits, as quality objectives and competencies needed are not sufficiently defined. 33% of SAIs report to have mechanisms for promoting and assessing the success of continuing professional development. This is not only concerning for assessment of individual staff development, but could also imply there are limited SAI capacities to apply and disseminate skills and knowledge

obtained through capacity building within the organisation. This could hamper the implementation of ISSAI-based audits.

The results show that the volume of peer support took a hit during COVID, with the number of SAIs providing support to peer SAIs going down from 71 during

2017-2019, to only 42 during 2020-2022. Given the important role peers play in providing capacity development support, this is concerning. Combined with 47% reporting financial resource insufficiency and 55% reporting difficulties in obtaining external support for SAI-led capacity development projects, it reveals the need

for INTOSAI and development partners to come together to help SAIs get back on track in providing and receiving technical and financial assistance that can improve accountability levels in lower-income countries.

SAI STRATEGIC VISION MUST BE ACCOMPANIED BY OWN ACCOUNTABILITY

It is positive to see results for SAIs governing their operation based on a stable strategic plan. 90% currently have a Strategic Plan and report that they manage their work using operational plans. The GSR2023 analysis shows that there has been an improvement in good practices based on strategic management principles in the SAI community, and that the improvement to a certain degree can be linked to continuous support provided on this area of SAI governance.

Even with the important role of SAIs in the accountability ecosystem, and

their potential to contribute towards rebuilding trust of citizens towards public institutions, SAIs are not yet sufficiently making efforts to demonstrate their own accountability practices. For example only 52% of SAIs report annually against their strategic objectives. Similarly, the financial accountability of SAIs is limited partly due to institutional restraints. Still, only 57% of SAIs globally submit financial statements for external audit, and even fewer, 46%, publish the audit opinion.

Finally, the GSR2023 shows that SAIs have the potential to make better use of ICT to

help improve the efficiency of governance and audit operations. Only half of SAIs have a digitalisation strategy, or a budget for ICT and digitalisation investments. Similarly, 41% have a plan for enhancing digital competency in the organisation. Considering these results, it's clear that SAIs should continue to build their ICT governance systems, to enable better support to their main operations.





WHAT IS THE GLOBAL SAI STOCKTAKING REPORT?

A COLLABORATIVE EFFORT TO GAIN INSIGHT ON SAI PERFORMANCE

The Global SAI Stocktaking Report (GSR) is a triannual report, which is unique in its perspective on measuring and assessing development and trends in Supreme Audit Institutions (SAIs) across the world. The report also aims to capture SAI status in light of global developments. The results could be used to understand current preconditions for accountability and oversight.

The objective of the GSR is to better understand SAIs performance and capacities, by providing a snapshot of their practices, ranging from institutional set up, through to audit practices to efforts in creating impact through their work.

In addition, the status and activities of INTOSAI regional organisations have been assessed through a separate survey

focusing on their role and capacities. The analysis will result in a special report dedicated to the topic, published as an annex to the GSR.

The areas of performance measured are compared to previous survey results (GSR2020), to detect and monitor trends in SAI performance over time. In addition, this report aims to assess how global trends are affecting SAI capacities. Results from the key results indicators will be presented in a data annexe, grouped according to INTOSAI regions and World Bank Income level categorisation.

The primary data source for the GSR is the INTOSAI Global Survey 2023. The survey covered responses from 166 SAIs from all INTOSAI regions, who responded to a questionnaire of 170 main questions. The

analysis of changes have been done by analysing results against data from the

Global Survey 2020 and Global Survey 2017. In addition, results have been analysed against secondary data from the Varieties of Democracy Index (v-dem), World Bank Income Level Categorisation, OECD Fragile State list, Public Expenditure Financial Framework Assessment (PEFA) and Open Budget Index. More details can be found in the Methodology Annex.

The GSR is a collaborative INTOSAI effort. This triannual survey is developed by IDI together with the INTOSAI regions, INTOSAI Goal Chairs, INTOSAI Chair and INTOSAI General Secretariat. IDI remains grateful for these continued collective efforts, and especially for the INTOSAI regions' support in soliciting responses from its members.

READING THE REPORT

The report presents results for SAI performance and capacities through 5 chapters. The chapter on **Institutional Capacities** focuses on global context and SAI Institutional capacity. *Institutional capacities involves aspects of the institutional and legal framework within which a SAI operates, as well as its' place in the Accountability Ecosystem.* The chapter covers SAI Independence, interference and right to publish reports, SAI resource situation as well as access to resources. Stakeholder relations, an essential aspect of institutional performance, are further presented on **SAI Audit Impact**. This chapter analyses SAIs' ability to be responsive to current and emerging issues and engage meaningfully with

actors in the Accountability Ecosystems to enhance impact.

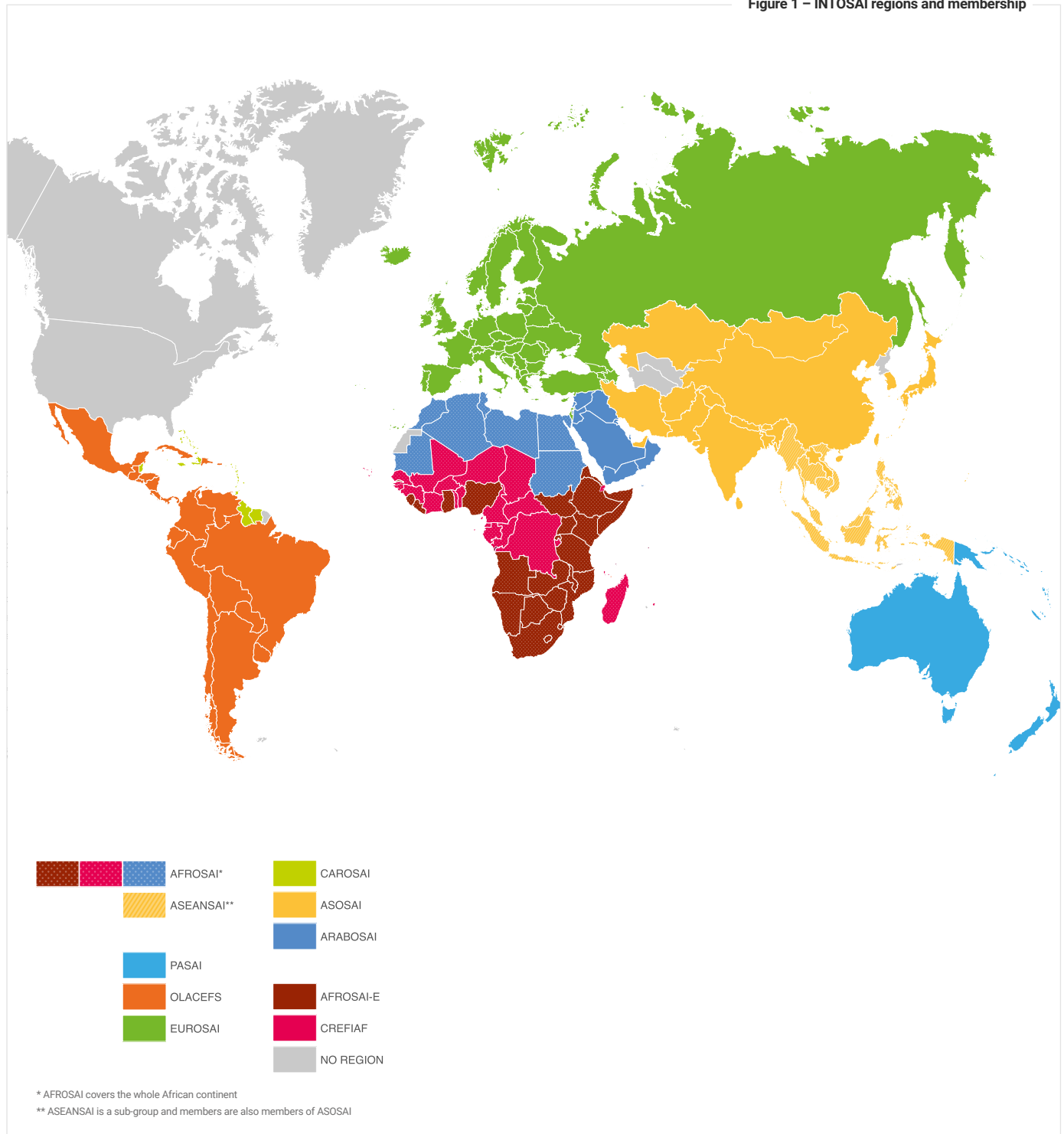
The organisational systems capacity of a SAI include the processes and structures within the organisation to enable a more effective and efficient achievement of the desired objectives. These include systems for strategic management, quality governance and support systems, IT infrastructure, human resource management systems and gender and inclusion. These results are presented in **SAI Governance** page.

The chapter on **Professional Capacity**, global audit results and overall systems, including auditing standards, quality

management and professionalisation are discussed. *The SAI professional capacity and SAI staff capacity of a SAI is the ability of the SAI management and staff to function effectively together as per their job requirements.* It includes the knowledge and skills of SAI employees. The analysis aims to uncover how SAI capacity and staff capacity act together.

The last chapter **SAI role in Fraud and Corruption** discusses the work of SAIs in relation to fraud and corruption. Often considered as the ultimate impact of the work of SAIs, the chapter analyses the practices of SAIs as well as aspects of context which may impact their role.

Figure 1 – INTOSAI regions and membership



INSTITUTIONAL CAPACITIES SUFFER IN A PERIOD WHEN GLOBAL ACCOUNTABILITY IS CHALLENGED

This chapter presents an analysis of SAI results related to the core elements of the SAI as an institution. This entails principles of SAI Independence, the experience of interferences, SAIs' financial situation and their ability to obtain external support. The introduction first covers the global environment and preconditions for accountability, which is likely to affect SAIs' abilities to fulfil their mandates.

To better understand the preconditions for SAIs to successfully execute their mandates, we need to consider their institutional capacities, and their context and environment. The world faces a situation where 35 years of advances in global levels of democracy have been wiped out, moving us back to 1986-levels.¹ Democratic levels are the

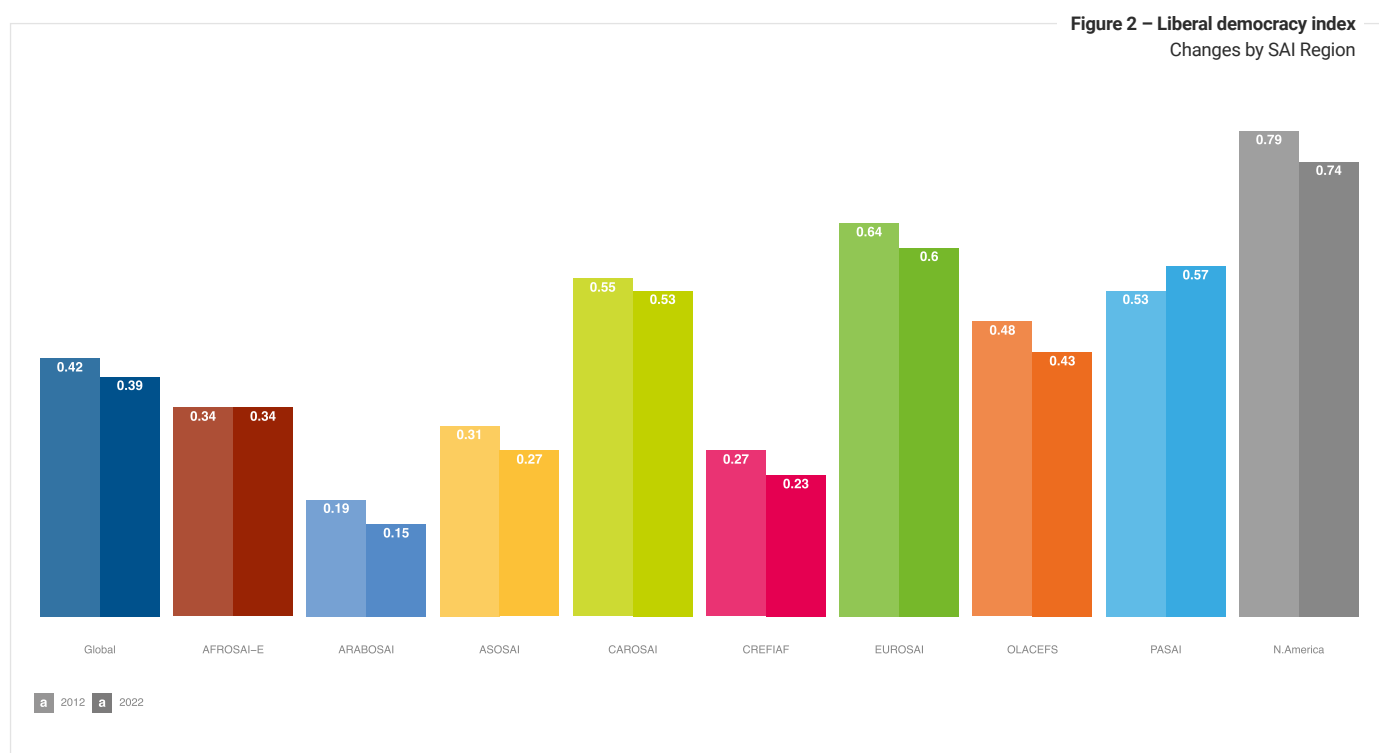
same as they were during the third wave of democratisation, a period that started in the seventies and continued until the nineties.² According to the Varieties of Democracy (v-dem) Democracy 2023 report, in 2022 72% of the world's population – 5.7 billion people – lived in autocracies.³ Compared to 10 years ago, 35 countries are facing deterioration of

civil liberties, where only seven did so in 2012. Throughout this report Global Survey results have been analysed against relevant indicators from the V-dem data, in order to better understand the trends we see in global SAI Performance.

[1] V-dem Democracy Report 2023. V-Dem Institute.

[2] See for example O'Donnell Guillermo and Huntington Samuel.

[3] V-Dem produces the largest global dataset on democracy with over 31 million data points for 202 countries, collected by scholars and researcher for over 100 attributes of democracy.



According to V-dem, “Horizontal accountability concerns the power of state institutions to oversee the government by demanding information, questioning officials and punishing improper behaviour. This form of accountability ensures checks between institutions and prevents the abuse of power”.⁴

The V-dem index on democratic and global development shows that the negative trends affect horizontal accountability, the accountability between state institutions.

Vertical accountability and diagonal accountability are equally important for democracy, with the first referring to the ability of the populations ability to hold its government accountable through elections, and diagonal accountability covering the oversight by civil society organisations and media activity.⁵

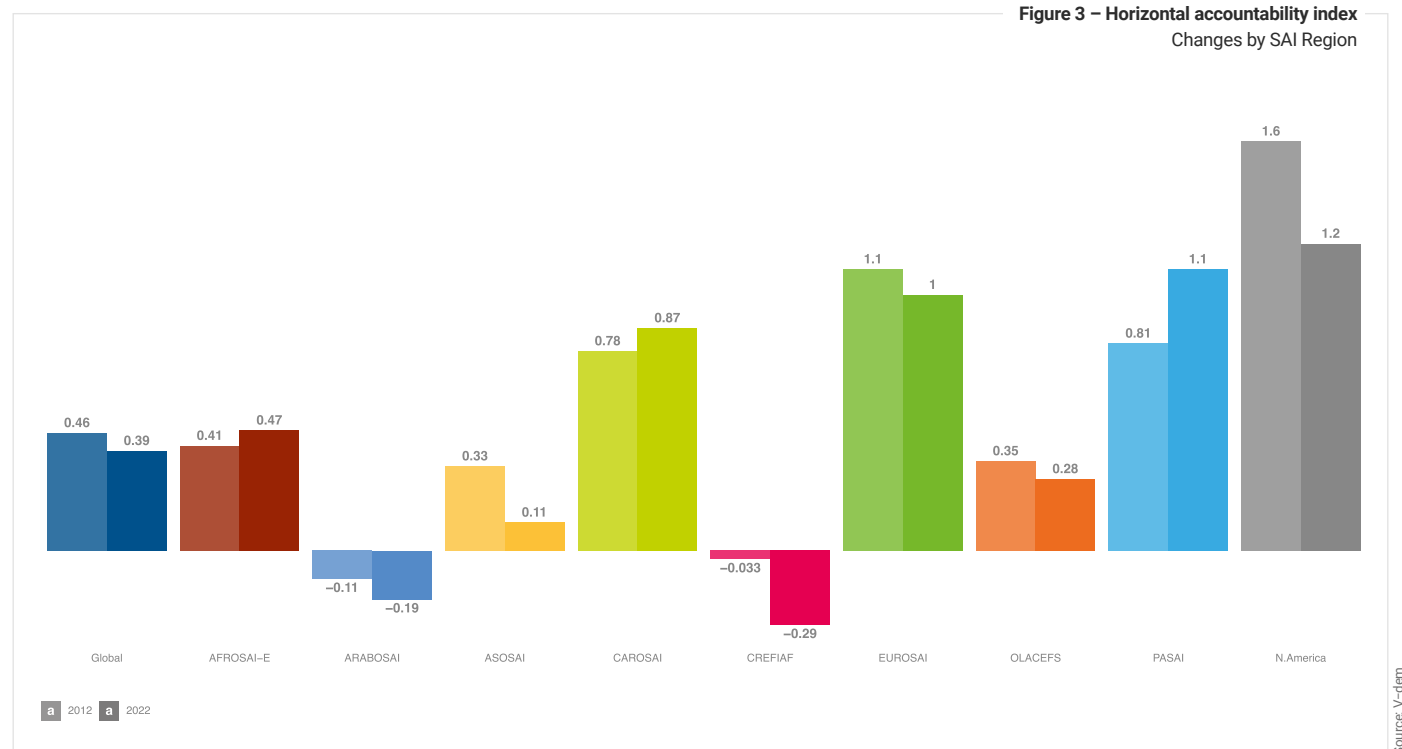
These are not explored in this report, but it’s important to mention that the negative trend also is found for these aspects of accountability.

The responses to the Global Survey 2023 have been analysed based on the hypothesis that global trends also affect the public space for accountability, and the environment for holding government accountable for their performance and actions. The v-dem index shows a global decline over the last 10 years, echoed in almost all regions, and with a negative development in horizontal accountability in ARABOSAI, CREFIAF, EUROSAI, OLACEFS and North America.

[4] V-dem Codebook.

[5] Ibid.

Figure 3 – Horizontal accountability index
Changes by SAI Region



LESSONS ON SAI DATA ANALYSIS AGAINST EXTERNAL VARIABLES

Following the GSR2020, an analysis (unpublished) studied the existence of linear relationships between SAI performance and SAI independence and global trends, such as democracy levels, accountability levels and civil liberties. These trials showed that the characteristics of the survey data, combined with the sample size, make it difficult to determine strong direct causal relationships through regression analysis, although the analysis can reveal degree of correlation between two variables. A possible working hypothesis is that the combination of different levels of institutional, organisational and professional capacities that constitute SAI performance, makes it less meaningful to identify separate external variables which will have single measurable effect on the overall capacity. Rather, the different types of capacities affect each other, and reduce likeliness of detecting individual contextual variables that explains SAI performance on a global level.

SAI INDEPENDENCE CONTINUES TO REGRESS

This section examines the development of the SAI Independence index, which is built up by indicator scores based on the eight principles in INTOSAI P-10, the Mexico Declaration on SAI Independence. In this section we focus on global results, as well as regional trends. We also present the independence principles that seem to most affect the overall results. In the next section we discuss findings related to external interference, and finally results on freedom of publication.

The GSR 2023 is the third consecutive GSR that reports reductions in SAI independence. The SAI Independence Index for 2023 provides an average score of 73 points across all eight principles of the Mexico Declaration and all SAIs. Comparing SAIs that responded to both the Global Surveys in 2020 and 2023 results shows a one-point decline in overall results.

Figure 4 – SAI Independence Index Results by Independence Principles

Based on responses from 166 SAIs

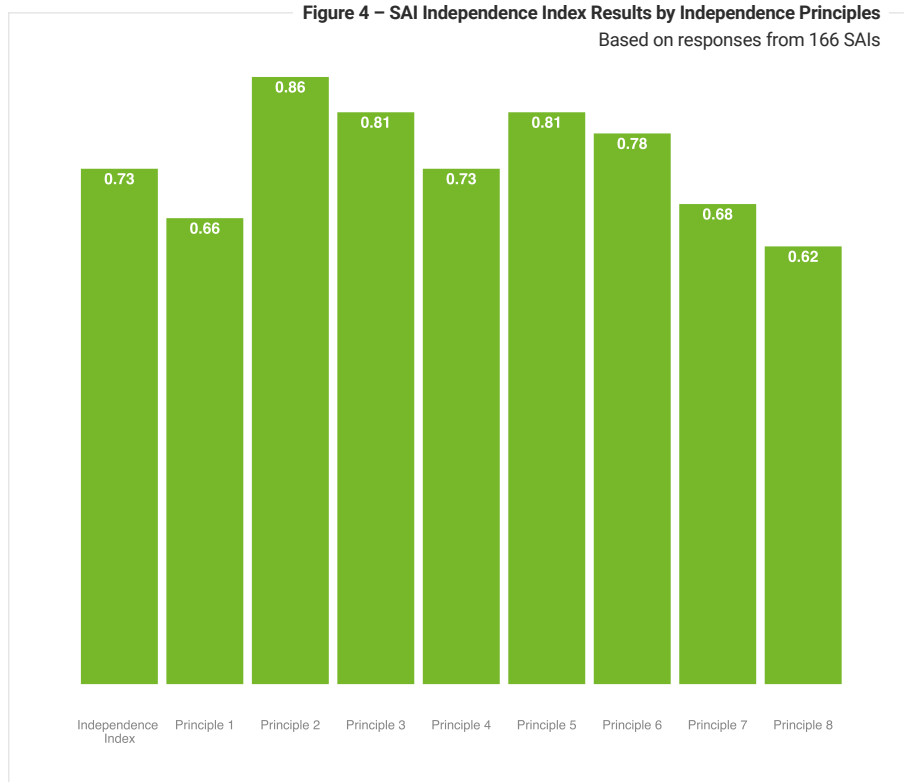
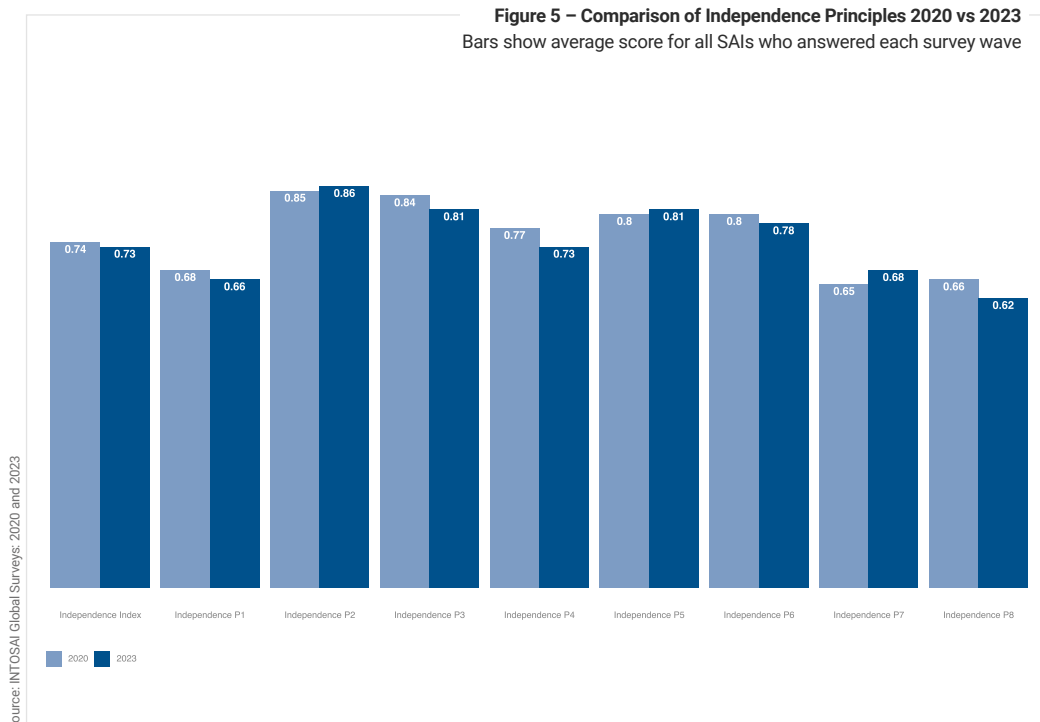


Figure 5 – Comparison of Independence Principles 2020 vs 2023
Bars show average score for all SAIs who answered each survey wave



While all fluctuations compared to GSR2020 will affect the global score, we will here focus on the reductions in Principle 1, adequacy of legal framework, Principle 4, access to information and Principle 8, financial and administrative autonomy. Analysis indicates there is not one contextual variable that can explain the SAI Independence Index levels, but there is a pattern of higher scores in the index for SAIs in countries with higher levels of horizontal accountability. In general, SAI independence scores seems to rise with levels of democracy and horizontal accountability.

As in previous Global Surveys, SAI independence appears to be a bigger challenge in ARABOSAI, CAROSAI and CREFIAT than in other regions. CAROSAI appears to be especially vulnerable with a big drop in index results since the last GSR, down nine points down for those SAIs who responded to both surveys. Other regions with a notable drop were OLACEFS and ASOSAI, while EUROSAI results indicate an improvement. ARABOSAI notes a large improvement, up five points compared to GSR2020.



Figure 6 – SAI Independence Index
Results by SAI Region

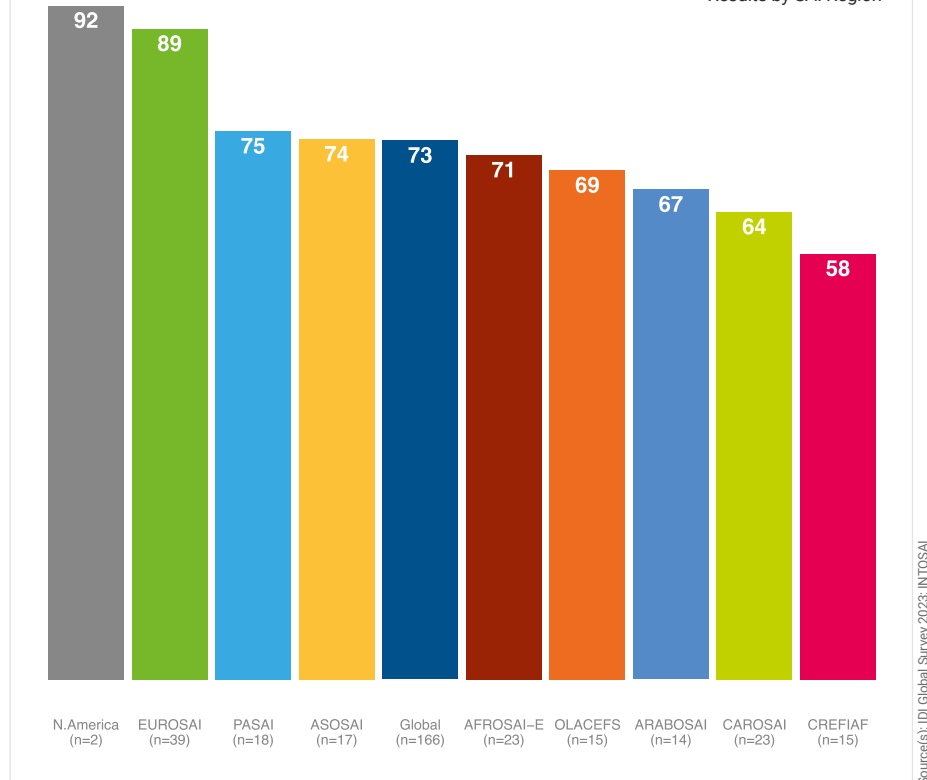
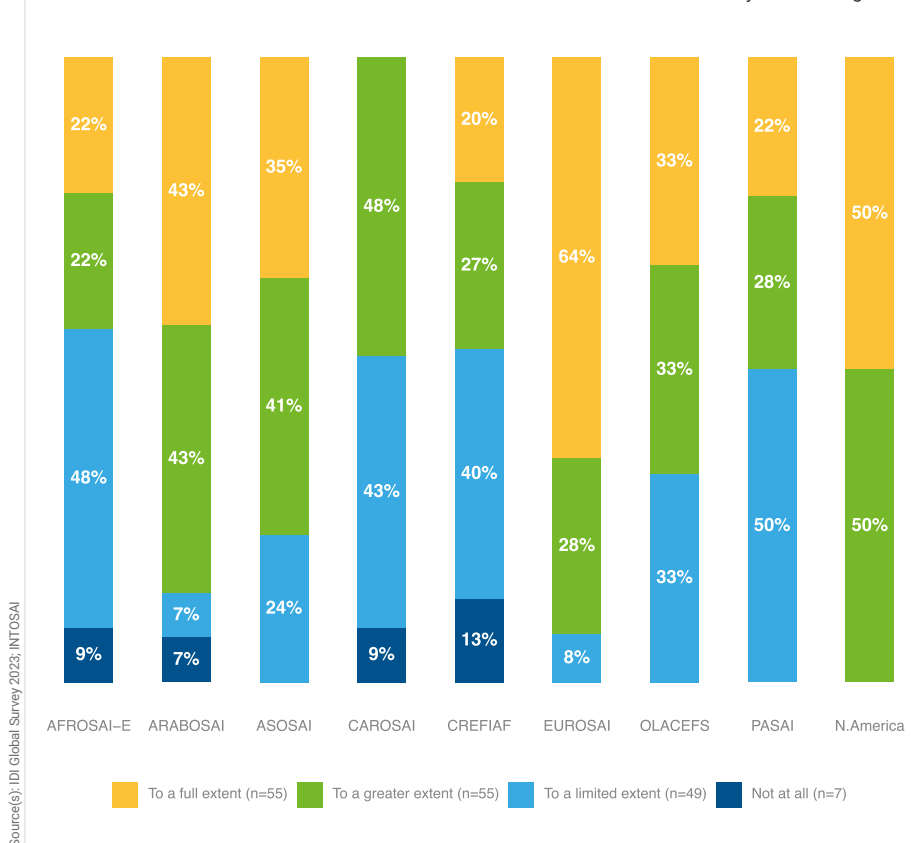


Figure 7 – Adequacy of legal framework on condition of financial and operational independence
Results by INTOSAI Regions



The analysis starts with Principle 1 of the Mexico Declaration, the existence of an appropriate and effective legal framework. The Index shows a slight decline since GSR2020, from 68 to 66 points for SAIs finding that their legal framework adequately prescribe SAI independence. Comparison of regional results to GSR2020, show there has been a small noticeable reduction in average scores in AFROSAI-E, CREFIAT and OLACEFS.

Like in GSR2020, inadequacy of legal framework predominately remains an issue in Lower Income countries.⁶ In AFROSAI-E, CREFIAT and PASAI only 20% of SAIs report that the legal framework is fully adequate, and in CAROSAI, no SAIs find that the legal framework is fully adequate. SAIs in these four regions move closer to the global average when we include the SAIs who found that the legal framework mostly meet the requirement, but they remain below the global average.

[6] The report use the World Bank Income classification. Countries classified as Low-Income (LI) countries, Lower-Middle Income (LMI) countries and Upper-Middle Indicator (UMI) countries are here jointly referred to as lower income countries, unless something else is specified. In cases where the text refers to developing countries as a group, in connection with receipt of support, development countries are used as an indication that they are eligible for support according to the OECD DAC-list.

We see a correlation with democracy levels, as SAIs in liberal democracies find the legal framework to be fully adequate in 62% of cases, against only 32% in any other regime type. The difference is also observed for Fragile States⁷ that score 54 on indicator 1 against 69 points for non-fragile states. The difference is even more dramatic, when comparing Small Islands Developing States (SIDS), with an average score of 50 against 71 against other countries. The levels of adequacy also correlate positively with income levels as 82% of SAIs from High Income (HI) countries find the legal framework to be fully or mostly adequate, while the proportion descends according to income level groups, down to 48% of SAIs in the LI Countries.

The last GSR revealed a sharp drop in scores on Principle 4 on access to timely, unconstrained, and complete information. This trend continues, with a three point drop since 2020. 46% of SAIs responded that they had “full” access to information

in the Global Survey 2023. While the low number of SAIs with full access is concerning, the analysis also reveals a deterioration of the SAIs who although they didn't have full access, could, according to GSR2020, mostly access information without meeting restrictions. In fact, the global decline could be explained by a shift from SAIs having “mostly” access to information, to SAIs only having limited or no access to information. Regional distribution data suggest all regions have experienced increased challenges in accessing information.

In ASOSAI, ARABOSAI, CAROSAI and CREFIAF, 20% of SAIs have experienced limitations on access to information to such an extent that it has become difficult to properly discharge their audit responsibilities. The global results could likely be due to restriction (including emergency laws) during COVID-19. However, analysis does not suggest there is a very distinct difference in access to audit information, between SAIs who did

COVID audits and SAIs who did not.

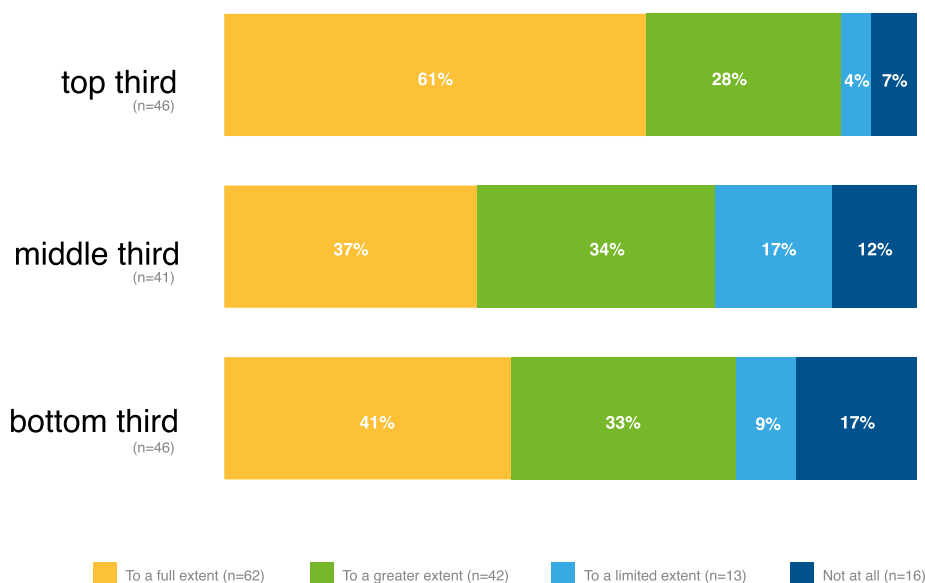
Another explanation could be linked to the overall quality of the public administration. As in the GSR2020 we see a correlation between levels of access to information and impartiality of the public administration.⁸ The analysis uncovers that SAIs in countries where impartiality of administration is in the top-third tier, in general had better access to information. Inversely SAIs in countries where levels of clientelism are higher, experienced more interference. This suggests that while global crisis and shock on country level, in part, and on country-by-country basis could explain operational challenges faced by SAIs, it is more likely that that these stem from more systemic issues. It also confirms that global crisis merely exacerbate inherent weaknesses in the governance and accountability system, and that impartiality and respect for legal frameworks are a necessity for the chain of accountability to properly function.

[7] This report uses the definition of fragile state defined by OECD.

[8] This question focuses on the extent to which public officials generally abide by the law and treat like cases alike, or conversely, the extent to which public administration is characterized by arbitrariness and biases. Source V-dem.

Figure 8 - Principle 4 - Access to information
Results according to quality of public administration

Impartial public administration
(2022)



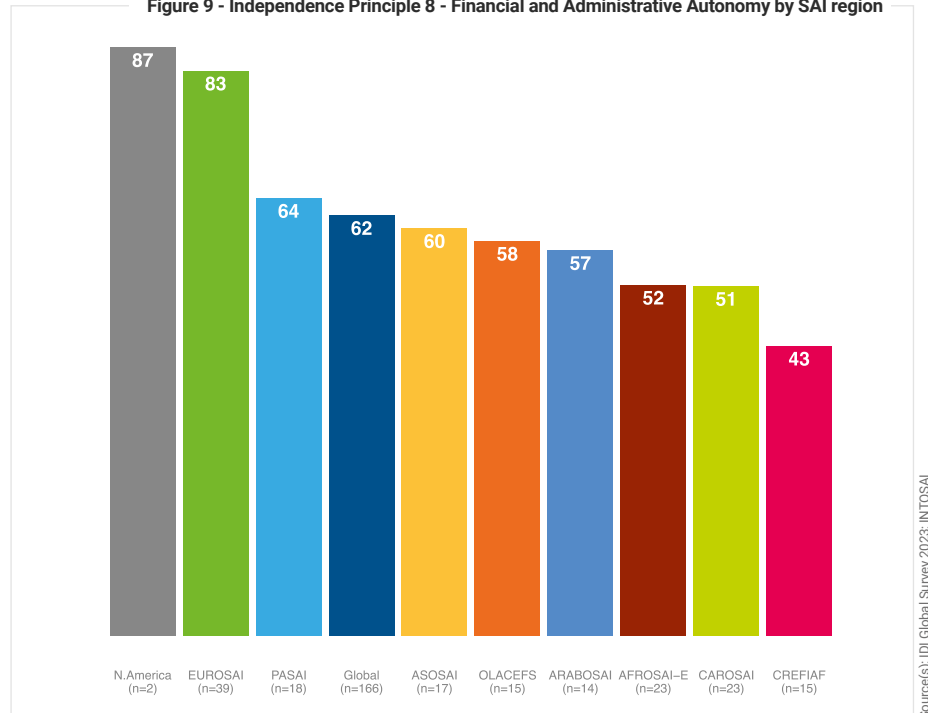
The final result in this section is the four-point drop since the GSR 2020 on Principle 8, SAI financial and administrative autonomy. As in 2020, low scores in AFROSAI-E, CREFIAF and CAROSAI lead to an overall low score of 62 points. The indicator is based on results regarding budget process, administrative and financial autonomy.

The analysis reveals that the national country system may affect the preconditions for financial autonomy. For principle 8 the average score increases according to income level. Another interesting finding is that the score of principle 8 correlates positively with the level of budgetary transparency as measured in the Open Budget Index. The survey shows that globally, only 20% of SAIs submit their budget directly to the Legislature for adoption, and 74% of SAIs submit it first to the Ministry of Finance who determines the budget before submitting it to the Legislature. Therefore, the Legislature has a limited role in ensuring that the SAI has sufficient and appropriate resources to fulfil its mandate. Aligned with the global results, results across regions are low, and direct submission is most common in EUROSAI and ASOSAI, with 36% and 29% respectively. Once the budget is approved, still only 41% of SAIs have the autonomy to manage their organisation's budget fully.

Although numbers are higher for HI-countries, they are still low with only 53% stating that they have full discretion in the budget management.

When it comes to the practical application of the budget law framework, the same proportion of SAIs, 44%, reported to have experienced interference from the Executive regarding their budget process. This interference could include cuts in proposed budgets, holding back payments and late issuing of funds. This means that almost half of all SAIs are hampered in planning and execution of audit programmes due to this interference. Interference happens more often in SIDS and Countries in Fragile Contexts. The level of interference is the same as in GSR2020. (73 SAIs reported interference).

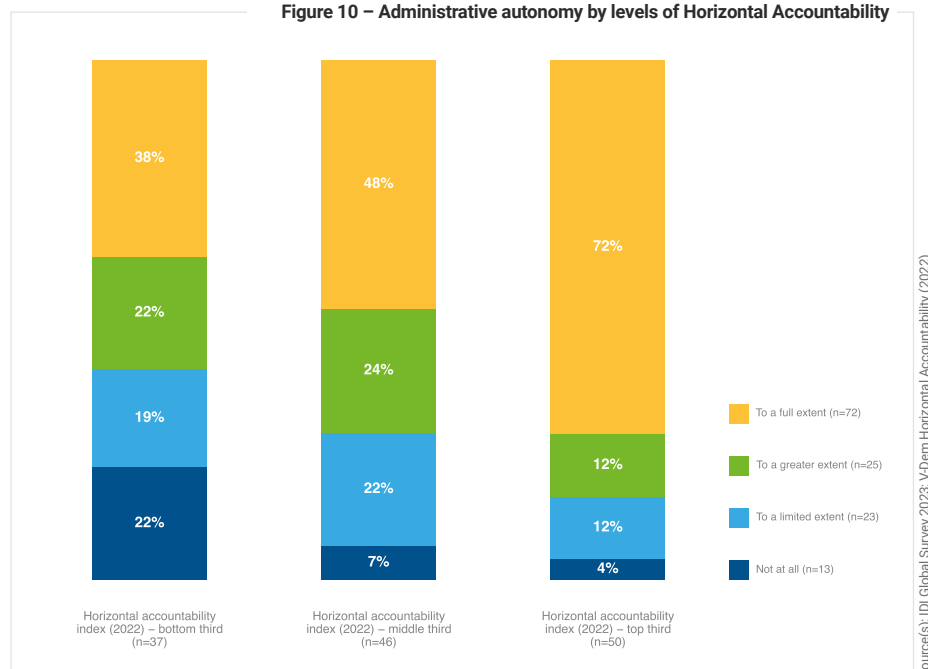
Figure 9 - Independence Principle 8 - Financial and Administrative Autonomy by SAI region



Globally, 57% of SAIs experience to having full control of the management of its office. This is most common in North America, EUROSAI and ARABOSAI. Levels of accountability in the country system seems to increase the likelihood of having full control of both budget and organisation, suggesting that higher levels of accountability may foster a culture of administrative autonomy. While only half of the SAIs in countries with low levels of horizontal accountability

had full control over administrative and organisational management, there was a positive correlation seen, as almost 75% experienced having control in countries with higher levels of accountability. This can be observed through the yellow bars in the graph below. Other findings that support this are survey results that show that an increase in full control of recruitment of staff (senior, technical and administrative) correlates with an increase in horizontal accountability levels.

Figure 10 – Administrative autonomy by levels of Horizontal Accountability



REPORTED INTERFERENCES ON THE RISE

The Independence Index results suggest that declines in SAI independence levels can be explained both by legal limitations (de jure), as well as practical challenges (de facto) in the audit work. The IDI SAI Independence Rapid Advocacy Mechanism (SIRAM) receives and follows up expressions of concern on SAI independence and reported instances on interference. There has been an increase in the number of reported cases since SIRAM was established, with a doubling from 3 cases in 2020 to 7-8 cases per year during 2021-2023, suggesting that interference is rising.

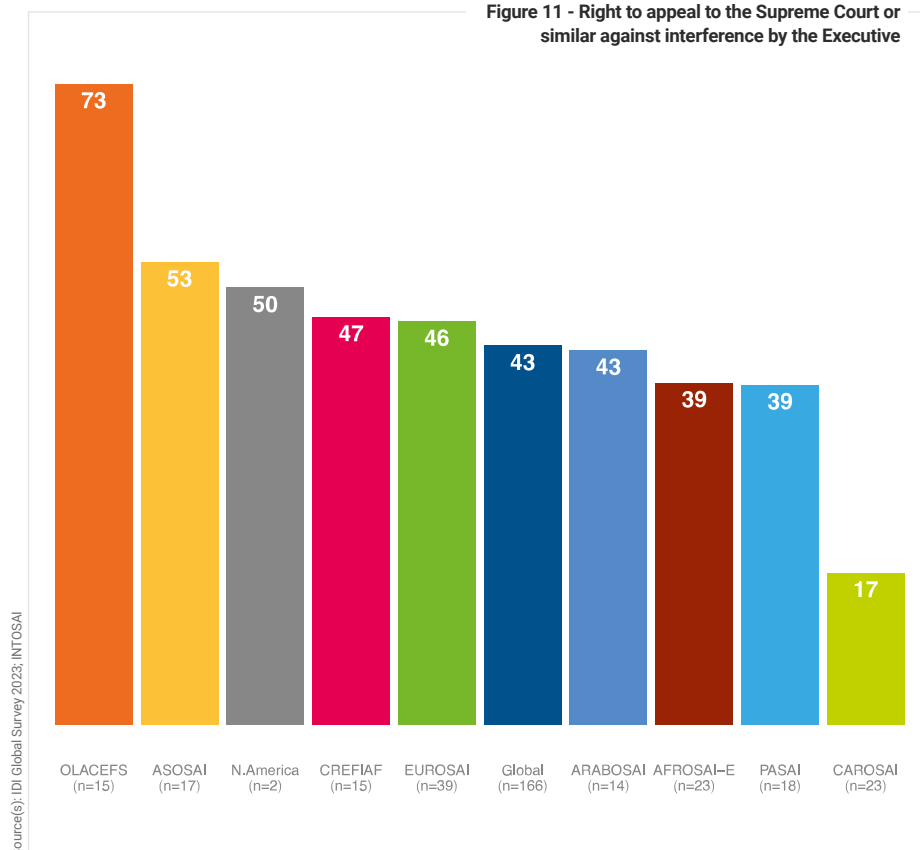
Given the global context and development captured by SIRAM, the GSR2023 has looked at the executive interferences reported through the Global Survey 2023. The aim has been to assess whether data suggests there has been an

increase, and if so, if the increase could be linked to any global developments. Below, the analysis of Global Survey responses and their accompanying indicators in the Independence Index are presented. This relates to Principle 2, the independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties, and Principle 3 on a sufficiently broad mandate and full discretion, in the discharge of SAI functions. Interference in budget management have already been discussed in the last section. Another area where there is likely to be interference is the right to report and publish results. The results for this principle are discussed in the next section.

While the legal framework should ensure SAIs have the appropriate independence,

it should also prescribe measures for protection against executive interference. Legal protection of interference against SAIs seem to be limited globally. In the Global Survey 2020 only 39% of SAIs stated that their legal framework gives the SAI the right to appeal to the Supreme Court against alleged interference by the Executive. The Global Survey 2023 indicates a small improvement, with the figure rising to 43%. There is an increase in AFROSAI-E from 28% (of 18 SAIs) to 39% (of 23 SAIs), while in PASAI there seems to be a sharp decline, from 56 % to 39%, although this could be partly due to a change in composition of respondents. These results show us that many SAIs are limited in their ability to appeal to higher entities to resolve alleged independence threats from the Executive, which is concerning.

Figure 11 - Right to appeal to the Supreme Court or similar against interference by the Executive



Principle 2 of the Mexico Declaration deals with the independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties. In cases where government entities or representatives are feeling exposed through SAIs' reports or operations, threats of retaliation could be targeted directly against the Head of the SAI, and cases show that threats and removal of leadership can paralyse the entire operations of the SAI. The protection of SAI leadership is therefore an important principle. Principle 2 focuses on whether the legal framework for nomination and dismissal is in place in terms of ensuring independence from the Executive, and whether it ensures that the Head of SAI can operate autonomously. The indicator measuring this in the SAI Independence Index, reveals this as the indicator with the highest score of 0.86 points, which implies a small improvement since GSR2020. In fact, 92% of SAIs confirm

their legal framework specify conditions for appointment and reappointment. The proportion of country legal framework that specifies protection of Head of SAI regarding dismissal, legal immunity, and security of tenure, are lower with 80% having this in place. While this is positive, there is also a need to further study which institution is responsible for the designation and dismissal of Heads of SAIs, to better understand the dynamics in cases where there is unlawful appointment and dismissal of leadership.

The positive results for conditions in the legal framework have created a need to better understand better the extent of interference. The Global Survey asked about SAIs' experience of interference from the Executive. Responses reveal that 10% of Heads of SAIs have experienced undue executive interference in conducting their audit mandates during 2021-2023, which aligns mostly with the results from the SIRM.⁹ Analysis suggests interference against Heads of SAIs are correlated with low democracy levels and takes place most frequently in LI countries. It was more prevalent in CAROSAI and CREFIAF, regions that rank lowest amongst the INTOSAI regions in the Independence Index. They are followed by PASAI. In CREFIAF 47% lack legal protection against unlawful dismissal which makes these SAI even more at risk, because they do not formally have the lawful protection against undue interference from the Executive.

According to the Mexico Declaration Principle 3, SAIs should have sufficiently broad mandate and full discretion, in the discharge of its' functions. When it comes the SAI's discretion in selection of audit programme and the following conduct of the audit, the SAI Independence Index shows a three point drop globally, since the last Global Survey. OLACEFS is the region fairing the worst, with 34% of SAIs being severely limited in their ability to select their audit programme, and with 27% reporting limitations in the planning and conduct of the audit. They are followed by CAROSAI, where 31% and 26% report the same level of interference, in selection and conduct of audit programmes, respectively.

Figure 12 – Principle 2.2. Legal protection against dismissal
Results by levels of Budget Transparency

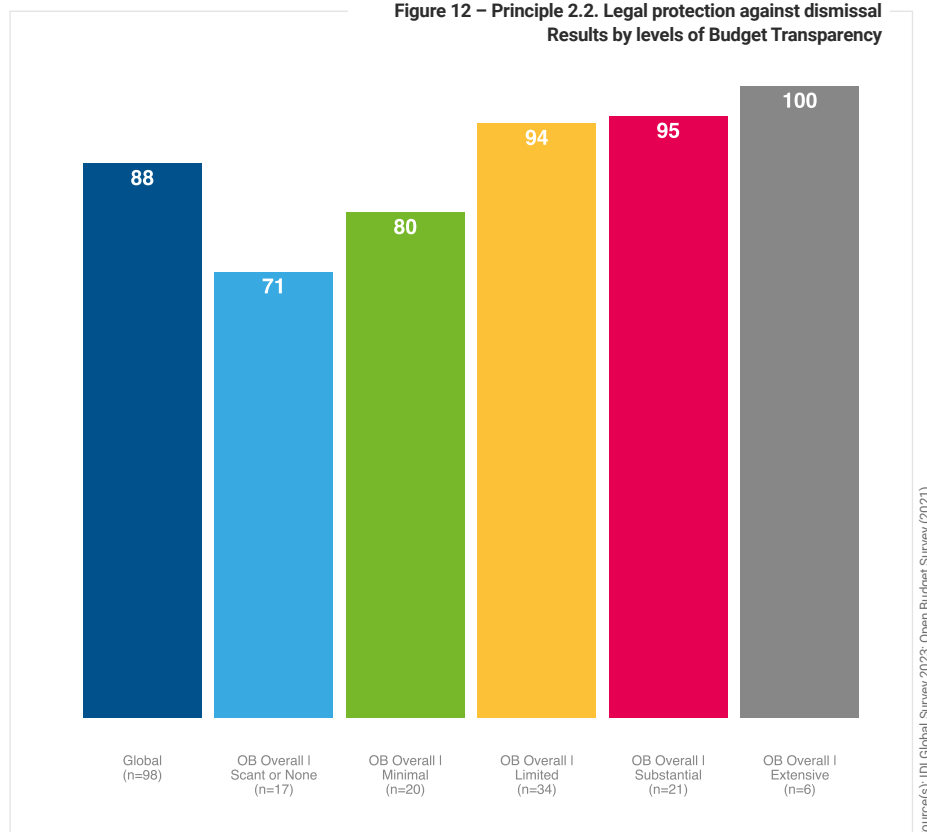
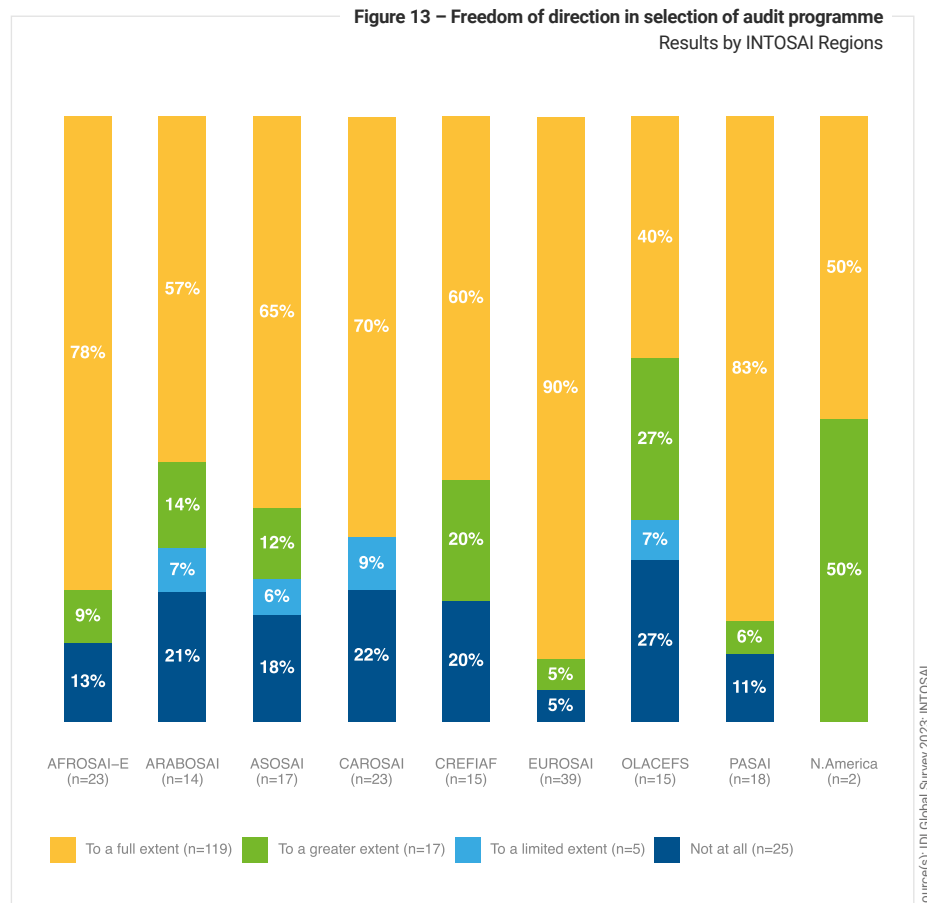


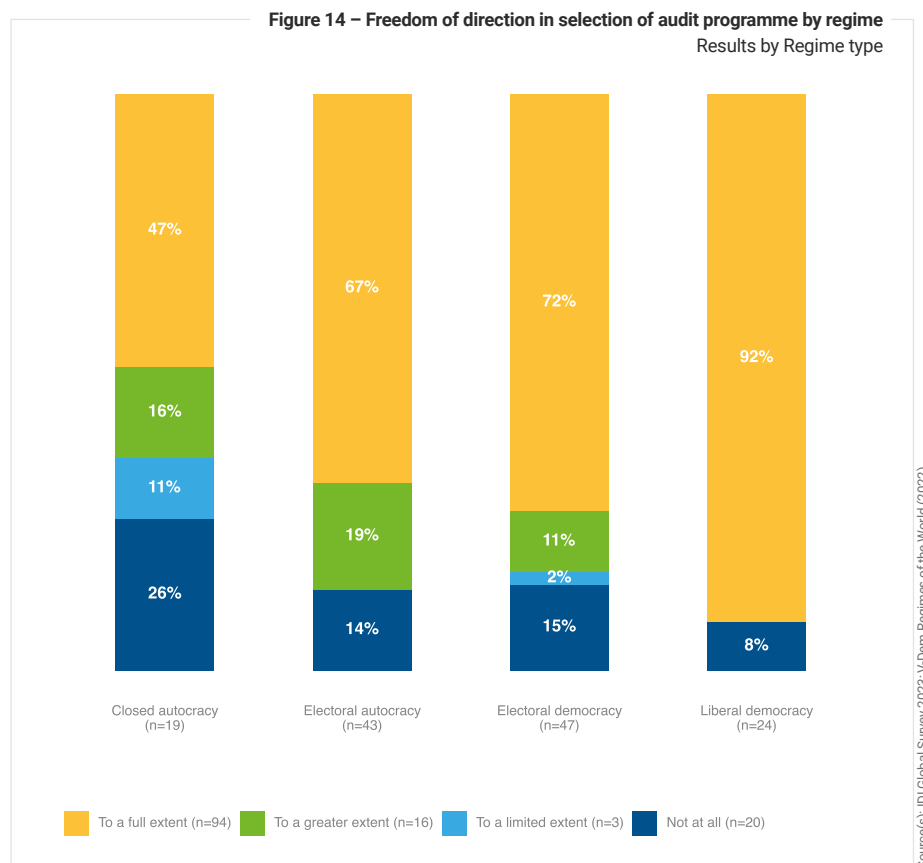
Figure 13 – Freedom of direction in selection of audit programme
Results by INTOSAI Regions



[9] Differences could be due to respondent sample, time for reporting and changes in SAI leading to SAI not reporting in the Global Survey.

Overall, 15% of SAIs report that they have experienced severe interference in the selection of the audit programme, which is the same level as the GSR2020. The overall decline seems to be due to fewer SAIs having experienced full freedom in the selection and conduct of their audits, while the number of SAIs in dire conditions remains the same.

Examining external factors shows there is a pattern where characteristics of context and governance apparently affect the levels of Executive interference. For example, in countries in fragile contexts, only 56% of SAIs reported having been free to programme, plan and conduct audits against 80% in countries in non-fragile contexts. Freedom in selecting audit programmes also increases with higher levels of democracy, as the graph above shows, with almost a doubling of freedom from interference when comparing closed autocracies and liberal democracies. Similarly higher levels of horizontal accountability is linked to increased freedom in selection of audit programme. This finding is further strengthened by the correlation of higher levels of freedom in planning and levels of diagonal accountability, which cover the mechanisms citizens and media use to



hold government accountable, which can help strengthen horizontal accountability. This could suggest the observed deterioration of SAI abilities to conduct their mandates freely could be linked to the global developments.

A DECLINE IN SAI PUBLIC REPORTING

The Mexico Declaration Principles 5 and 6 relate to the right of the SAI to report on their work. Principle 5 outlines the right and obligation to report, while principle 6 outlines the freedom to decide on content and timing and to publish and disseminate the results. From experience, we know that submitting a report with potentially compromising or sensitive information remains a challenge for some SAIs. Therefore, this aspect of reporting, has been separated out compared to GSR2020 where principle 5 and 6 were measured together through reported

independence in the publication of audit reports. In the Global Survey 2023, SAIs were asked directly about the submission of report. Results showed that 16% of SAIs report that they were severely obstructed from submitting audit reports, and 75% experience to be fully free to report.

In addition to the right to report on their work to main stakeholders, it is also important to make audit reports public, as a way of increasing transparency and holding the Executive to account. As the SAI Independence Index showed, there



is a two points decline since the last GSR for Principle 6, the freedom to publish and disseminate audit results. 66% of SAI experienced full freedom to publish reports. Levels are the same for deciding on content and timing of publication. 14% of SAI reported to have no had no freedom to publish audit reports.

Like in GSR2020, the latter result aligns with the 14% of SAI who did not publish any audit reports. Globally, on average 69% of audit reports were published. This is a decline from the 77% reported in 2020. The number of audit reports varies greatly according to mandate and activity levels of the SAI. These results are further presented in chapter 4.

Figure 15 – Freedom from interference in publication of reports

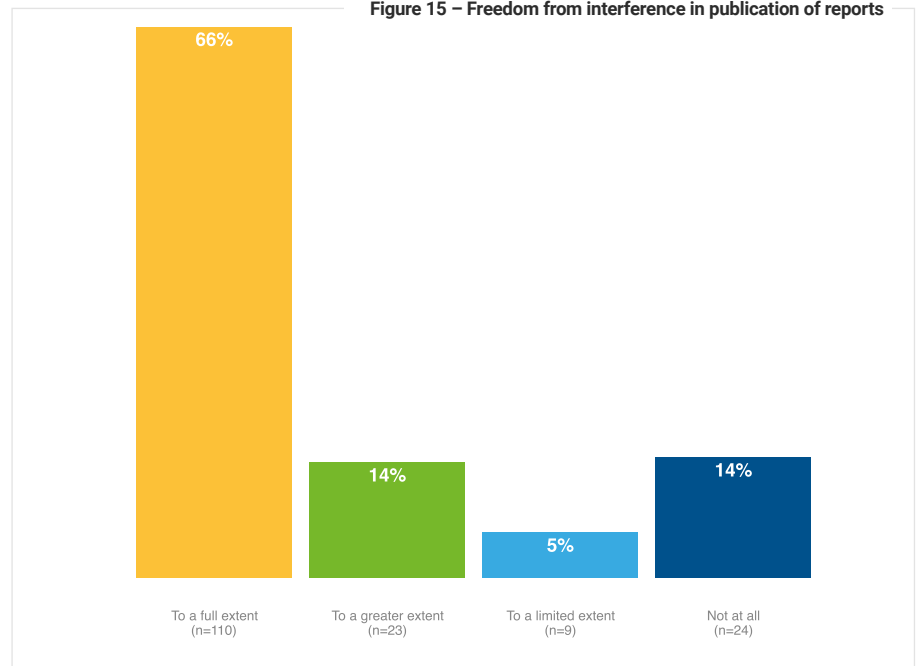
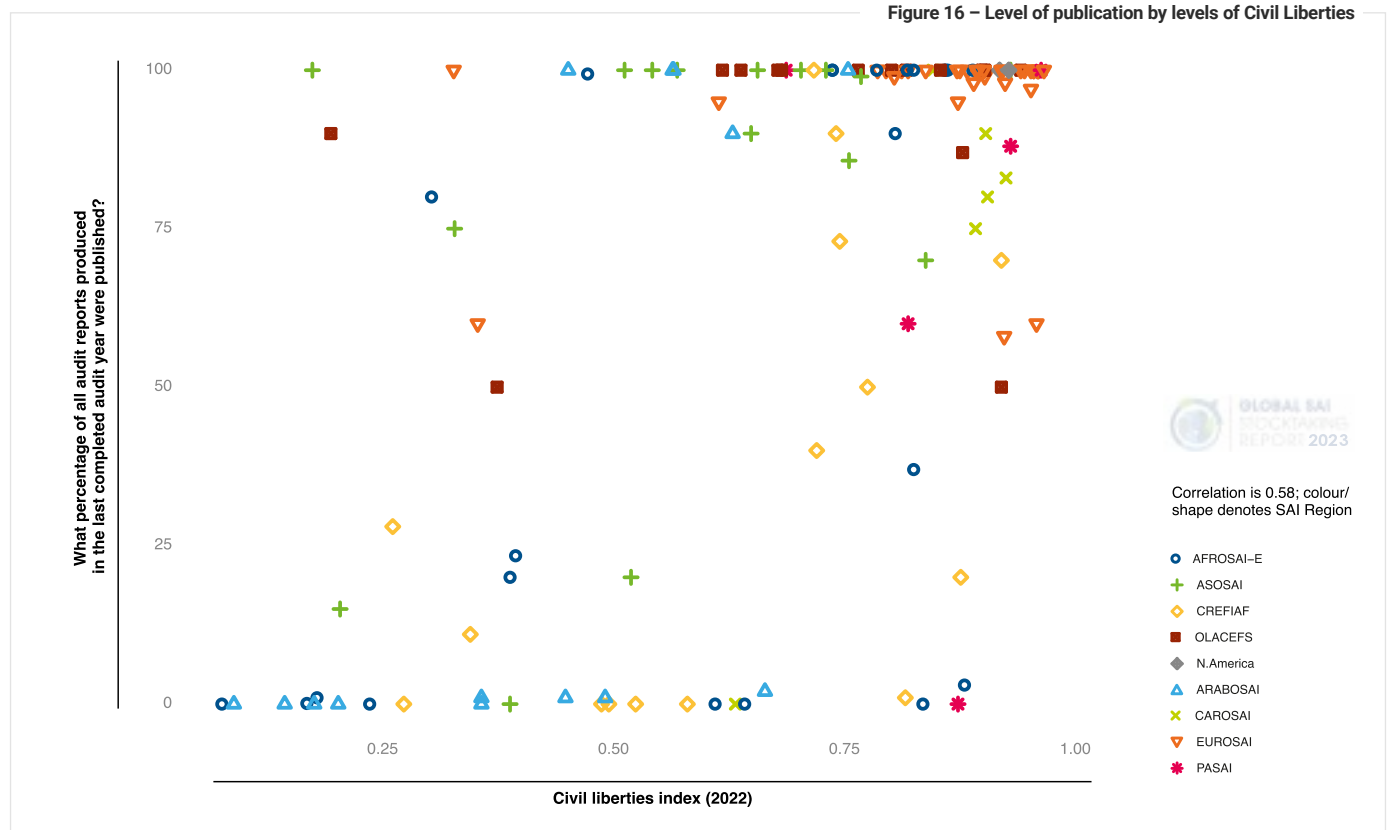


Figure 16 – Level of publication by levels of Civil Liberties



This decline is concerning and begs the question whether the levels of transparency in reporting and publication of SAI reports, could be linked to openness in society overall. As mentioned, there has been a decline in the civil liberties index. Overall, the SAI level independence results seem to have a limited effect on publication, which again seems to

stem from the complexity for aspects SAI Independence covers, and how the different aspects of SAI independence seem to interact. Still, there is a fairly strong correlation between the level of civil liberties and the percentage of audit reports published, which could suggest that SAI operating in societies where civil liberties are endorsed and protected has a

better foundation for freely submitting and disseminating their audit reports thereby contributing to transparency. The scatter plot shows how there is a concentration of SAI performing well both on civil liberties and percentage of reporting, with EUROSAT SAI being amongst the SAI who were performing best.

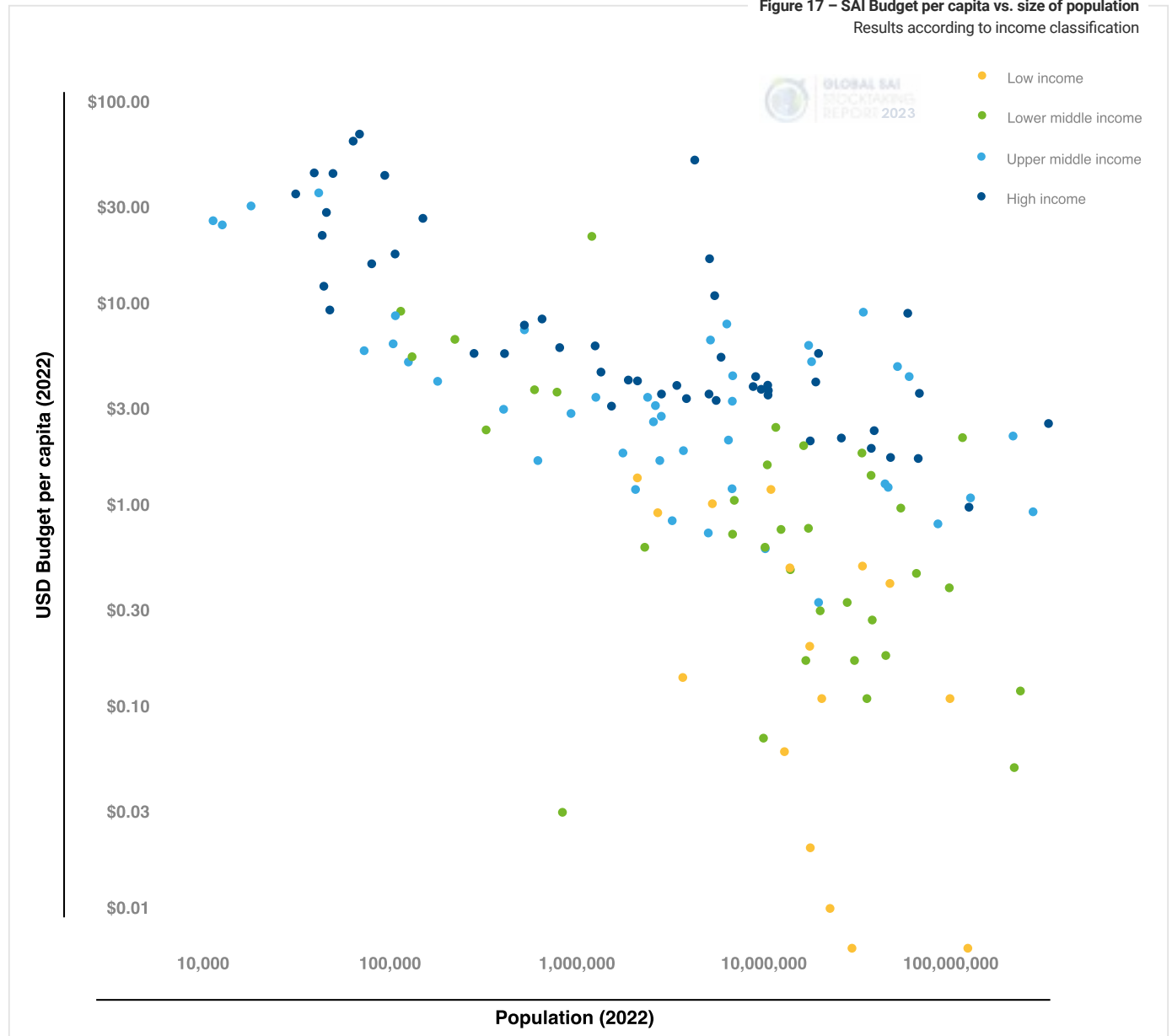
SAI RESOURCING REMAINS A CHALLENGE

The capacity of a SAI depends on a set of institutional, organisational, and professional capabilities. In practice this capacity is underpinned by sufficient financial and human resources to carry out the mandate. The GSR2020 uncovered that only half of SAIs had sufficient financial resources. This remains at similar levels in 2023, with 53% responding the same.

Analysis suggests that adequate financial resources can be linked to SAI Independence. SAIs that confirm having sufficient financial resources, score higher (av. 0,82) than SAIs that don't (av. 0,64) in the SAI Independence Index. The ability to manage the SAI's own resources also seems to play a role, with SAIs having sufficient financial resources scoring significantly higher on

principle 8 (0,74 vs 0,49). When we look at contextual factors, we can also identify other areas that seems to be related to financial resourcing, one being the levels of horizontal accountability.

Figure 17 – SAI Budget per capita vs. size of population
Results according to income classification





There is an inverse correlation between levels of corruption and SAIs reporting insufficient financial resources, with more SAIs in countries with higher levels of corruption saying they don't have sufficient financing.

Measuring and comparing SAI budgets across countries, gives limited meaningful information when considering the budget alone. However, when using a proxy, by analysing SAIs budget in terms of budget per capita, we uncover aspects that helps us understand the resource situation better. Notably, analysing budget size against population, shows that the relative budget decreases with population size. Although the budget size is not constant across countries, this is still to be expected. However, the data also show that those SAIs with less resources per capita, also are from LI countries, which confirms that these SAIs are in more challenging situations, and that the inverse correlation is not only determined by the population size, but also by the country's financial situation. In addition, the data suggest that SAIs with less budget per

capita also tends to find themselves in countries where levels of corruption are higher. While we cannot establish if the corruption levels in themselves are contributing to the budget levels, it could suggest that SAIs conducting audit in a context characterised by widespread corruption and small budgets, are facing even bigger challenges in fulfilling their mandates.

SAIs were also asked whether their human resources were adequate. While the topic is treated further under Professional Capacity on audit competencies, it's worth mentioning a significant difference between adequacy of human resources related to sufficiency related to human resources. The contrast between SAIs who confirm they have sufficient financial resources and SAIs who do not, is striking. Only 10% of the SAIs who report insufficient financial resources find that their human resources are adequate in terms of both competencies and staff numbers, while 60% of SAI who report sufficient financial resources consider staff to be adequate. Furthermore 42%

of SAIs who report insufficient financial resources, find their staff is inadequate in numbers, and 37% in both numbers and competencies. This indicates that financial resource situation can play a role in explaining why only 37% of SAIs globally find their staff resources to be adequate. More importantly, it points to resource adequacy in the SAI as an important factor affecting the overall capacity of the SAI. It also suggests that there is a need to look for ways to make SAI operations more effective with the resources available to enable them to fulfil their mandate, for example through capacity strengthening and introduction of governance systems that enables better processes.

The need for more resources is also evident from the Global Survey results on external support for capacity development 83% of developing countries SAls received support during 2020-2022.¹⁰ Interestingly, the number of SAls receiving external support is six percent points lower in Fragile States (77%), and 5 points higher in SIDS (88%), respectively. The difference can be explained by the fact that all SAls in PASAI received external support in the period, while numbers are lower than

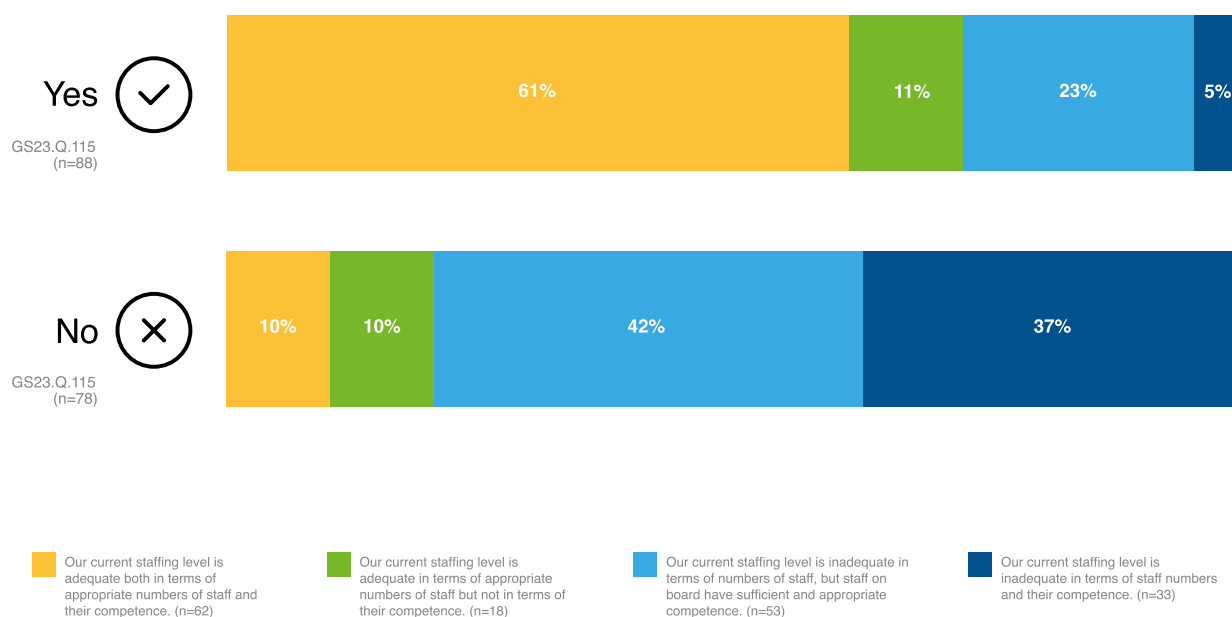
average in ARABOSAI and ASOSAI, which also houses some of these fragile states.

Compared to the GSR2020 SAls are still finding it more difficult to obtain external support when they plan to manage the support themselves. 43% of SAls found it difficult to obtain support in GSR2020, while 55% did so in the Global Survey 2023. Access to external support for capacity development increases when the implementer is another body.

70% of SAls find it “mostly easy” or “easy” to obtain financial support when support implemented by another body. This is somewhat concerning if SAI capacity development is to be SAI led and increase coordination of support. As in the GSR2020 difficulties in obtaining support as the implementer correlates with income levels, with low-income countries finding it more difficult than lower and upper middle-income countries.

[10] It was 85% in 2017-2019 according to GSR2020.

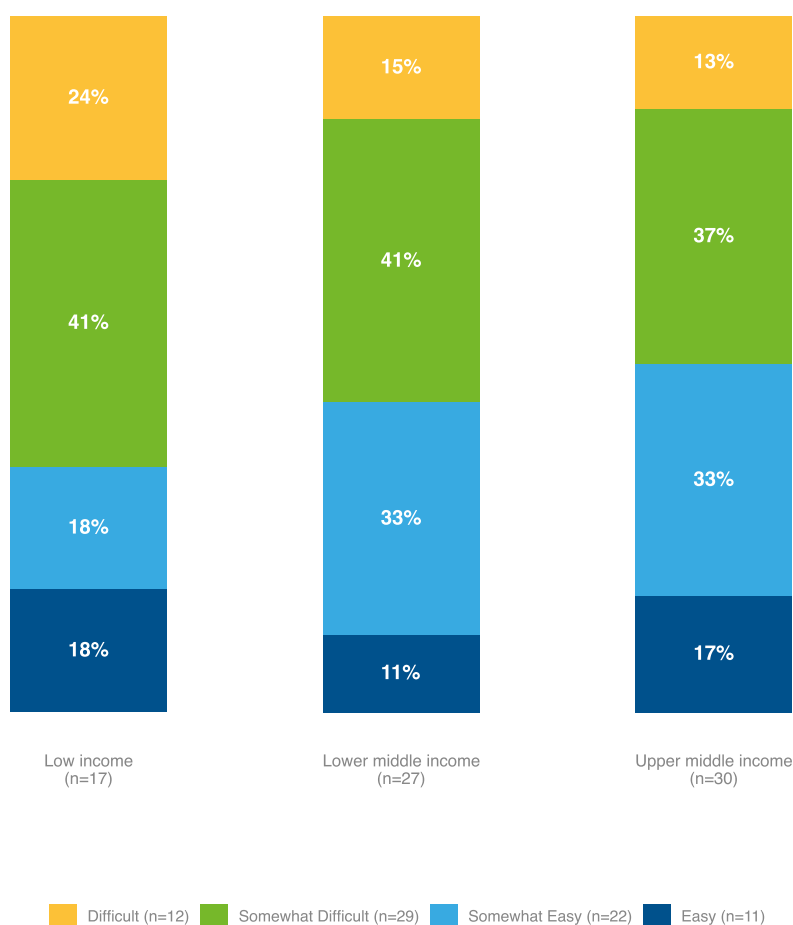
Figure 18 – Adequacy of resources
Financial vs. human





To conclude, SAIs are operating in a global context that increasingly could affect their ability to audit government performance and finances independently. In parallel with a wave of democratic decline, SAIs have experienced a negative development in their levels of independence. In certain INTOSAI regions, like CAROSAI, CREFIAF and ARABOSAI, these challenges persist over time, in many cases due to inappropriate legal framework, combined with widespread interference from the Executive. For SAIs in fragile country contexts, free selection of audit programmes, seems to be less common than in other contexts. While the world is feeling the effects of lowered horizontal accountability, SAIs are experiencing a continued limitation in timely access to audit information. A small group of SAIs continues to not publish audits or to experience severe interference in relation to reporting. Personal and political openness of society seem to be related to publication. Finally, half of SAIs struggle with insufficient financial resources, and this furthermore seems to be linked to adequacy in professional staff. The challenges in SAI's institutional capacity continues to pose a risk to their capability to strengthen accountability and transparency, and for many SAIs their environment intensifies this risk.

Figure 19 – SAI's experience in accessing support as implementer by income level



Source(s): IDI Global Survey 2023; World Bank Income Classifications (FY2024)

SAI STRATEGIC MANAGEMENT IS EVOLVING THROUGH CONTINUED SUPPORT

In this chapter we will present the results of how SAIs' organisational capacities are developing through enhanced SAI governance in the areas of strategic management, performance reporting, financial accountability, integrity, gender, human resource management and digitalisation.

GOOD PLANNING PRACTICES ARE SUSTAINED OVER TIME

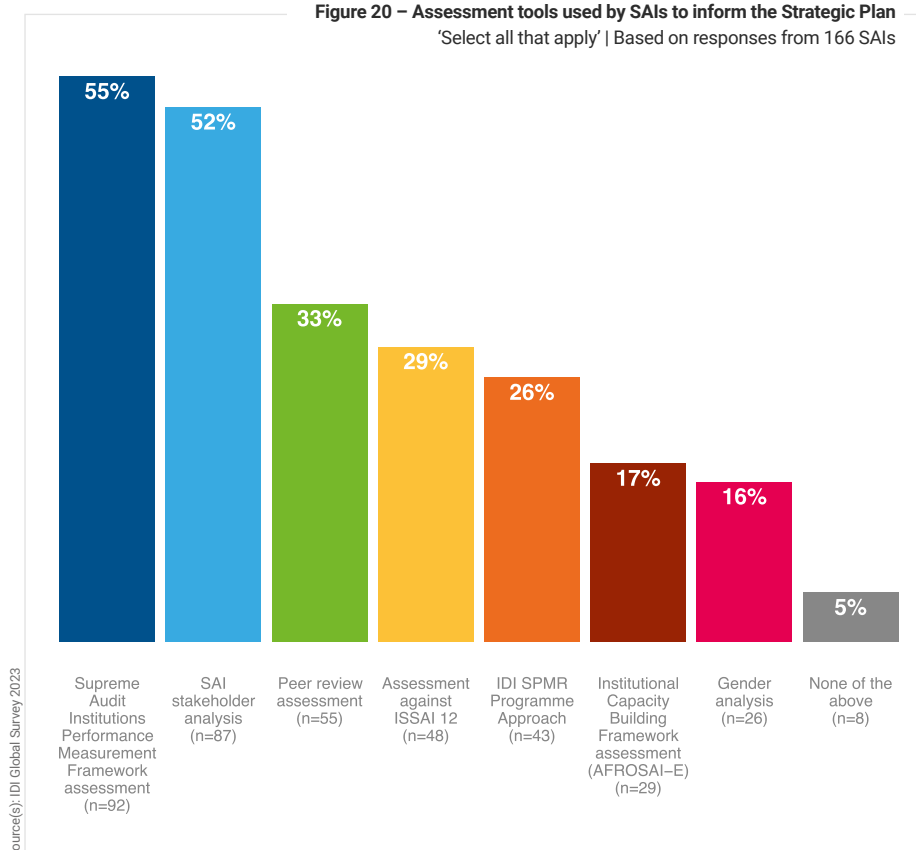
Strategic management is a continuous integration of strategy and implementation to enable SAIs to meet objectives and mandates, while allowing for adjustments along the way to facilitate this. As the IDI Strategic Management Handbook points out, the Strategic Plan is one of the most powerful tools the SAIs can have. The strategy formulation starts with an analysis of current situation and future needs, as a basis for developing the Strategic Plan. According to the Global Survey responses, 84% of SAIs have a

Strategic Plan under implementation. Another 5% is currently developing their new Strategic Plan. The proportion of around 90% of SAIs having a Strategic Plan, remains around the same levels as in 2020 when 92% had a Strategic Plan. In fact, the proportion of SAIs with a Strategic Plan has remained stable during the last decade.

It therefore becomes even more interesting to probe into what the SAIs strategic management practices look like.

According to Global Survey responses, 95% of SAIs with a Strategic Plan or with one under development conducted a holistic assessment as a basis for developing the plan. Around half of SAIs respond that they have used SAI PMF and or a stakeholder analysis to inform their Strategic Plan, while 16% undertook a gender analysis. Stakeholder analysis seems to be done more often in Lower Income countries (average 65% in Lower Income countries vs 34% in HI-Income countries) and most frequently in AFROSAI-E (91%). SAI PMF assessments were utilised most often in Upper Middle-Income (UMI) Countries. In PASAI 87% of respondents reported using the SAI PMF to inform the development of their Strategic Plan. This approach was least common in CAROSAI and EUROSAI, with 35% and 37% respectively. Still, it seems this was the most common assessment tool for the two regions. Around 20% of SAIs also did various internal assessment as part of the process.¹¹

Figure 20 – Assessment tools used by SAIs to inform the Strategic Plan
'Select all that apply' | Based on responses from 166 SAIs



[11] SAIs may use one or more of these assessment tool, and in extreme cases SAIs may use all of them.



71% of SAIs report that they have published their Strategic Plan. Compared to the 2020, this is a drop, but the change could also be due to SAIs who earlier published their plan, now are developing a new plan which is yet to be published. 94% of SAIs in ASOSAI report to have their Strategic Plan published, constituting the region where publication of the Strategic Plan is most widespread. SAIs in Lower Income countries publish their Strategic Plans more often than HI countries (LI, LMI and UMI 77% vs HI 56%).

SAIs were also asked which SAI capacity areas the Strategic Plan covers. While the topical response alternatives give us somewhat limited information, as the SAI haven't indicated whether the topics translate into strategic objectives, some points are worth noting. For example, a description or assessment of the SAI resource situation is more likely to be included in Lower Income countries (42% vs 79%), most commonly in AFROSAI-E and CREFIAF. This aligns with the idea that the need to enhance SAIs' resource situation requires SAIs to be transparent and to develop strategies for attracting external support from donors or advocate towards government. The extent of audit mandate (number of entities and types of entities)

and SAI audit coverages also seem to be more often addressed in countries with lower levels of democracy and horizontal accountability. Operating in countries with lower levels of accountability may create a need for communicating the extent of SAI mandate and to inform about and establish their role vis-a-vis stakeholders. Such SAIs may also have strategic objectives of increasing audit coverage of their operations. This could also be linked to the resource situation, as resources do not always match the SAIs mandate, and the SAI therefore needs to address the issue. Overall SAIs in HI countries do not cover the topics above to the same extent as Lower Income countries (42% vs 79%).

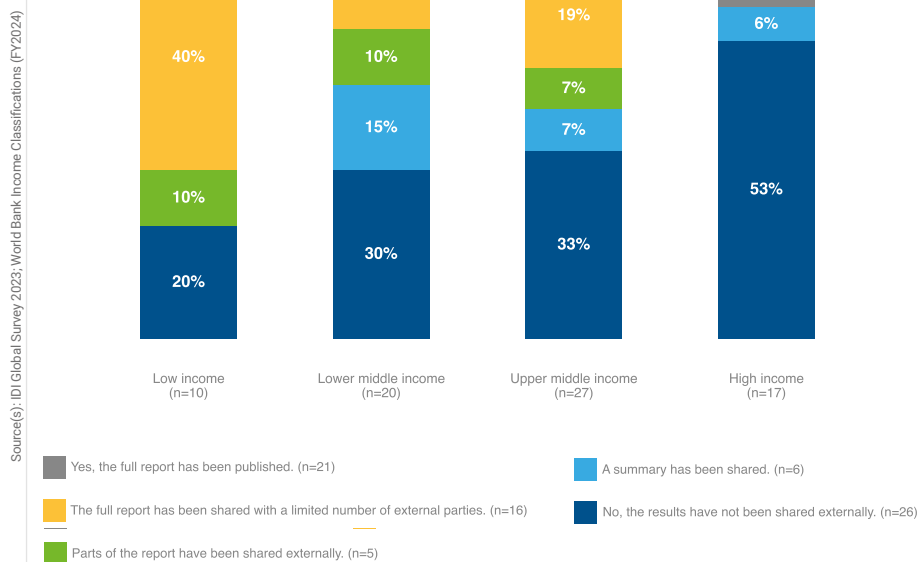
Good practices in strategic management seems to be more globally applied by SAIs over time. 81% of SAIs report to have an Operational Plan that is explicitly linked to the Strategic Plan. This is the same level as in 2020. This is common within all regions but CAROSAI, and responses range from 73 to 96% of SAIs, while in CAROSAI only 48%. 77% state that the SAI's budget is prepared in light of the operational plan(s) and ensures that all foreseen operations are allocated the required financial resources. This is a high number considering the operational uncertainties many SAIs are

facing, given limitations in their financial autonomy.

Additionally, it's worth noting that 58% of SAIs (against 53% in the GSR2020) has an emergency preparedness and continuity plan, which guides operations in case of disaster and adverse circumstances. It is possible that the COVID-19 pandemics have made some SAIs more aware of the need to develop and maintain such a plan.

It is a recognised good practice in the strategic management cycle to report against the Strategic Plan. Yet, only around half of SAIs, 52%, monitor and report annually against their Strategic Plan. Reporting is carried out more regularly in OLACEFS, EUROSAI and AFROSAI-E. Of the SAIs that report that they have monitoring and reporting systems in place globally, 83% include results against annual targets in the Operational Plan and against strategic objectives set out in the Strategic Plan, 80% report on audit coverage, while 74% include financial and resource reports. 68% include reporting on institutional capacities (such as SAI Independence), while less than half include evaluation of risks related to the achievement of the Strategic Plan. Only 20% of SAIs cover all aspects in their reporting.

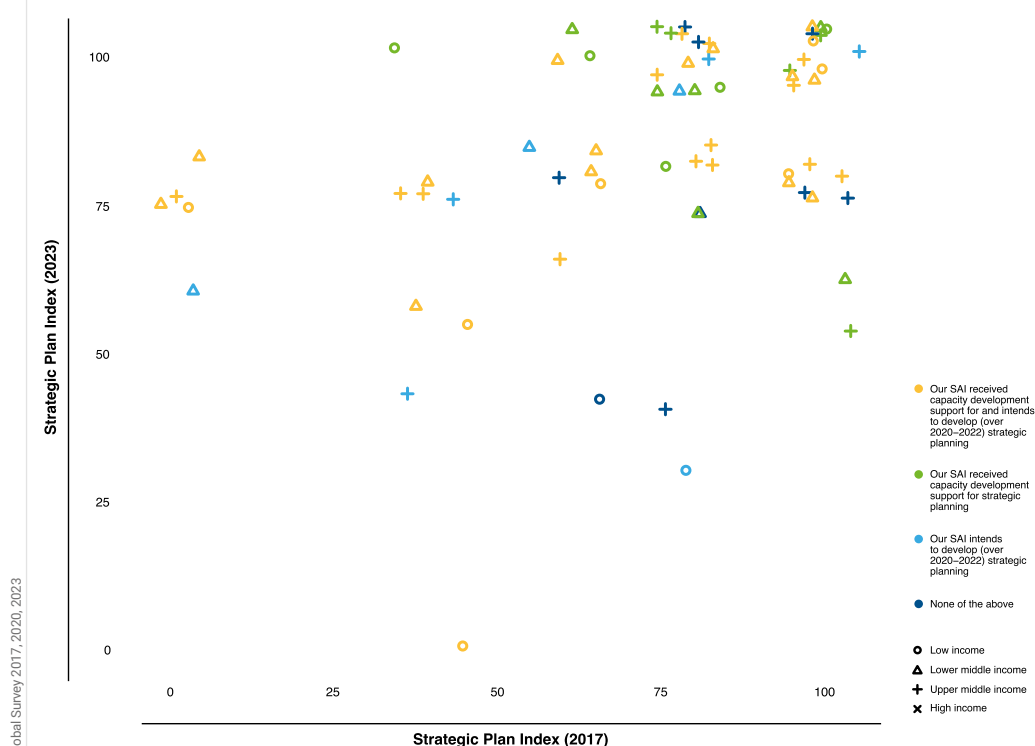
Figure 21 - If you have conducted a SAI PMF, have the results of your performance assessment been shared externally?



While a vast majority of SAIs use holistic assessment tools as a basis for their Strategic Plan, 57% SAIs reported that they carried out a holistic performance assessment during 2020-2023.¹² Compared to 2020, there is a slight decline in the number of SAIs reporting doing an assessment. Since it is likely that some of the assessments were done in connection with the development of a Strategic Plan, SAIs' strategic cycles will probably affect the results. 44% of SAIs report that they did a SAI PMF assessment. The proportion of published SAI PMF results, remain low with 12% globally. Amongst the SAIs who reported to have done a SAI PMF this represents 28%, seemingly an improvement, however, the number of SAIs confirming to have published is the same in both reports (21 SAIs).

[12] There is likely to be an overlap.

Figure 22 – Improvement in Strategic Management Practices
Strategic Plan Index 2017 vs. Strategic Plan Index 2023 | Correlation is 0.48



The continued practice of using Strategic Plans and linking these with the day-to-day operations, could partly be explained by continued capacity support in this area. The results on capacity development support received show that outside the main audit disciplines, strategic planning is the most common area of support.

Comparing SAI performance in this area since 2017, through a simple index, based on questions on Strategic Planning, Operational Planning and Reporting across the three last Global Surveys¹³, show that there has been an improvement in the overall strategic management practices over this period. The results are presented in the graph below. The SAI improvement is moderately

correlated (0.48) with receipt of support for capacity development in strategic management and/or the intention to develop capacity during the measured period. The country results shown in the index, suggest some SAIs were supported without improving practices, while some also improved practices, but without reporting to receive support. This could be improvement due to actions on own initiative or could represent underreporting

of support, for example support that was received through a broader bilateral support programme, but where the component on Strategic Planning was not recognised. Despite the limitations in this measurement, it suggests that the continued focus on support in strategic management by IDI, regions and bilateral donors have led to more efforts in applying strategic management approaches to improve SAI governance.

PUBLIC SECTOR ACCOUNTING PRACTICES MAY HELP PROMOTE SAI FINANCIAL ACCOUNTABILITY

For SAIs to demonstrate their own accountability and lead by example they should also develop annual financial statements that are audited and published. Financial accountability practices amongst SAIs remain limited on a global scale. 70% of SAIs produce a set of financial statements. 20% of SAIs say they don't produce a set of financial statements because of their lack of institutional autonomy, where the institution formally is a part of a Ministry or a Chamber of a Court. Financial statements for 57% of all SAIs are subject to external audits, and for 52% the external auditor issues an audit opinion on the financial statements. 46% of SAIs publish the financial statements and audit opinions. Considering only the SAIs who produce or can produce financial statements, 70% are subject to external audits and 67% receives an audit opinion. The numbers are very similar to 2020 levels, suggesting that SAIs' own financial accountability practices haven't improved much. Regionally, external audits of the SAI are most widespread in AFROSAI-E, EUROSAI and North America. Practices of external audit and publication of opinions increase with the levels of the horizontal accountability. This suggests functioning checks and balances not only demand more openness, but also create opportunities for SAIs to rely on existing tools, to hold themselves accountable.

Figure 23 – SAI publication of financial statements and external audit opinions by horizontal accountability level

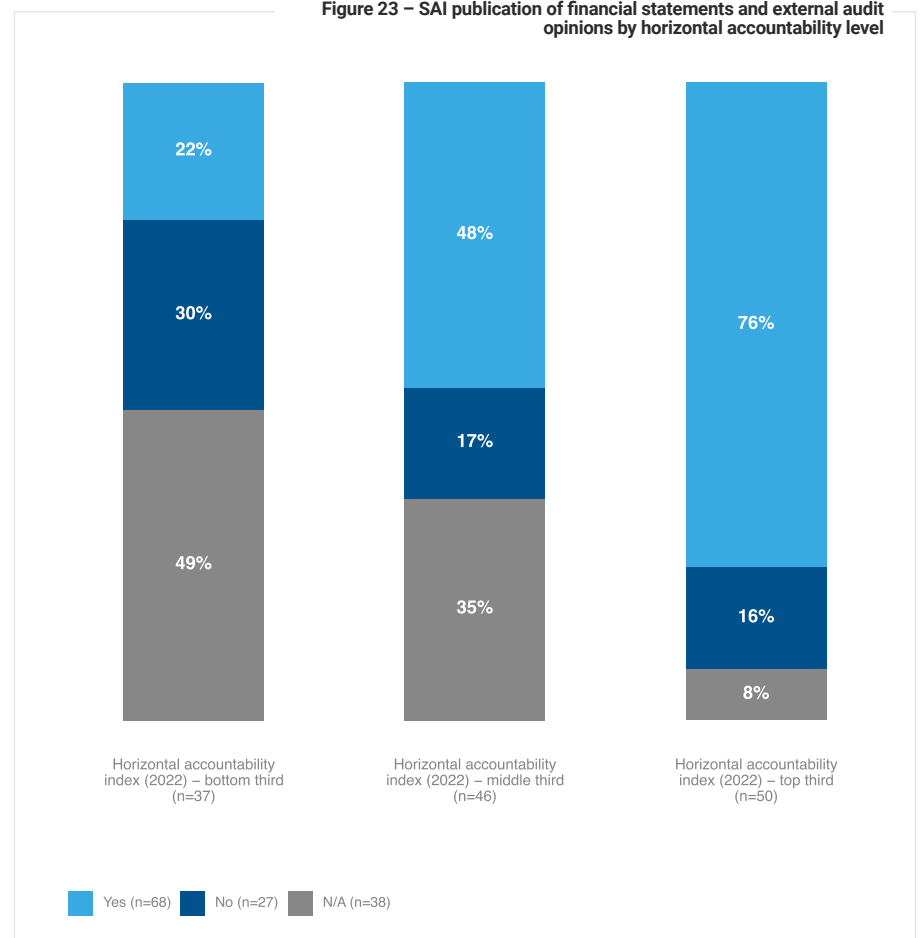
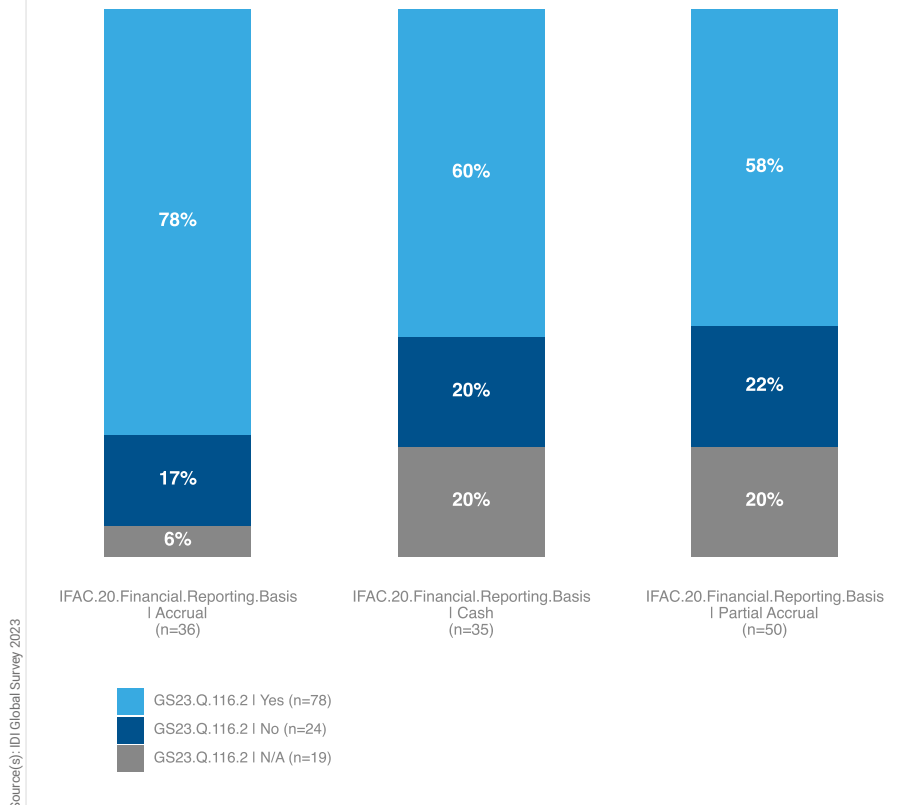
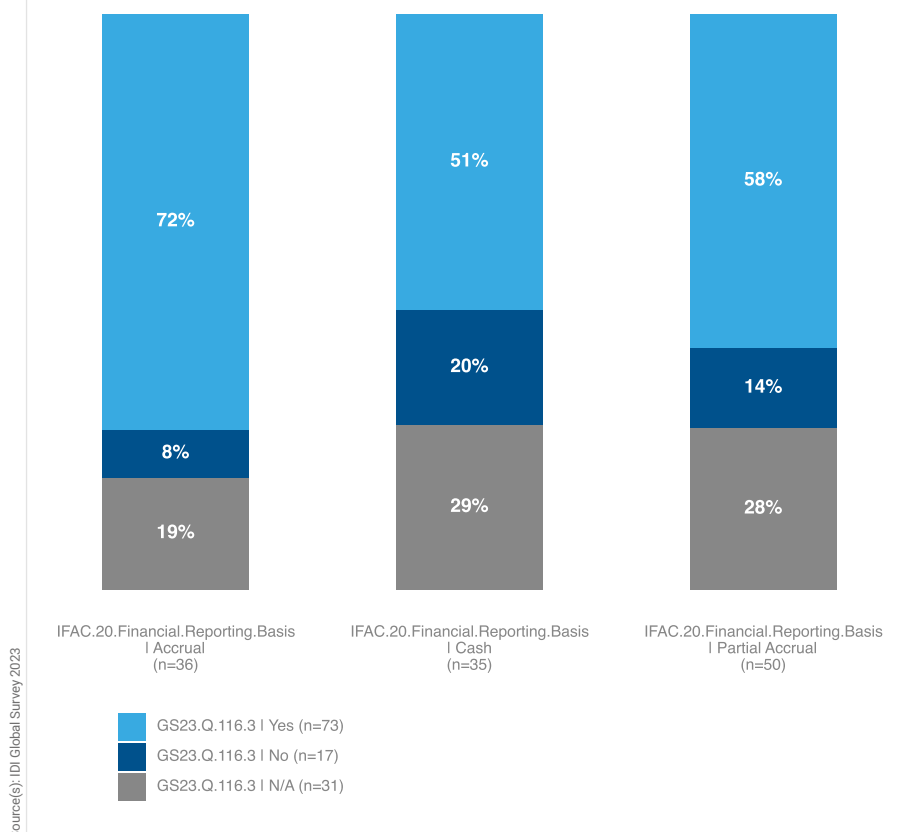


Figure 24 – Our SAI's financial statements are subject to external audit
Results by Financial Reporting Basis



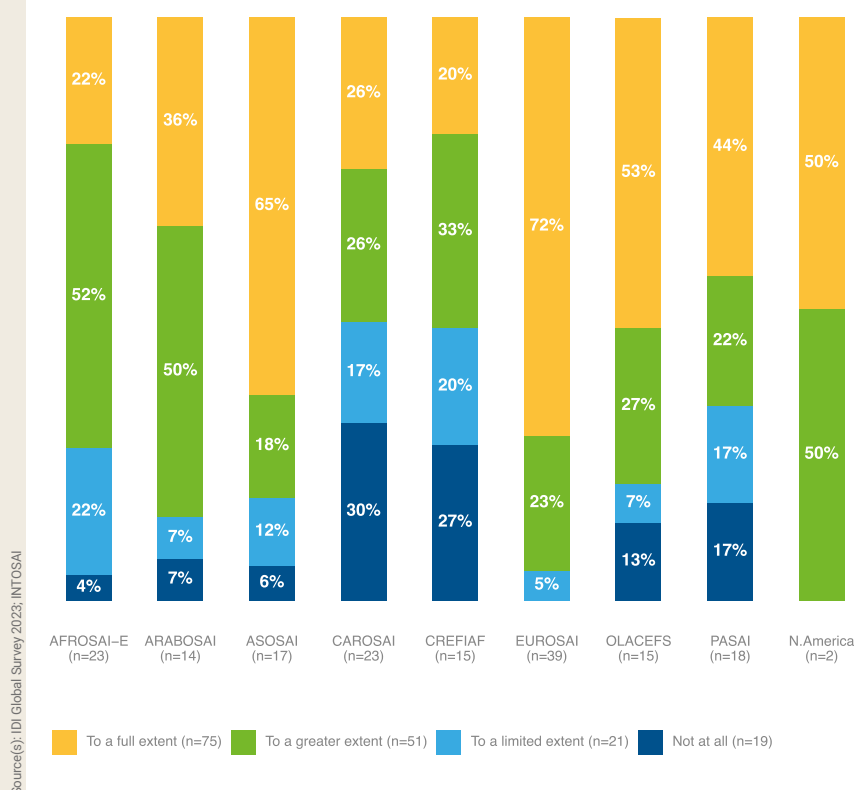
We also compared the responses on financial accountability to data on financial reporting practices collected through the International Public Sector Financial Accountability Index for 2020. The project monitors the global status on country financial reporting bases and framework used by central and federal governments, differing between cash based reporting, partial accrual and accrual reporting.¹⁴ It is interesting to note that in countries where financial reporting systems have advanced to accrual basis, more SAIs report that they produce financial statements, subject them to external audit and receive and audit opinion. This suggests that the government systems for financial reporting and accounting, also helps advance SAIs efforts in improving their own practices in financial accountability. The Index's Status report also underlines that certain drivers are crucial for this development, notably circumstances of public financial management reform, as well as local context, such as government structure and IT infrastructure. The latter factors are also affecting SAI development of accountability and reporting practices.

Figure 25 - Our external auditor issues an opinion on our SAI's financial statements
Results by Financial Reporting Basis



[14] International Public Sector Financial Accountability Index. Status Report 2021. Joint publication by CIPFA and IFAC.

Figure 26 – Extent of SAI measures to deal with non-compliance with Code of Ethics by INTOSAI Region



SAIS MONITOR STAFF INTEGRITY

According to the Global Survey 2023, 95% of SAIs have a Code of Ethics, so this is almost universal. 87% of SAIs reports that staff are fully or mostly acquainted with the Code of Ethics. 77% fully or greatly monitor the application of the Code of Ethics. Monitoring practices are most common in EUROSAI, ASOSAI and North America. The same level of SAIs who monitor application also have measures in place for dealing with non-compliance. The existence of such a system also correlates inversely with levels of corruption in the countries, suggesting that the enforcement of integrity measures are more likely to be implemented in countries where the public sector is likely to have a sound system for dealing with integrity breaches.

INSTITUTIONAL CONSTRAINTS SEEM TO HOLD BACK BETTER HUMAN RESOURCE MANAGEMENT PRACTICES

Managing human resources (HR) in a holistic manner forms part of good governance in SAIs. 55 % of SAIs state their HR strategy is aligned with the Strategic Plan and objectives. 37 % of SAIs say they address gender and inclusion in their HR strategy. The results suggest that human resource practices do not always align with the measures needed to reach strategic objectives. Figures indicate that SAIs' ability to strategically develop and manage their human resources could be limited by institutional factors. Only 64% of SAIs have full control over recruitment processes, while 72% fully manage promotions, and 78% internal organisation and appointments. Only 49% have full control over remuneration.

Most SAIs adhere to public sector systems for salaries, which could make it challenging to attract the right staff, in cases where SAIs are competing with private audit firms. This would likely come in addition to overall budgetary constraints for operations. It is likely that although 79% of SAIs state they have full control over the HR planning, these aspects could affect implementation. Compared to the GSR2020, we can conclude that the level of human resources autonomy remains stable, both on the global and the regional level. These results could also explain why only 64% of SAIs declare that they recruit their staff based on SAI organisational needs. Regional distribution of SAIs who recruit their staff based on

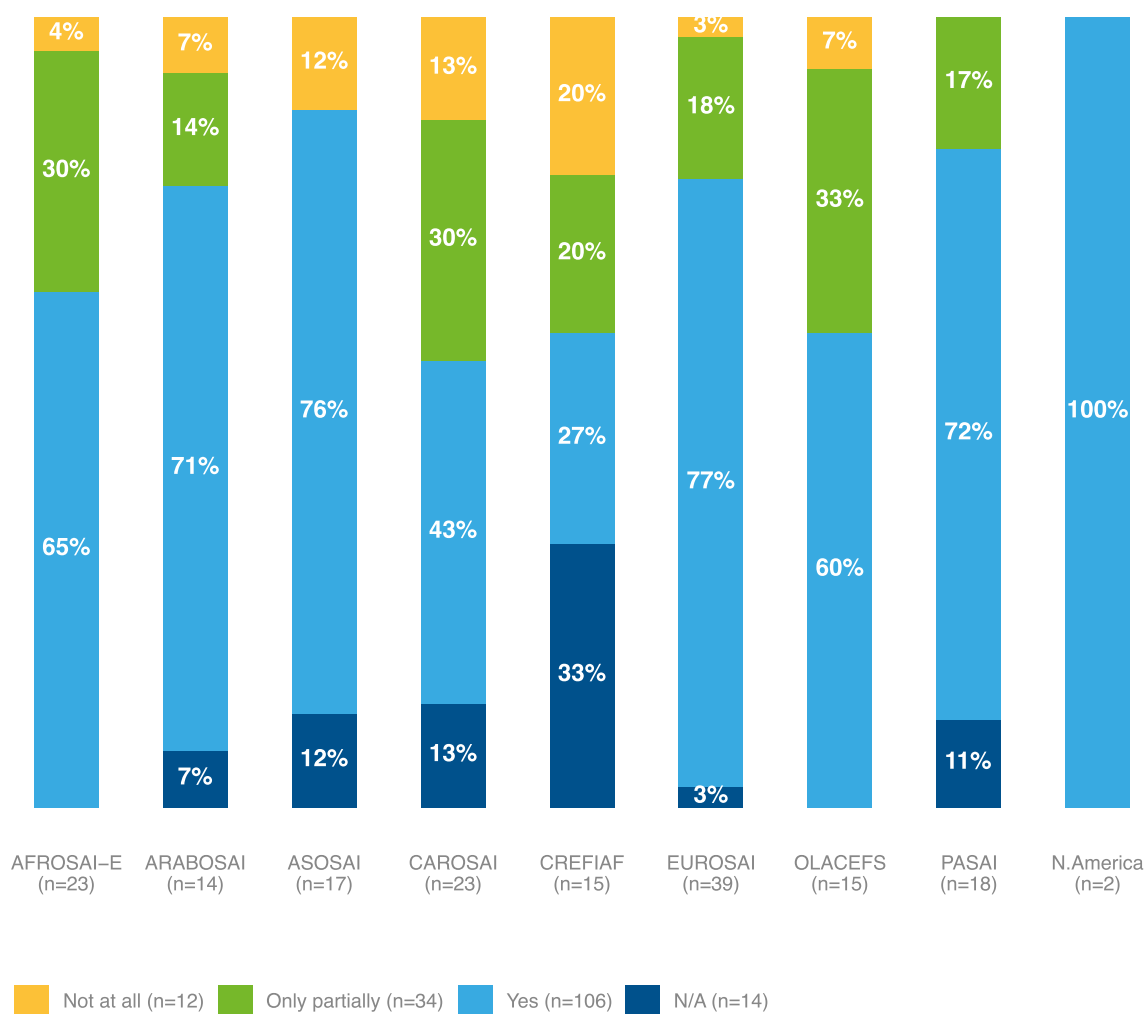
organisational needs, as shown below, suggests the proportion is higher than the global average in ARABOSAI, ASOSAI, EUROSAI, PASAI and North America. For CAROSAI, CREFIAF and OLACEFS, the limited autonomy in human resource management creates a risk that SAIs are unable to recruit staff with the right skill set. For AFROSAI-E whose results are on the global average, there has been a reduction since GSR2020, from 83% to 65%, while in ARABOSAI there has been a decline from 79% to 71%. The changes could be due to changes in composition of the survey population, but also possibly due to an improved understanding on SAI organisational needs and how recruitment is linked to them.

In addition to these institutional limitations, there are also areas for improvement in the human resource management under the control of the SAIs. Only 53% have written procedures for recruitment processes, which also are published and ensure transparent recruitment processes. Results correlate positively with degree of control of HR-systems and practices. Individual performance appraisals take place in 71% of SAIs, and only 72% of SAIs have written job descriptions which define competencies and qualifications. Only 63% have established practices for remuneration and promotion which are generally followed in practice. Staff retention is also a potential risk area

for SAIs. Only 39% of SAIs have practices in place to encourage staff retention and succession planning. This suggests that many SAIs could face challenges in fulfilling their mandates when staff leaves, as it could pose a risk also for knowledge transfer and institutional memory. It's possible that SAIs with limited autonomy develop a reliance on existing government structures which limits their motivation in forming and improving the human resource processes within their control. In summary, these findings suggest that the limited control over human resources represents a serious risk to build and sustain a staff of auditors who, over time, can build capacity and improve audit quality.

Figure 27 – SAI practices in basing recruitment plans on organisational needs and HR characteristics

Results by INTOSAI regions



GROWTH IN GENDER RESPONSIVENESS

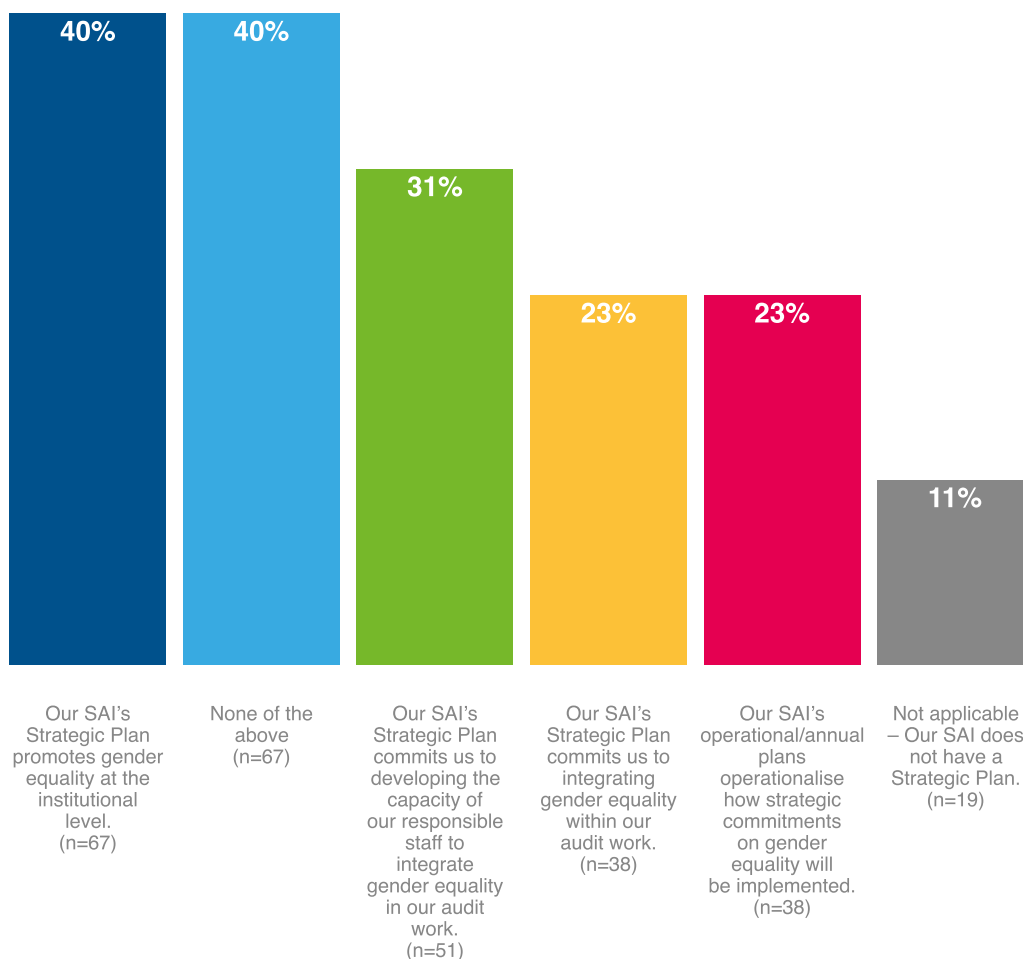
The GSR2020 concluded that there was a potential for SAIs to address gender more strategically. While the former section revealed that only 16% had applied a gender analysis during their strategic planning process, 40% of SAIs now state that their Strategic Plan promotes gender equality at the institutional level. This represents a small increase since 2020 (when 34% did so). However, another 40% respond that they are not addressing gender through

their Strategic Plan. If we disregard the 11% of SAIs who currently don't have a Strategic Plan, we see that gender is addressed in various manners in the majority of SAIs strategic plans (55% against 45% of SAIs not addressing gender). Building capacity on gender organisational processes seems more common in countries with lower levels of democracy and income, for example 30% of SAIs in fragile countries received support on organisational processes, against 12%

in non-fragile countries. For support to gender audits these are most common in EUROSAI and OLACEFS (45%) followed by AFROSAI-E (26%). As many donors have had a strong focus on gender equality it's possible that the strong presence of gender activities in Lower Income countries also is a consequence of gender goals being integrated as part of international support schemes and capacity development initiatives.¹⁵

[15] One example is the GIZ supported AFROSAI programme Women Leadership Academy.

Figure 28 – Gender issues addressed by SAI strategies and plans



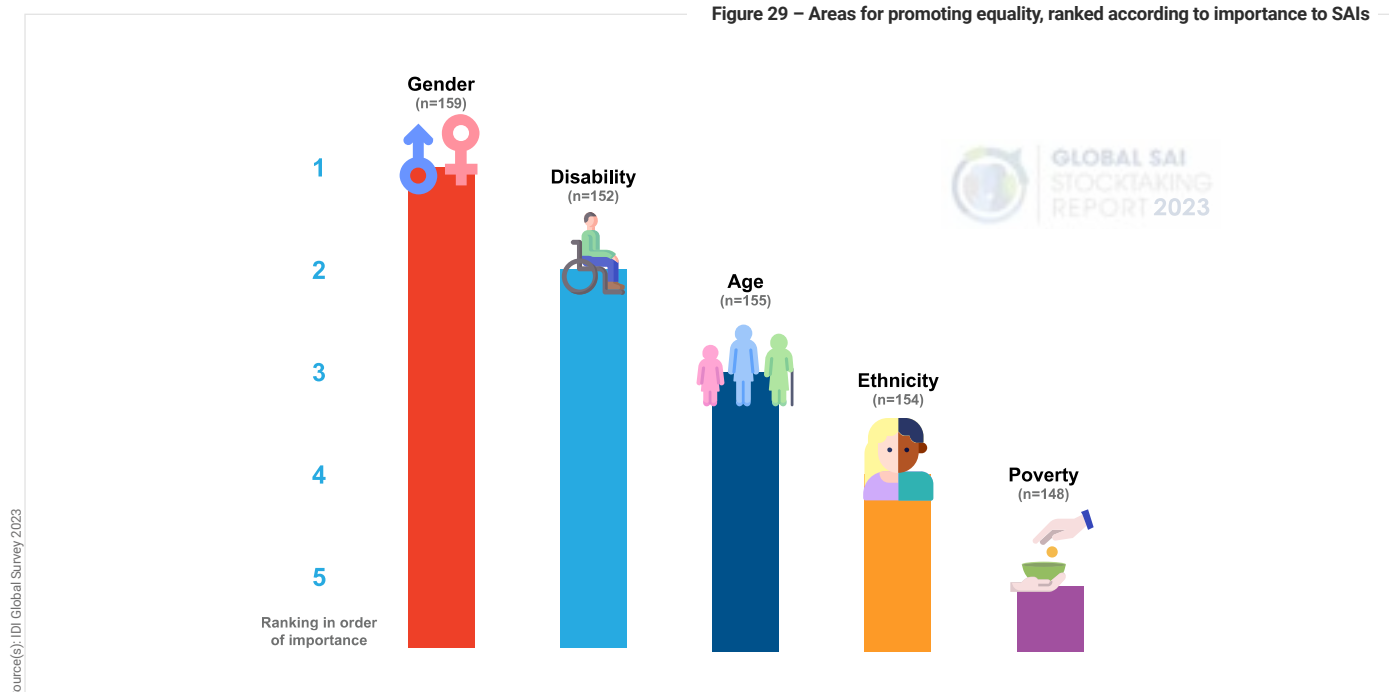
Source(s): IDI Global Survey 2023

The data on how SAIs implement their strategies on gender sheds interesting light on the SAIs commitment to promote gender in daily operations. A gender policy is a set of regulations and principles on gender. 30% of SAIs report to have a gender policy, the same proportion as in 2020. In OLACEFS 67% of SAIs have a gender policy. In contrast only 14% and 11% have such a policy in ARABOSAI and PASAI, respectively. According to the global data, the majority is adopted in countries labelled as liberal democracies, where 62% of SAIs have a gender policy. For SAIs with a gender policy, monitoring is frequently done through

indicators and targets in the Strategic Plan (45%). These practices are more common in countries with higher levels of horizontal accountability. 21% of SAIs have a gender strategy that defines a comprehensive pathway to help SAIs reach their objective on gender equality. The results, although quite low, is still an increase compared to GSR2020 (15%). 38% have established a gender focal point in the SAI, a sharp increase since 2020 (25%). In fact, there's a positive development in this area, as 60% of SAIs now have institutionalised gender responsibilities within the organisation, against 40% in GSR2020. In OLACEFS

87% of SAIs have a gender focal point and in CREFIAF the number is 73%. The increase in global numbers seems to stem largely from an increase in OLACEFS. 57% of SAIs in ARABOSAI and 51% of SAIs in EUROSAI report lacking an institutional gender role. In the Global Survey 2023, SAIs were also asked to rank the importance of gender amongst other characteristics often covered in the definition of inclusive work environments, notably ethnicity, age, disability and poverty. The results show the gender and disability are the aspects most highly ranked by SAIs, as areas to address.

Figure 29 – Areas for promoting equality, ranked according to importance to SAIs



DIGITALISATION EFFORTS HAVE NOT INCREASED SINCE THE LAST GLOBAL STOCKTAKE

Despite the necessity to work more remotely during COVID-19, SAIs insufficiently used the momentum to digitalise operations. As in GSR2020, only half of SAIs have a digitalisation strategy, and the same proportion of SAIs have a budget for future technology investments. In the Global Survey 23 SAIs were also asked which steps they were taking to

digitalise operations. These steps covered organisational aspects, such as financing, staffing and strategic considerations. The graph below shows that none of the proposed processes, related to strategic aspects of digitalisation, are universally applied by SAIs. The most common practice is the assignment of IT support to staff with appropriate skills, which had been done

in 64% of SAIs, indicating that one-third of SAIs don't even have a designated staff to address IT issues in the organisation daily. It is positive to see that 42% of SAIs have assessed their ICT maturity, but more concerning that only 31% have defined the intended benefits of digitalisation.

The regional results can further show us the need to have all elements in place for a successful digitalisation process. In OLACEFS 73% of SAIs have integrated digitalisation in their Strategic Plan, and equally in their annual Operational Plan. Despite this, for only 27% of SAIs in the region the strategic direction is based on an assessment of ICT maturity, and only 40% have defined the benefits of digitalisation. Furthermore, only 40% have budget for ICT infrastructure and investments. In addition to the organisational and infrastructure challenges, a key fundament for succeeding with digitalisation of operations, is development of digital competencies. Globally, less than half of SAIs have a plan for digital competency in the organisation (41%) or offer training for staff to master existing digital tools for management and governance (44%). More offer opportunities for competency raising in use of new technology to advance audits (51%). When asked about which work processes they have digitalised, almost two-thirds of SAIs confirm to have established a system of recording and maintaining audit documentation digitally. Half of the responding SAIs can provide staff with remote access to internal SAI systems. Half of the responding SAIs operate their planning tool and HR management digitally. Out of the 12% that have not digitalised any of the work processes below, we find half of CREFIAF's members (47% of CREFIAF), while the rest is spread across the other regions. In CREFIAF no countries have yet digitalised audit documentation, and less than 10% have digitalised organisational processes mentioned. When being asked about reasons for challenges in digitalisation, CREFIAF members mainly explain this by lack of digitalisation in the external environment and lack of resources and capacity. This is also in line with global results on challenges, where a shortage of resources are cited by 56% and the lack of digitalisation in the external environment mentioned by 45%.

Figure 30 – Steps SAIs are taking to digitalise operations across the SAI

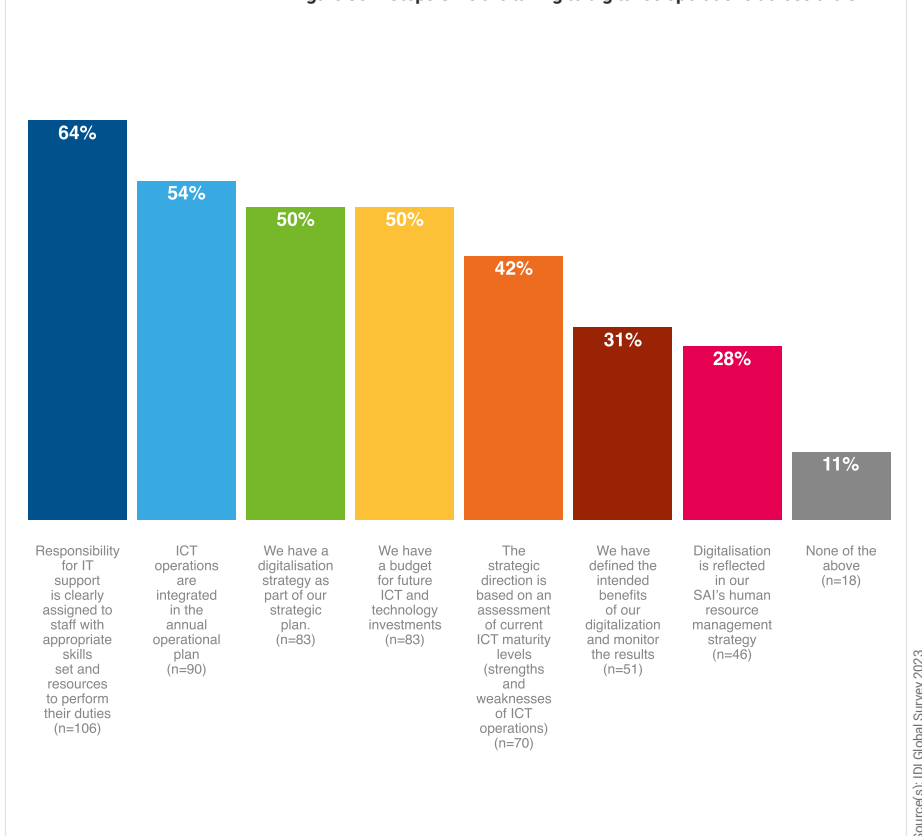
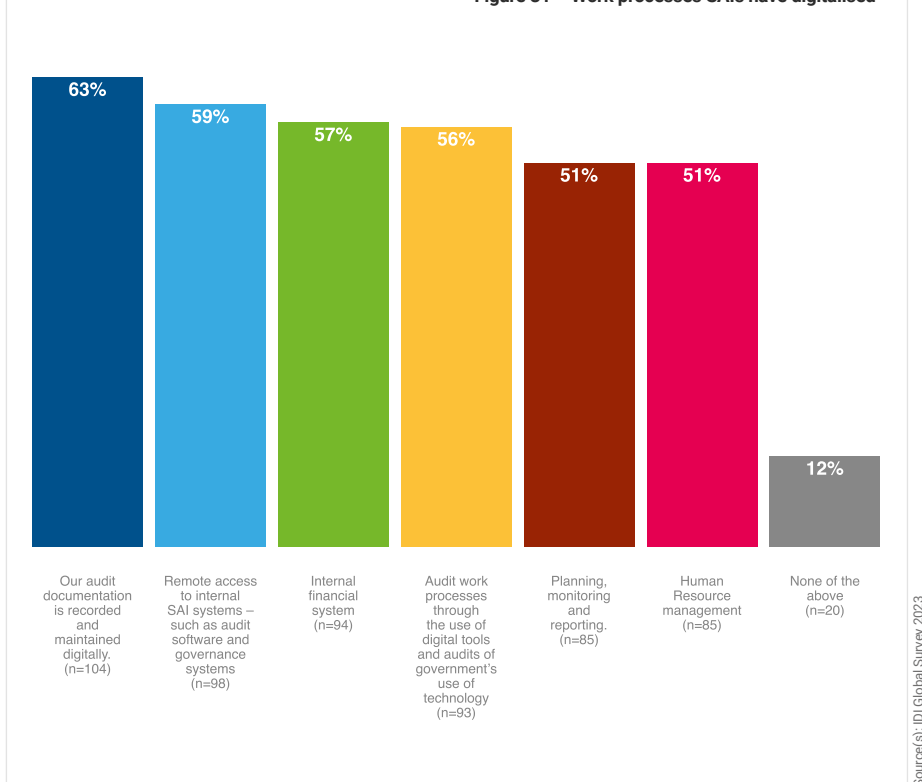


Figure 31 – Work processes SAIs have digitalised



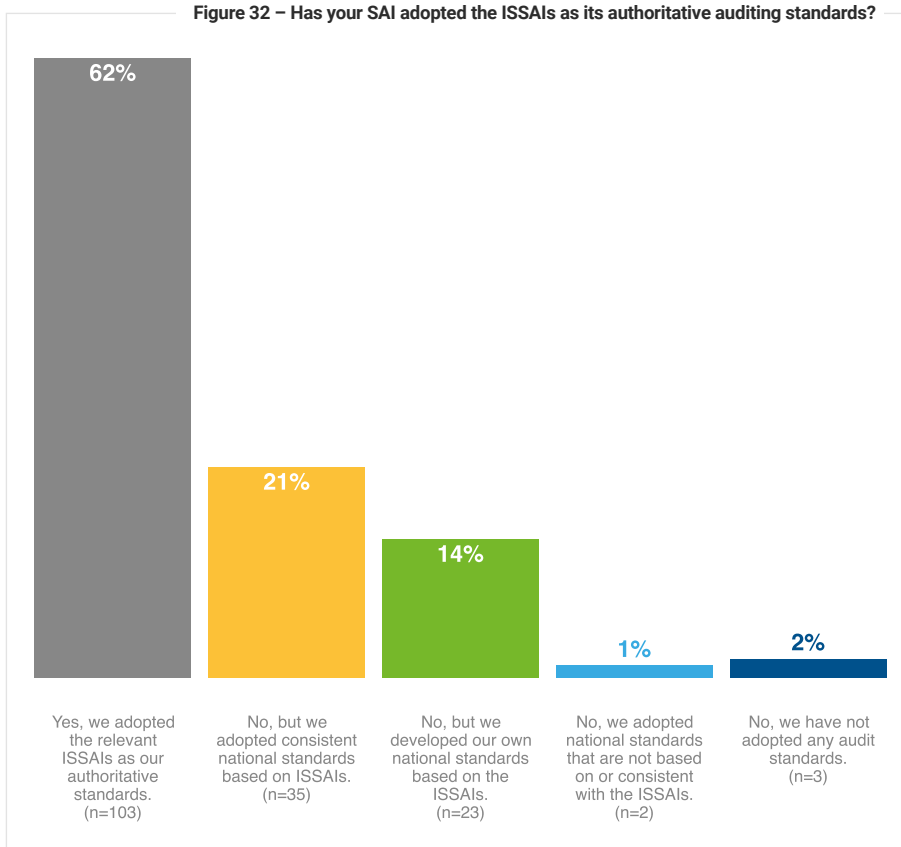
INCREASED FOCUS ON QUALITY IS NEEDED TO ENABLE EFFECTIVE AUDIT PRACTICES

The last GSR concluded that SAIs have a way to go to address audits in a holistic manner. Concurrently, it concluded that many SAIs struggle with resources and capacity constraints which affect their ability to audit in compliance with the INTOSAI Audit Standards for Supreme Audit Institutions (ISSAIs). SAIs need to implement institutional mechanisms that can support in delivering high quality audits and mitigate their reported capacity constraints. This chapter looks at the audit results considering two key performance enablers as follows: 1) SAIs ability to build the necessary institutional structure around the audit process, and 2) SAI capacity to build staff audit competencies as a means of improving the quality of their work.

ISSAI ADOPTION NOT ACCOMPANIED BY SYSTEMATIC STANDARD IMPLEMENTATION

The adoption of ISSAIs is a common starting point for SAIs who want to develop and improve their audit practices. Compared to the GSR2020, more SAIs report that they are familiar with the transition from the ISSAIs to the INTOSAI Framework of Professional Pronouncements (IFPP). 83% of SAIs globally now report that they are aware of the IFPP, against 74% who reported familiarity in GSR2020. SAIs now almost universally adopt the ISSAIs (97%), but the approach to adoption differs. 62% of SAIs have adopted the relevant ISSAIs as their authoritative auditing standards. In addition, another 35% have either adopted national standards based on ISSAIs or developed their own standards based on ISSAIs. This seems to be an increase against the GSR2020, where 86% of SAIs had they had adopted ISSAIs.

Figure 32 – Has your SAI adopted the ISSAIs as its authoritative auditing standards?

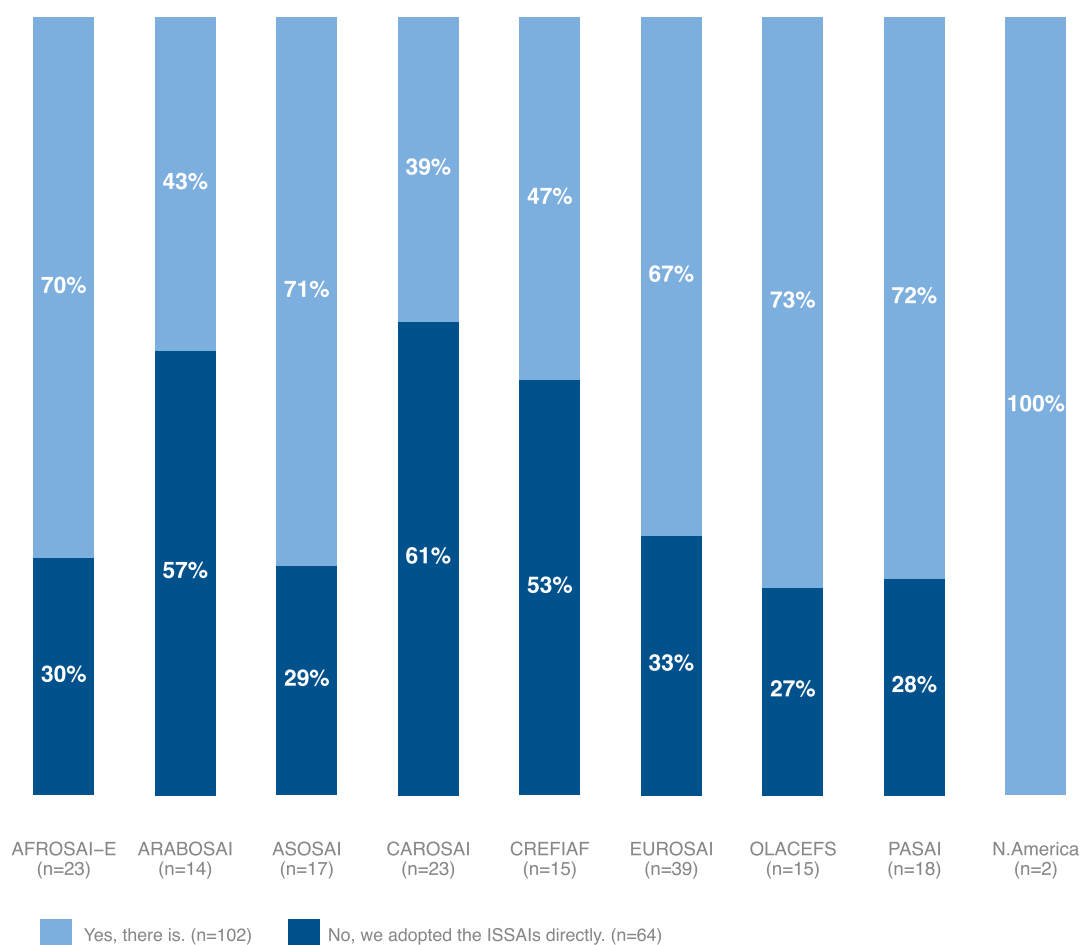


Considering regional differences, adopting ISSAIs as the authoritative auditing standards is most common in AFROSAI-E (96%), CAROSAI (74%) and CREFIAF (73%), while North America adopted national standards based on the ISSAIs, together with almost half of SAIs in PASAI (44%). The latter could probably be

explained by the fact that a proportion of PASAI members are American territories that use the Yellow Book as their audit standard (GAGAS)*. Within OLACEFS the approaches vary, but it's worth noting that 33% of SAIs developed their own audit standards based on the ISSAIs.

While most SAIs are using the ISSAIs as a foundation for their audit practices, there is a need to better understand how the adoption happens within the SAI. A starting point is to consider whether there is a legal foundation for adopting audits standards, which could affect the approach SAIs take. According to the

Figure 33 – Existence of a provision in the audit act for adoption of audit standards



Source(s): IDI Global Survey 2023; INTOSAI

Global Survey results, 61% of SAIs have a provision in the audit legislation pertaining to the adoption of audit standards. Taking a regional perspective, one can observe that a legal foundation for auditing standard adoption, is most common in North America, OLACEFS, PASAI, ASOSAI and AFROSAI-E, while only around 40% of SAIs have a legal provision for auditing standards in ARABOSAI, CREFIAF and CAROSAI. SAI institutional models do not explain the regional differences.

The process SAIs undertake to adopt ISSAIs as auditing standards could be outlined as follows in the infographic below.¹⁵ While almost 2/3 of the SAI respondents have a provision in the audit act, only five SAIs report to have carried out all the steps. 24% of SAIs globally have not carried out any of the possible steps

outlined for adopting ISSAIs as auditing standards. For SAIs that don't have a provision in the legal framework, and therefore have adopted ISSAIs directly, 34% have not carried out any of the steps.

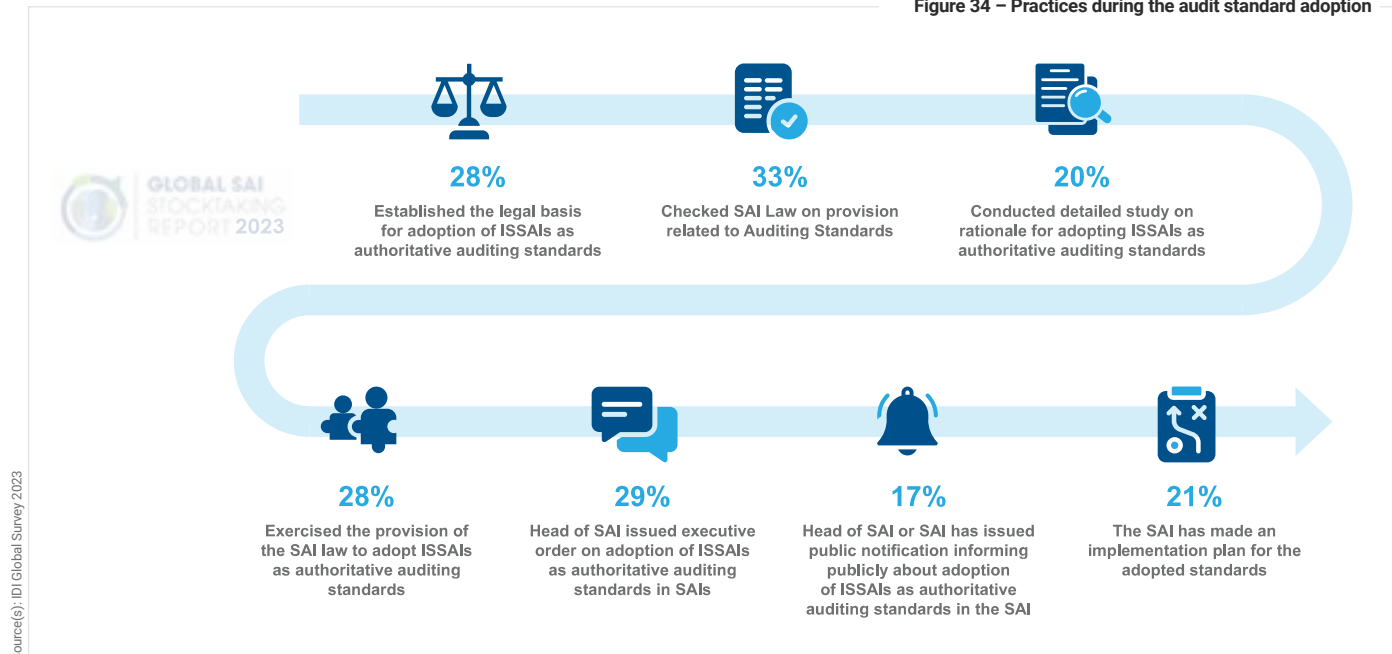
However, regional distribution tells us something about where the steps are most frequently applied. Establishing the legal basis for adopting ISSAIs as authoritative standards was carried out by 41% in ASOSAI and 39% in AFROSAI-E. Another step, carrying out a detailed study on the rationale for adopting ISSAIs was done by 47% of SAIs in OLACEFS, making it the region where this practice was most widespread. This could also explain the varied practices of ISSAI adoption in OLACEFS, as a better understanding could lead to a better adapted solution. 40% of SAIs here

also developed an implementation plan for the adopted standard. In AFROSAI-E the Head of SAI issued an Executive order for the adoption of ISSAIs as the audit standard in 43% of SAIs, while the same was the case in 40% of SAIs in OLACEFS. Public notification of the adoption was also most commonly done in AFROSAI-E and OLACEFS. While these results beg more questions and needs to be studied further, the adherence to the process according to regions, nevertheless, seems to confirm earlier Stocktakes where SAIs models and regional context have shown to affect the both the adoption and application of the ISSAIs. And while there is uniform willingness to adopt ISSAIs across INTOSAI, the practical application of a systematic process is still limited.

[*] Generally Accepted Government Auditing Standards

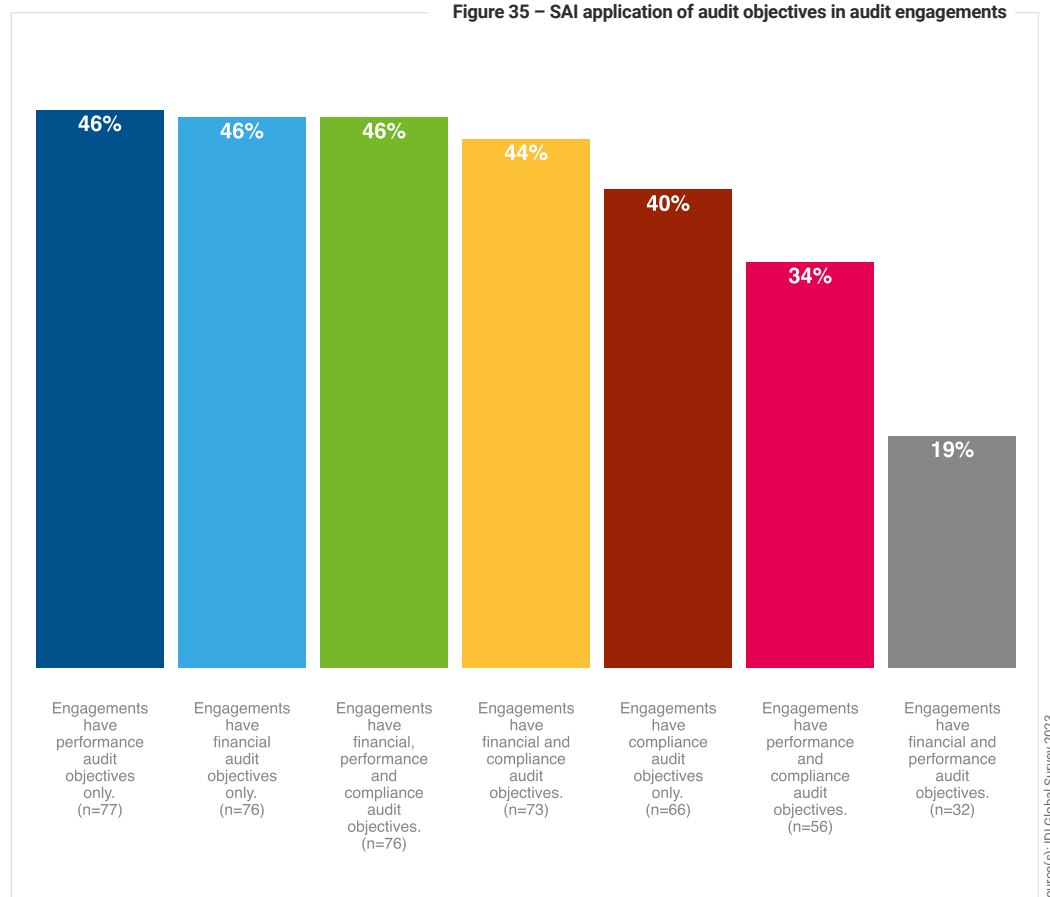
[15] Steps for ISSAI adoption developed by IDI.

Figure 34 – Practices during the audit standard adoption



Another aspect of ISSAI implementation relates to the way SAls organise their audit engagements. The GSR2020 suggested that the tendency to combine several audit type objectives in the same engagement made it more difficult to comply with the standards. Given the complexity of the standards, when conducting audits with several engagement objectives, one may struggle to meet the objectives of the individual audit disciplines. The results from the Global Survey 2023 show a small increase towards engagements with only financial, performance and compliance audit objectives respectively. For both financial and compliance audit, there is an increase in number of SAls, with 46% who organise audits engagement with only these objectives (36% and 35% in GSR2020). The increase seems to come from a move away from combined audits¹⁶, that is audits with both financial, compliance and performance objectives.

Figure 35 – SAI application of audit objectives in audit engagements



[16] Combined audits can an engagement which combined two or three audit objectives. Most commonly it is a one that combines two.

SLOW PROGRESS IN ISSAI IMPLEMENTATION

In the following section, we are assessing the way SAIs have implemented the core audit disciplines in an attempt to assess performance and uncover any aspects which could help improve audit quality or that pose a risk to audit quality. We also look at audit coverage.



ISSAI standards are the departure point for enabling high-quality audits. Starting with financial audit, 54% SAIs have adopted financial audit ISSAIs as their authoritative standards. 18% of SAIs adopted national standards consistent with ISSAIs, and 17% have adopted standards based on ISSAIs. SAI PMF data can help us understand the quality of these standards. For financial audit, 70% of the SAI PMF sample meets the benchmark for the indicator for quality financial audit standards, indicating that 2/3 of SAIs globally have financial audit standards aligned with the ISSAIs.

The SAI PMF sample results on audit practices indicate that SAIs continue to face the same issues as in previous GSRs, with only 25% meeting the overall

benchmark for financial audit process. Hereunder, 26% meet the benchmark for planning. The proportion meeting the benchmark on the audit implementation is slightly higher at 32%, but this could also be due to comprehensive guidance, prescribing the audit process steps in detail. The results are unchanged from 2020 for reporting on the financial audit, at 35%. Despite these obvious limitations, 80% of SAIs report to issue audit opinions based on reasonable assurance for all financial audit engagements.

According to Global Survey data, 68% of SAIs conducting financial audits, meets the benchmark of auditing at least 75% of the financial statements they received. SAI PMF data suggests the prevalence

could be lower (46%). Assessing the self-reported data from the Global Survey based on regional distribution shows that AFROSAI-E and EUROSAI are the regions where SAIs meet the benchmarks most commonly, together with PASAI and North America. This regional distribution concurs with the SAI PMF sample. These are also the regions reporting to conduct audits according to financial audit objectives only, most frequently.

THE MAIN AUDIT TYPES

Compliance Audit

The objective of public-sector compliance auditing, (...), is to enable the SAI to assess whether the activities of public-sector entities are in accordance with the authorities governing those entities. This involves reporting on the degree to which the audited entity complies with established criteria. (Source: ISSAI 400 Paragraph 13)

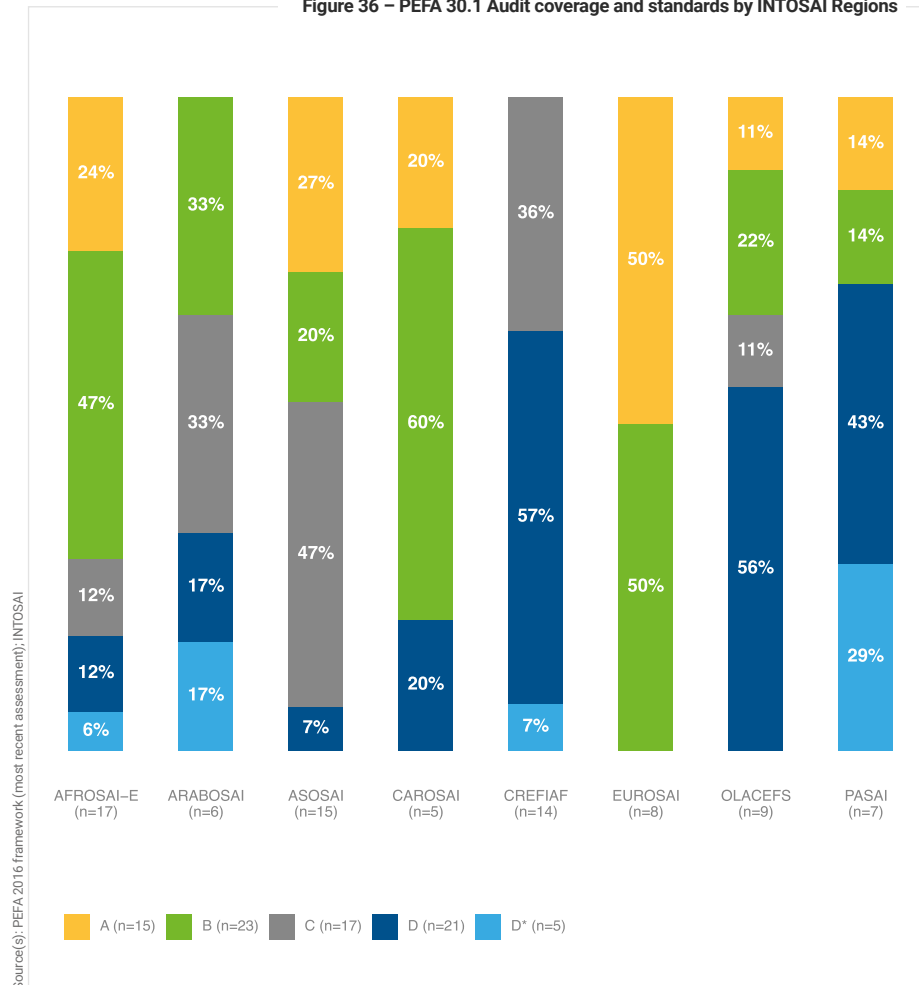
Financial Audit

The objective of financial audit is, through the collection of sufficient appropriate evidence, to provide reasonable assurance to the users, in the form of an audit opinion and/or report, as to whether the financial statements or other forms of presentation of financial information are fairly and/or in all material respects presented in accordance with the applicable financial reporting and regulatory framework. (Source: ISSAI 200 Paragraph 8)

Performance Audit

Focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analysed. The aim is to answer key audit questions and to provide recommendations for improvement. (Source: ISSAI 100)

Figure 36 – PEFA 30.1 Audit coverage and standards by INTOSAI Regions



Further, analysis of results from assessments using the Public Expenditure and Financial Accountability (PEFA) framework gives us insight into results on financial audit coverage through PI-30.1. This sub-indicator assesses both coverage and application of standards, but criteria for getting top scores are more comprehensive than the SAI PMF benchmark¹⁷. The proportion of countries meeting the criteria equal to the INTOSAI benchmark (over 75% of received financial statements are audited), is similar to the SAI PMF results (46%), but again, the regional distribution suggests that AFROSAI-E and EUROSAI are above to the self-reported averages, together with CAROSAI. It also confirms that regions like CREFIAP are less likely to meet the criteria. Finally, it should be noted that while the Global Survey asks SAIs to report for the last year, both SAI PMF and PEFA analysis is based on samples of cumulative data, which could mean that some SAIs in the samples could have improved practices since the assessment were carried out.

[17] For coverage, scores of A and B which equal the financial audit benchmark applied in this report, is also accompanied by criteria on coverage of three consecutive years, and furthermore the revelation of critical findings. More importantly, the INTOSAI benchmark only refers to financial statements received. The Global Survey doesn't ask respondents to clarify the proportion of received statements.

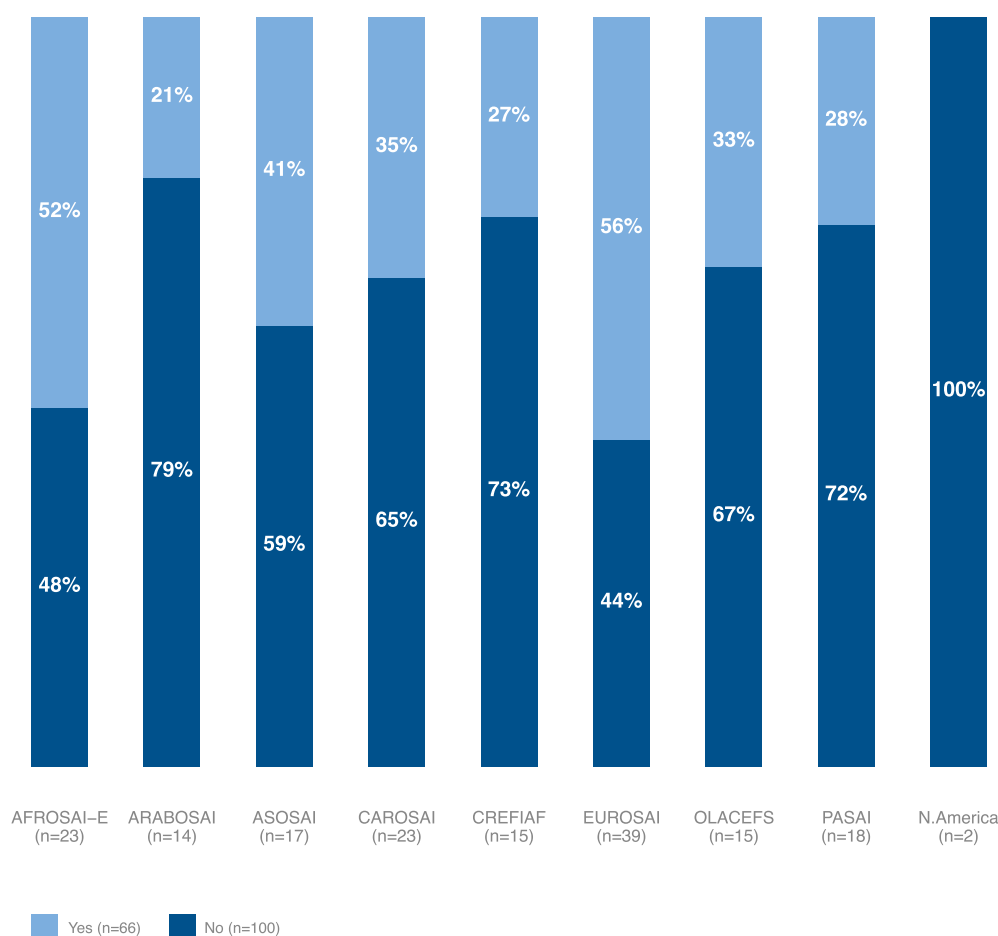
USE OF SAI PMF TO ASSESS AUDIT PRACTICES

The SAI Performance Measurement Framework (SAI PMF) is a INTOSAI developed and owned performance assessment tool, which aims to assess all aspects of SAI Performance. IDI has a unique collection of SAI PMF results. The official number of assessments amounts to 108 assessments. A SAI PMF is recommended to be carried out every 4-5 year, therefore many SAIs have only done one assessment, making comparisons over time difficult so far.

Former attempts to collect data on ISSAI compliance through the Global Survey suggests this aspect of performance is particularly difficult to evaluate. While the SAI PMF assesses all aspects of performance, a key asset is its evaluation of audit practices, based on review of audit files, which provides insight in audit quality across the organisation, against the ISSAIs. The GSR2023 analyses a sample of SAI PMF indicators on audit implementation indicators to assess the quality of audit processes, and to present this as a proxy for audit quality.

The use of samples from the growing population of reports seems to suggest that even though the samples changes, between the exercises, and the size of the population is modest, the changes over time are rather small. The SAI PMF scores the indicators through scores from 0 to 4, where 4 is the best practice. Throughout the GSR2023 a score of 3 or above is referred to the benchmark for good audit practices. When referring to SAIs meeting the benchmark in this text, this is what is meant. The indicators are built up by components, which have the same scoring range, and where a conversion table translates the components into the indicator score. Sometime the component score is referred to in the text.

Figure 37 – SAI audit engagement with compliance audit objectives only
By INTOSAI Regions



Source: (c) IDI Global Survey 2023; INTOSAI

The Global Survey 2023 suggests there is a variation in how SAs adopt compliance audit standards. Only 48% has adopted the compliance audit ISSAIs as authoritative standards, which is the same result as in the GSR2020, while 17% of SAs have adopted national standards consistent with ISSAI 400 compliance audit. Another 19% developed their own standards based on the ISSAIs. As previously, direct adoption seems to be more common in Lower Income countries. For compliance audit the GSR2020 suggested less than 20% of SAs conduct high-quality audits. The SAI PMF sample shows that SAs meeting the benchmark for the audit process in 2023 is 16%. To better understand what lies behind the result, we look closer at INTOSAI regions. In AFROSAI-E and EUROSAI there seems to be an increase in the number of SAs who organise audit engagement

with only compliance audit objectives. In PASAI, OLACEFS, CREFIAP and ARABOSAI less than one-third of conducting audit with sole compliance audit objectives. This suggests that even if there are regional improvements, it may take some time to see an overall global improvement.

A positive starting point is that 52% of SAs have compliance audit standards that meets the quality benchmark from SAI PMF and are greatly aligned with ISSAI 400. Still, for the conduct of audit, this proportion is more than halved, with only 21% of SAs meeting the benchmark for planning and the implementation of the audit. Standards for compliance audit reporting are met by a larger number of SAs, 31%. When it comes to coverage, 55% report to meet the benchmark for

compliance audit coverage, notably that the SAs has a documented risk basis for selecting audits, and at least 60% (by value) of the audited entities within their mandate were subject to a compliance audit in the last year, which the graphs further below show is a decline since GSR2020. The most concerning aspect about compliance audit coverage, however, is that as many as 41% of SAs do not apply a documented risk basis for selecting audit entities, which means that for even the 11% who despite this was able to subject at least 60% of entities to compliance audit, these audits done may have even less impacts because of the entities chosen, and also may again affect the quality of the planning of the audit. SAI PMF results on coverage confirm that results are concerning with 23% meeting the benchmark during assessments.

Finally, for performance audit, 52% of SAIs have adopted the performance audit standards as authoritative standards. Interestingly, the adoption of ISSAIs as authoritative standards in AFROSAI-E are almost universal, with 91%. This is followed by CAROSAI and EUROSAI, with 57% and 54% respectively. In ASOSAI and OLACEFS the most common approach is to develop own standards based on ISSAI, done by 47% and 53% of members respectively. For PASAI, there's an equal proportion of SAIs who either adopts the ISSAI directly or have adopted national standards aligned with the ISSAIs. The SAI PMF sample confirms that performance audit practices are more aligned with ISSAI standards than financial and compliance audit practices. This starts with the 70% of SAIs who have performance audit standards meeting the benchmark. The quality of the standards also seems to be better reflected in the practice, where the audit process is characterized by 36% of SAIs meeting the criteria for planning, and 47% meeting the criteria for implementing the audit, and 61% for reporting. When it comes to audit coverage 56% of SAIs report to have spent 20% of their resources or completed 10 audit reports. It is their resources or completed 10 audit reports. It is likely that these SAIs, with a regular and systematic performance audit practice, are covered by the SAI PMF sample, helping to increase results. Running the data against other variables, show that meeting the audit coverage benchmark is more likely to happen in SAIs in liberal democracies (83%). This could make sense from the view point those liberal democracies, in addition to be more economically advanced, also have more open exchange of ideas, and that the concept of performance audit, which aims to improve government performance, could meet less obstacles.

Looking closer at audit coverage as an indicator of audit quality, suggests that there is a continued variation across the audit types and over time. Since the GSR2020, there's been an increase in coverage in financial and performance audits, but a decrease in compliance audit coverage. The graphs below reveal

Figure 38 – Performance audit standards developed or adopted by SAI Regions

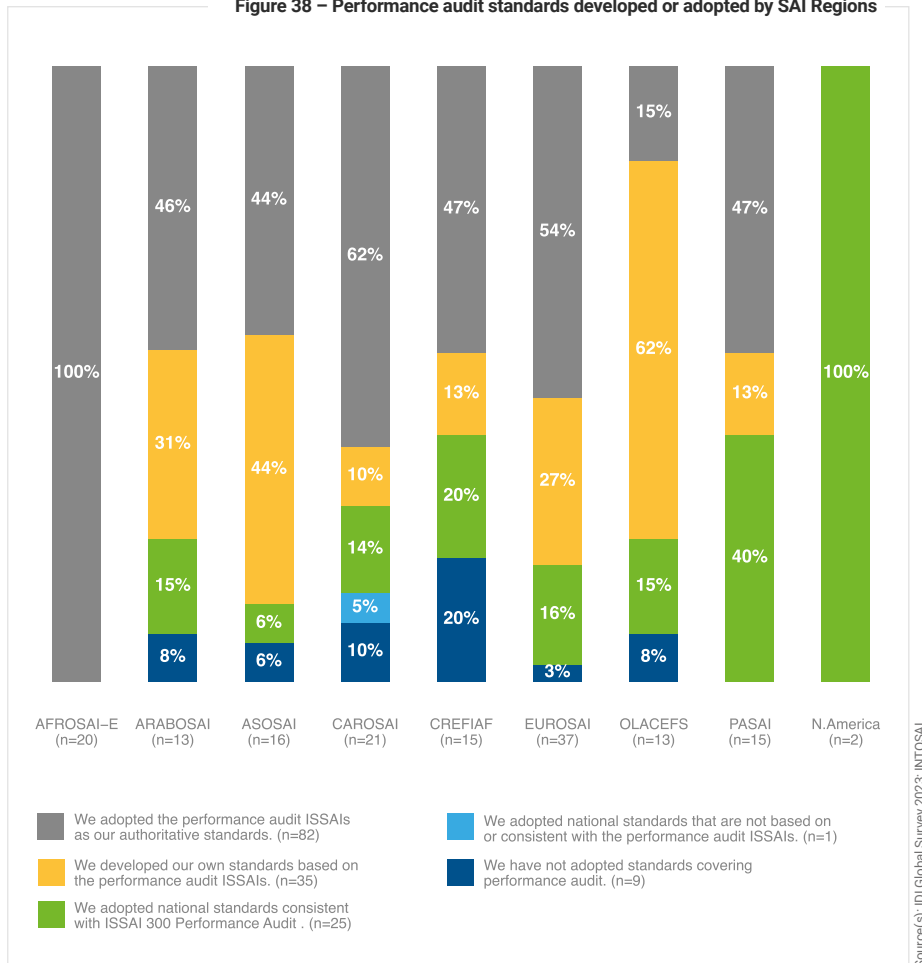
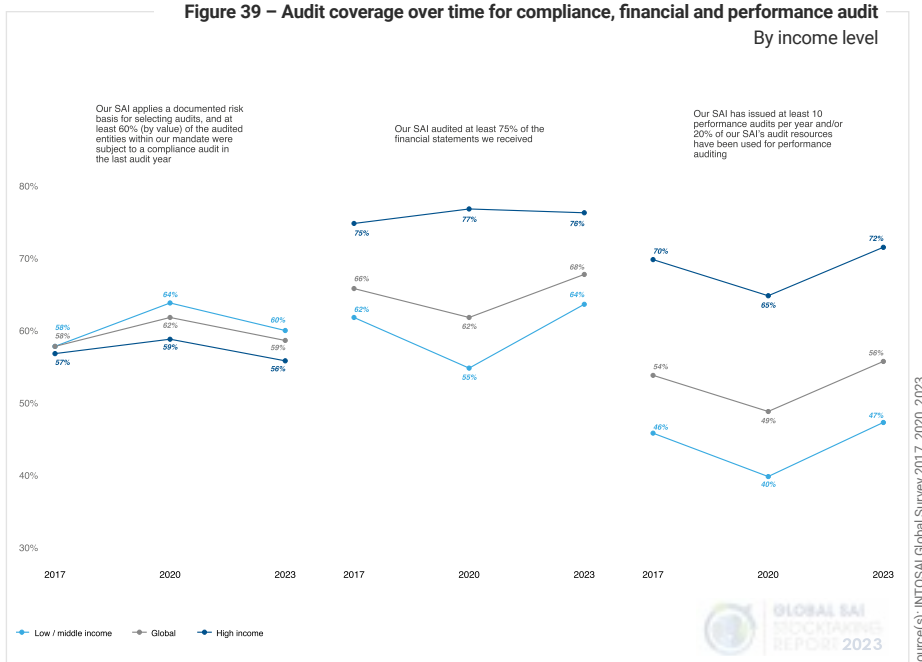


Figure 39 – Audit coverage over time for compliance, financial and performance audit
By income level



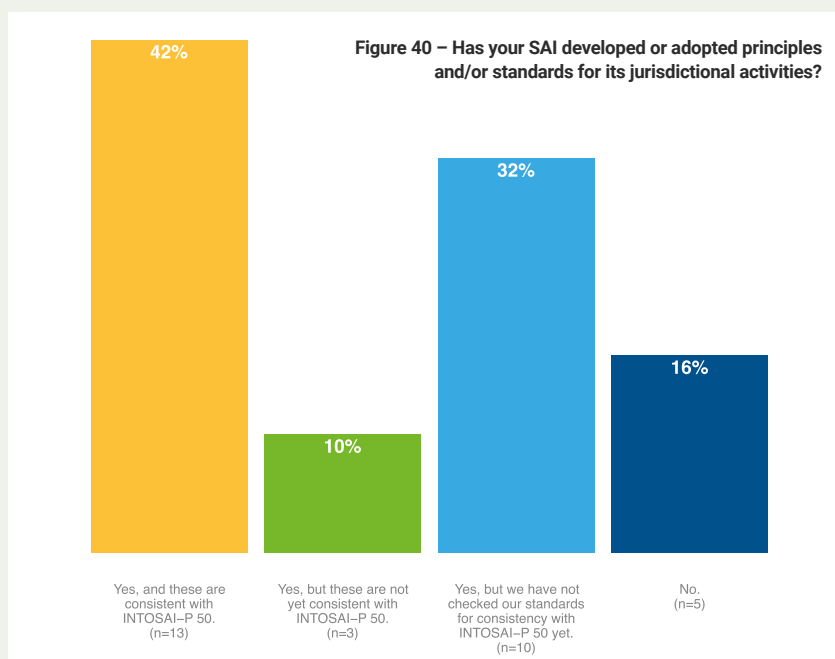
an inverse pattern from the GSR2020 time series. It's possible that while SAI resources stay approximately the same, priorities change, which could explain the waves in engagements.

JURISDICTIONAL CONTROL ACTIVITIES NEED TO APPLY AND DOCUMENT RISK ANALYSIS

Out of the 166 respondents in the Global Survey 23, 19% reported to have the mandate to conduct jurisdictional control activities. This is the same proportion of SAIs who reported this mandate in the previous Stocktake. A jurisdictional mission (as it is known as), is most widespread in CREFIAF, where around 80% have a jurisdictional mission through their establishment as a court, chamber or section of accounts. They are followed by OLACEFS and EUROSAL. The regional distribution of this sample will also necessarily affect the results. It's worth noting that amongst the 40% from OLACEFS, these SAIs are also part of the Legislature SAI model, which means their institutional set up is different, and accentuates other parts of jurisdictional control activities than what may be the case in a jurisdictional model SAI.

According to the Global Survey 23, almost 80% of the respondents carry out control and judgment of accounts. In CREFIAF all SAIs with a jurisdictional mandate do this. In other regions where SAIs adhere to a Legislature or other model, the main activities differ. 65% of the SAIs judge cases of mismanagement which usually are uncovered through audits. This seems to be a main motivation for ASOSAI and OLACEFS SAIs, where SAIs also represents the Legislature model. 71% of all respondents report that they sanction accountants and managers, based on the results of the activities presented. This is common in ARABOSAI, followed by EUROSAL and CREFIAF. Out of the accounts received on average, around 40% were judged, and out of these around 40% published.

Another activity mandated to SAIs with jurisdictional competencies is the control of the Budget Execution, which is intended to inform the Parliament. This is carried out by half of SAIs, and the mandate is most common in CREFIAF, followed by EUROSAL. In ASOSAI where SAIs have jurisdictional mandates but not a jurisdictional model, this is not done. Currently certification of accounts is only done by a handful of SAIs (29%), without any clear regional concentration.

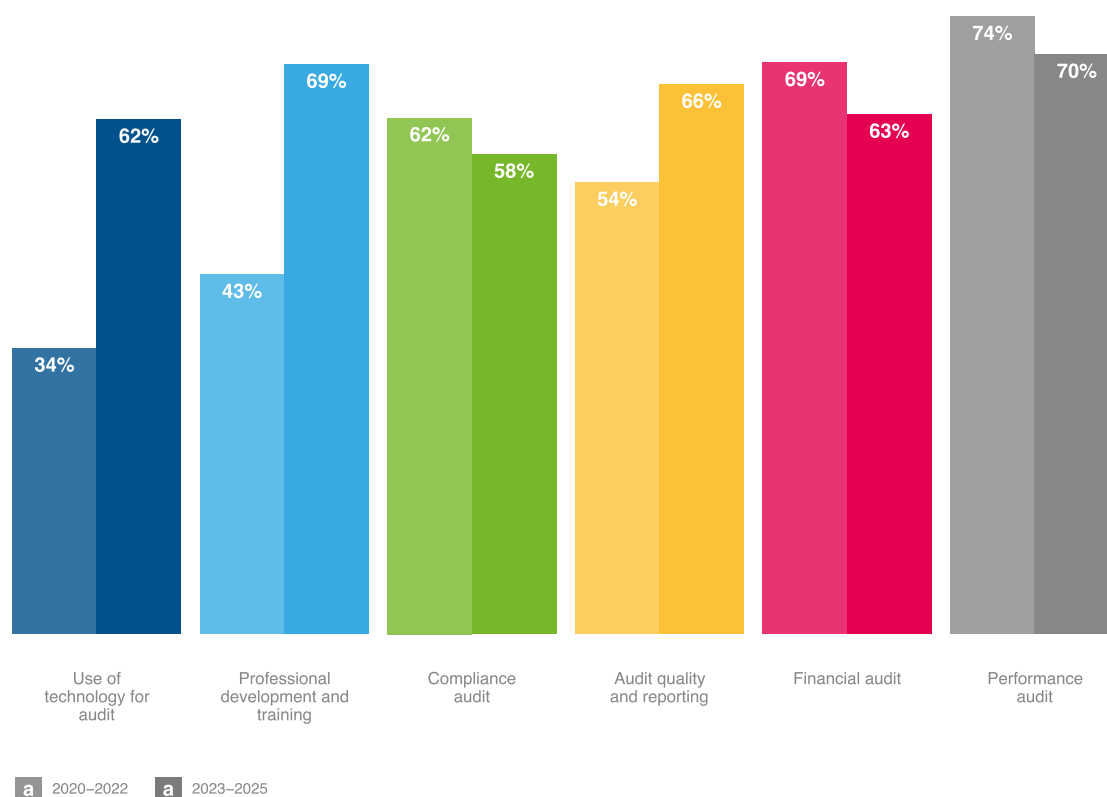


Of the 20% of SAIs with a jurisdictional mission, 42% have developed and adopted principles or standards they deem to be consistent with INTOSAI P-50. This is an increase compared to GSR2020 when 28% reported the same, although in reality a small one, given the small group of respondents. The same proportion reports their standard is either not consistent with P-50 or they have not assessed their standards against it. Another 16% have not adopted standards for their jurisdictional activities.

58% of SAIs who carry out jurisdictional control separately to other audit engagement. 61% of these do not carry out additional control combined with other engagements. 35% combine jurisdictional control with compliance audit, and another 32% report to combine several objectives. When asked about their approach to choosing entities to control, 55% respond entities are selected through a documented process, considering resources available to the SAI, risk and materiality, while 35% respond that their process ensure that all accounts are examined within a reasonable time period. This suggests that most SAIs conducting jurisdictional activities have a systematic approach, but that more than one third needs to document it better, and that resources available for all can limit implementation. This last point also accentuates the need for these SAIs to apply risk analysis, to make sure that their control is not only regular, but also reactive and relevant according to emerging risks in the management of certain accounts.

Figure 41 – Professional Capacity Development | Recent and Planned

Bars show professional capacity development areas over 2020–2022, with plans for 2023–2025; Based on responses from 90 developing-country SAIs



Source(s): IDI Global Survey 2023

Despite the slow progress on ISSAI Implementation, SAIs have made efforts to improve their audit practices. More than 60% of SAIs in developing countries have received capacity development support to develop their professional audit capacity during the period 2020–2022, more precisely 62% for compliance audit 69% for financial audit and 75% for performance audit. Capacity development support in the audit disciplines is the most frequently received support across all types of capacity development areas. Comparison with the results from 2020 indicate that the proportion of SAIs receiving support in these audit disciplines during 2020–2022 are almost the same as those who received support during 2017–2019. However, for compliance and performance audit the total support received was less than what was projected by the SAIs. For performance audit 71% of SAI received support, against 82% that planned building capacities going forward, and for compliance audit 55% received

support against the 66% planned to receive support. It's likely that the duration of COVID-19 could have disturbed these plans. However, it could also suggest that some SAIs who needed support in these areas moved away from ambitions after not receiving the support. In fact, fewer SAIs are planning to build capacities in the audit types in the ongoing period (2023–2025), as illustrated in the graph below. Still, it seems like SAIs priority is increasingly geared towards professional development, use of technology and audit quality and reporting. The latter may be a positive sign for the future capacity in audit quality management and professionalisation, which will be discussed in the next sections.



QUALITY MANAGEMENT SYSTEMS STILL HAVE POTENTIAL TO IMPROVE

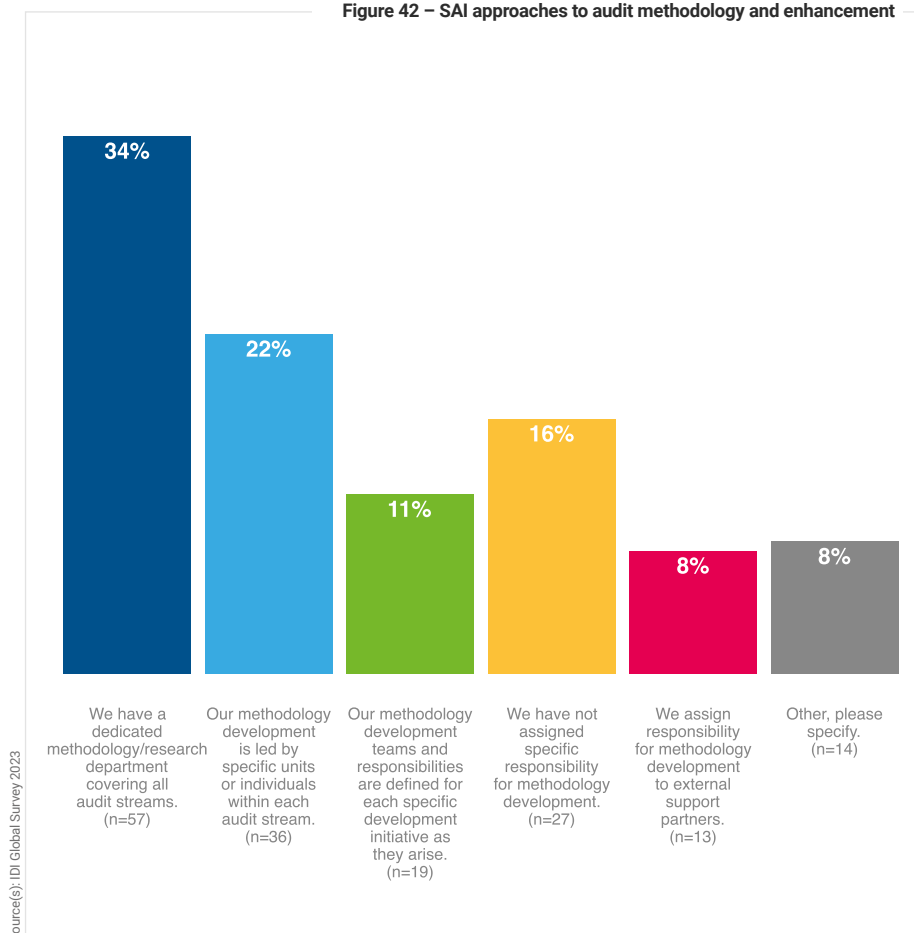
As was pointed out in GSR2020, audit quality management systems and practices seem to play a particularly important role in developing good audit practices. Results for financial, compliance and performance audits are all within the same range, so the analysis below presents the results jointly for all audit types. Around 85% of SAIs have defined policies and procedures for ensuring quality of the audit processes for financial and performance audit, with a slightly lower proportion for compliance audit (80%). Quality management at the engagement level takes place in 73% of SAIs across the audit disciplines. 61% have a system for assessment of risks to quality. Two-thirds of SAIs have a system for monitoring quality, but still as many as 28% of SAIs do not have

a monitoring function in place for any of the audit types. Yet, the result is a significant improvement since Global Survey 2020, where 39% of SAIs reported to not have any monitoring systems in place. Furthermore 29% of SAIs do not issue conclusions on the quality control system based on the monitoring, through a function established at the organisational level, and 37% of SAIs haven't put in place such a unit.

SAI PMF assessments evaluate the quality control functions based on a combined assessment of the system in place, and an audit sample. These data show that the percentage of SAIs meeting the benchmarks for quality control (now referred to as quality management at the engagement level), are considerably lower

than the reported existence of systems, with 39% for compliance audit, 44% for performance audit and 51% for financial audit. These numbers still indicate an improvement since the last Stocktake for compliance audit, where percentages are up by 8 points.¹⁸ These findings seem to echo the findings on ISSAI adoption, that while SAIs are making efforts to put in place standards and systems, these systems and processes are not always of sufficient quality, and for that reason SAI performance in the audit process does not seem to improve materially over shorter time periods. The findings on quality management for example, suggests that while SAIs put in place procedures and policies for the audit process, the holistic and continual assessment of the quality in the audits, through quality management units at the organisational level, risk assessments, monitoring and assessment of quality management at the engagement level are missing in many SAIs. This could pose as an obstacle to the identification of measures to mitigate and improve audit practices. Similarly, only 34% of SAIs have a dedicated department for methodology development, also indicating a lack in capacities to systematically dissect and address audit quality issues through improvement in audit methods. Shortages in an organisational level focus on audit quality, could be one of the factors continuing to hinder SAIs in improving their audits. This also leads us to the next part of this chapter, notably the development of audit competencies of staff.

Figure 42 – SAI approaches to audit methodology and enhancement



[18] The sample size is smaller, but for this study 5-7% is considered to indicate an improvement.

INSUFFICIENT EMPHASIS ON DEFINING AUDIT COMPETENCIES NECESSARY TO PROFESSIONALISE AUDIT STAFF

As well as creating systems that ensure audits are carried out in compliance with the ISSAIs, SAIs need to establish opportunities for staff to build their professional capacities as auditors. Conducting high quality audits depends on SAI's ability to create an environment where these learning and development opportunities exist, either through internal programmes or external support. For staff development, quality starts by defining the competencies necessary to do the job.

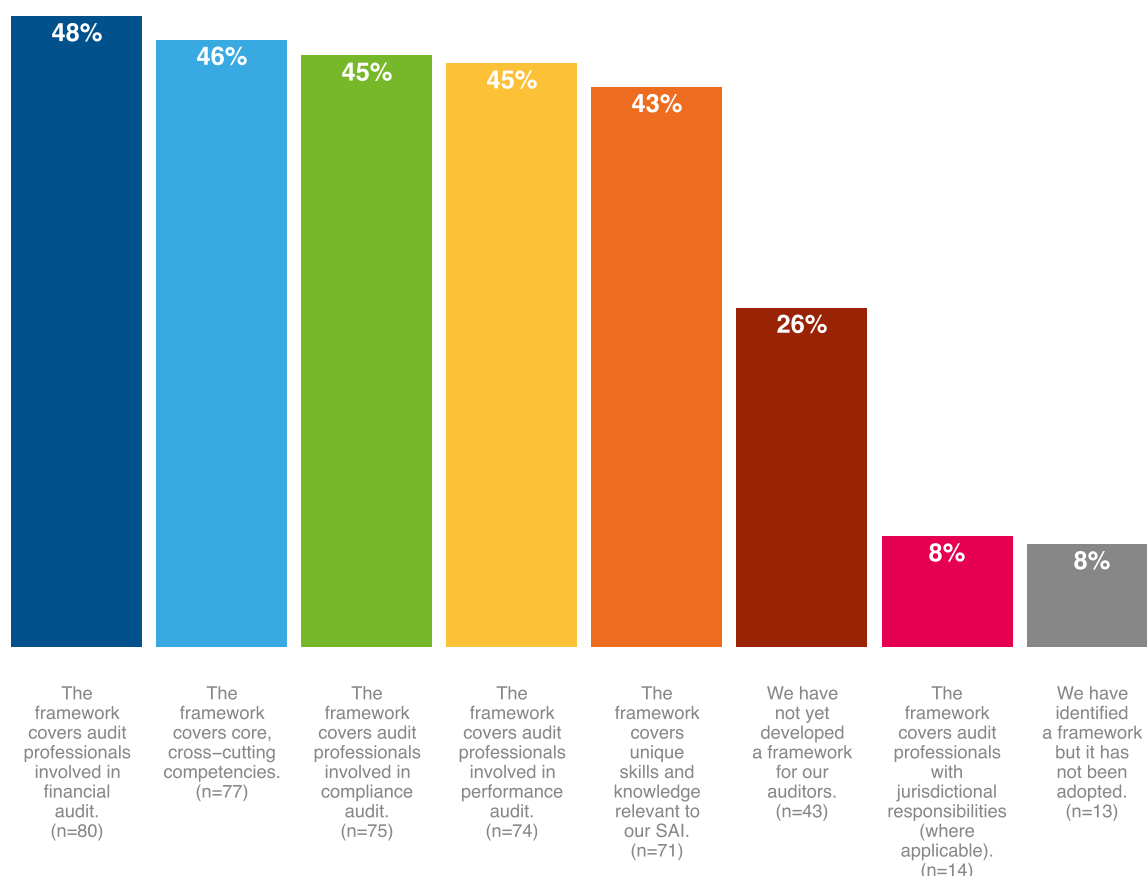
The starting point for identifying needs for improving staff competencies is an assessment of the staff resources available. According to the Global Survey

2023, only 37% of SAIs find their current staff to be adequate both in terms of size and competencies, almost identical results as in 2020 (39%). 32% of SAIs find staffing to be inadequate in terms of staff numbers, also indicating that a heavier workload would be needed from the staff available. 20% of SAIs find that neither competencies nor numbers are adequate, and another 10% find the competencies of staff to be inadequate. Interestingly, while there is a pattern related to income levels and staff adequacy, more than 40% of SAIs in HI countries still find their human resources to be inadequate either when it comes to numbers, competency, or both. There is also a big difference between SIDS, and

non-SIDS with 11% against 47% rating their resources as adequate. The same is the case comparing SAIs in fragile countries against SAI in non-fragile contexts. These results also pre-empt the regional analysis, which confirms that 40% of SAIs in CREFIAF, 35% of SAIs in CAROSAI, 30% in AFROSAI-E and 28% in PASAI, find current staffing inadequate.

The responses to the Global Survey 2023 shows that only 66% of SAIs have adopted a competency framework, a system for mapping the necessary professional skills. A quarter of SAIs report to not yet have a competency framework for their auditors. Analysis reveals that financial, compliance

Figure 43 – SAI competency frameworks and what they cover



and performance auditor competency frameworks only exist in half of SAIs globally. The same applies for jurisdictional competencies for those SAIs who have this mandate. Most SAIs carry out audit engagement with a combination of the audit objectives, for example a combination between financial and compliance audit, which means that SAIs should cover

necessary competencies for these two audits in their frameworks. It's interesting that numbers are equally low for cross-cutting competencies and unique skills to the SAIs, suggesting that the definition of competencies overall, is lacking, not only due to the specific audit approaches SAI take. Although the skills weren't outlined in detail in the survey question, responses

imply that skills ranging from knowledge about country PMF systems, to the overall principles for public sector audit found in ISSAI 100, aren't explicitly outlined as competency needed in the audit profession, by half of SAIs.



In AFROSAI-E the three audit disciplines are most frequently covered in the competency framework. Financial audit is covered by 74% with 65% for compliance and performance audit. 61% also report to cover cross-cutting competencies, while EUROSAI is the region where SAI-specific skills are covered most often, by 62% of SAIs. If we look to the SAI PMF data, assessment of team skills and competencies are assessed in connection with assessments of audits. Results suggest that overall team management and skills for each audit discipline is relatively weak, with 46% meeting the benchmark for performance audit, 37% for financial audit and only 33% for compliance audit. These findings both confirm the shortages seen in the existence of frameworks and can offer an explanation to the limitations in performance in the audits. Subsequently, it is therefore important to look at how SAIs assess the competencies of their staff. Given the low proportion of SAIs with a fully developed competency framework it is hardly surprising that only 39% of SAIs have a mechanism to assess auditor competence against a competency framework. Even fewer, 33% of SAIs, report to have mechanisms to promote and assess the success of continuing

professional development. This means that even if SAIs do invest in their staff by offering and enrolling them in professional development programmes, only one-third is able to evaluate the effect of these investments and further, are unlikely to have mechanisms to ensure that new skills and competencies come to good use through application and further roll-out. Such SAI organisational capabilities to apply and manage knowledge and expertise across the organisation, or lack therefore, is likely one of the key factors determining whether SAIs succeed in ISSAI implementation. Staff competency can be built through directed human resource strategies and dedicated professionalisation programmes. 57% of SAIs report to have built its human resource management processes (within its control) around an auditor competency framework. The proportions are higher than the global average in North America, EUROSAI, ARABOSAI and AFROSAI-E. The low global proportion makes sense in light of the limited number of SAIs that adopted a competency framework. In CREFIAF as many as 33% report that they are not in control of their own recruitment processes, and therefore having in place a competency framework

is not applicable for them. The same applies to 26% of SAIs in CAROSAI. In these regions auditor competency frameworks are established for only 27% and 35% of SAIs respectively. When asked about professional development programmes, SAIs rely most commonly on in-house development programmes which are not regulated by any other organ. For financial audit this is common in North America (100%), EUROSAI (87%) and ASOSAI (80%). Considering the staff and resources needed to develop and run such a programme, it is not surprising that this approach is used less in PASAI (28%) and CAROSAI (26%) with many small SAIs. The regional pattern is similar for performance and compliance audit. For performance audit in-house programmes exist in 71% of SAIs in ARABOSAI, 88% in ASOSAI, 82% in EUROSAI, and 100% in North America. The last results could be tied to the fact that these regions also correlate with a higher proportion of HI countries with sufficient resources, and that SAIs from North America have adopted national standards for performance audit, creating a need for specialised training in the field.

Figure 44 – SAI approaches for professional development according to audit stream

Approach	Financial audit	Compliance audit	Performance audit	Jurisdictional control
In-house programme	61%	59%	58%	64%
Externally regulated in-house programme	21%	19%	19%	16%
Pathway built around relevant professional accountancy qualifications	57%	47%	40%	35%
Pathway built around other external programme (eg. university programme)	38%	39%	37%	35%
Pathway built around programmes by INTOSAI regional body	45%	46%	48%	32%

In-house programmes regulated by an external professional body is the least common approach across audit types, which only one-fifth of SAls relying on this approach. The practice is most widespread in ASOSAI where 53% report to have this arrangement.

Reliance on building pathways through external programmes such as university programmes, is less common than in-house, but here again we see regional differences. For financial audit (38%) this approach is used by 57% in AFROSAI-E, 50% in ARABOSAI, 53% ASOSAI and 47% in OLACEFS, but only by 13% in CREFIAF, suggesting that there could either be institutional aspects or few professional service providers available. Another aspect is of course financial resources through the payment of tuition fees. According to the Global Survey only 7 %o SAls in CREFIAF consider themselves to have sufficient financial resources. Another explanation could also be that financial audit is not widespread in CREFIAF, however, also for

compliance audit the proportion of SAls in CREFIAF resorting this approach is low, with 20%. The practice is more widespread in ASOSAI (59%), AFROSAI-E (52%) and OLACEFS (50%). However, it should also be noted that the extent of this practice, and the proportion of auditor it is offered to, is not captured by the Global Survey.

Finally, when we look at these results, also considering the SAls that have a competency framework, it is only one-third of SAls having adopted competency frameworks covering financial, compliance or performance audit, and also have established in-house professional development schemes. However, SAls who adopted the relevant framework have a higher proportion of professionalisation pathways in place across all audit types, suggesting that defining competencies helps advancing the professionalisation journey. In sum, the limitations in today's SAI practices pose a risk to SAls ability to advance in the professionalisation of audit staff. Many SAls are struggling

with ensuring their audit staff have the appropriate skills. This is partly due to lack of resources, but regardless of the structural challenges, it's clear that a lack of defined auditor competencies, and assessment mechanisms for the competencies, lies at the heart of this challenge. With as many as 60% of SAls aim to offer in-house training across audit types as the main pathway for professionalisation of their auditors, this competency building approach will be the main approach for many SAI. But if these pathways are not based on comprehensive competency framework, and supplemented by continuous assessment of quality like this chapter results suggests, there is a risk that impact of trainings and ultimately on audit quality will be limited.



REDUCTION IN PEER SUPPORT DURING COVID COULD EXPLAIN CONTINUED CHALLENGES IN SAI PROFESSIONALISATION

Throughout the years, there's been a continuous message about the preference of SAIs to receive support from peers, because of their unique insight and understanding of INTOSAI standards and public sector audit, a specialised and often sensitive exercise. Therefore, it is surprising that SAIs in the Global Survey 2023, indicated that their preference for support leaned more towards international development partners,¹⁹ followed by the INTOSAI region, while SAI peers from the same region, or another INTOSAI region came in as third and fourth preference, respectively. The explanation to this, could be the dramatic reduction of SAIs who report to have provided peer support, from

71 during 2017-2019, to only 42 during 2020-2022. This continues the decline from the GSR2017, when 87 SAIs reported to have provided peer support. But in light of these numbers, it's also worth to note that both GSR2020 and a recent EU-funded study (which partly based itself on GSR2020 data) demonstrated that there is need for a more harmonised understanding of what peer to peer support entails.²⁰ Also, a major explanation to the latest development probably comes from COVID-19, with travel restrictions and reduced activity level across INTOSAI. 70% of SAIs providing support state that their own staff is used to deliver the support most of the time while includes

physical visits, while only 24% provided remote support regularly, suggesting that travel restrictions would severely hamper implementation of support. In addition, the global uncertainty and turbulence during the period examined, would likely affect the ability for SAIs to plan for such support, considering that half of SAIs are dependent on external funding to implement support. It is also worth noting that 29% of provider SAIs initiate the support most of the time, and according to 38% mostly determined based on their own priorities, and finally that for 37% of the SAIs offering support, the support period exceeds a year.

[19] SAIs receive support from different type of partners. Development partners could for SAIs encompass bilateral donors, multilateral donors, implementers, Embassy channelled funding, support from UN agencies etc.

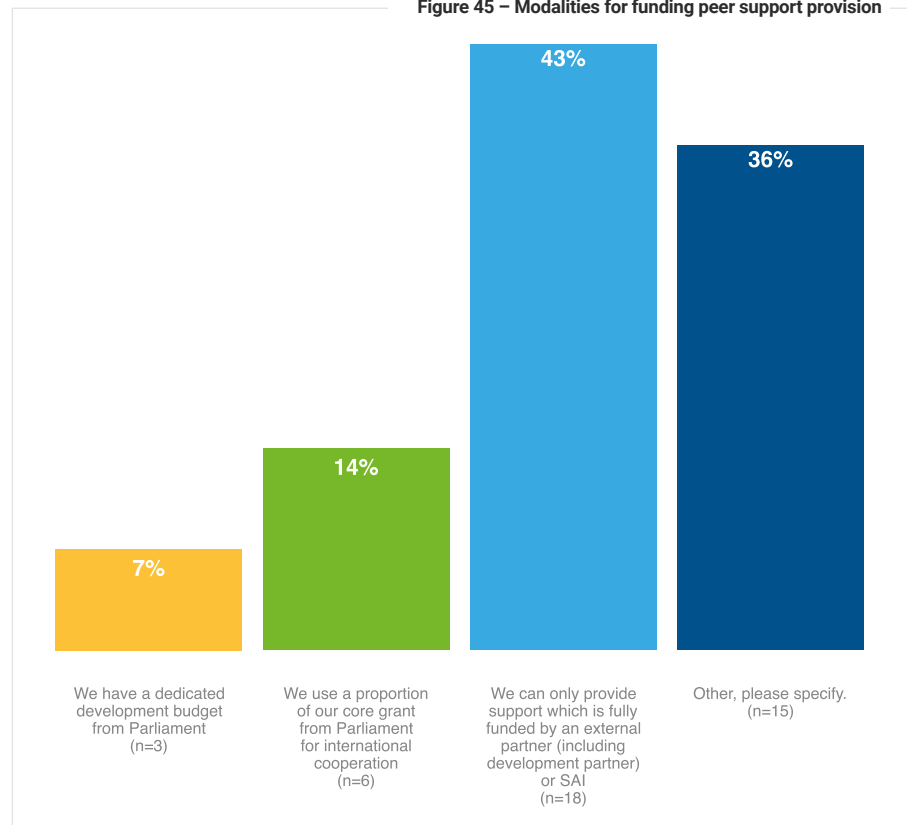
[20] Peer-to-Peer Capacity Development Support to Supreme Audit Institutions. ECORYS. 2023.

As suggested above, there's been a preference among SAIs to seek support for capacity development in performance audit, professionalisation and audit quality. This aligns well with the presumed expertise offered by SAI peers, and the support they have reported to provide in the last period. According to the Global Survey responses, peer SAIs most often provided support in the following areas: organisational control, overall audit planning, audit quality and reporting and performance audit, followed by financial and compliance audit. These were provided by almost 60% of the SAIs providing peer support. In addition to available funding, the top factors for deciding to provide peer support, were the capacity development areas needed, and a match to the providers expertise. Hence it is possible that the drop in peer support has led to a slowdown in capacity development efforts that could have contributed to better audit performance. Out of those who provided support in the last period, 80% are willing to continue providing support, 30% of them explicitly state they need financial support to do so. Given the long-term investment it is to build the professional

capacity of a SAI, and improve audit quality, and the observed challenges in the chapter above, it seems important to continue to

ensure peer involvement in these efforts, so to ensure that SAI expertise can provide support adapted to SAI needs.

Figure 45 – Modalities for funding peer support provision



SAIS ARE RESPONSIVE TO EMERGING ISSUES, BUT STRUGGLE TO STRATEGICALLY ENGAGE FOR IMPACT

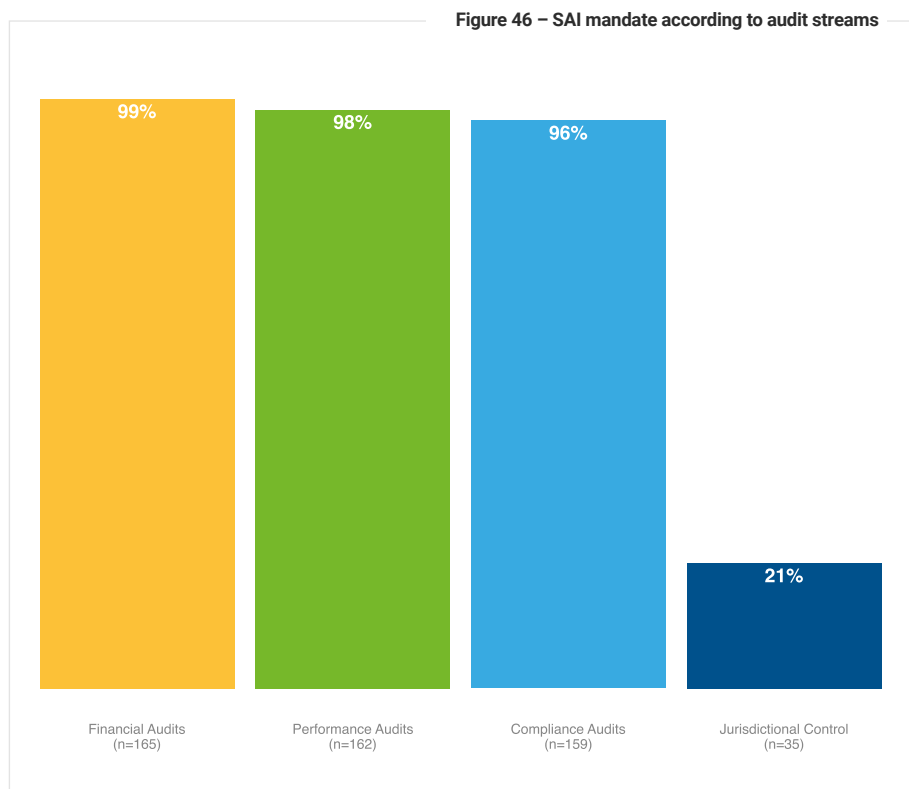
During recent years, there has been increased discussion about the impact of SAIs. We can understand their potential for impact through INTOSAI P-12, that establishes how a SAI can add value to the life of citizens through its work. The overall objective of SAIs is to strengthen accountability, transparency, and integrity of government through their public sector audit.²¹ In addition, SAIs should demonstrate their relevance to citizens and other stakeholders. This chapter looks at the SAI's ability to have impact through their audits, reporting, stakeholder engagements and follow-up.

SAIS WERE RESPONSIVE TO COVID-19

Globally, SAI mandate to do financial, compliance and performance audit is almost universal. There are regional differences related to actual practices, as presented in **Professional Capacity**, but only a handful of SAIs report to have legal limitations in carrying out these audit types. In addition, 21% of SAI have a jurisdictional mission, and can conduct jurisdictional control activities.

Survey results on the extent of mandate, shows that while 82% have a mandate to audit municipal level entities, 64% of SAIs have a mandate to audit regional level entities.²² It is worth noting that 96% have the legal mandate to audit state-owned enterprises, while 79% have the mandate to audit public private enterprises, both important enablers of national economic development and job creation. Almost universal at 96%, is the mandate to audit tax authorities, followed by 86% with a mandate to audit security and defence funds and budgets.

Less common but still widespread is the mandate to audit donor funds, reported by 63% globally. The regional distribution shows that this mandate is almost universal in AFROSAI-E at 91%, followed by 72% in PASAI, 71% in ASOSAI, 67% in OLACEFS and 65% in CAROSAI. The regional distribution confirms that SAIs from countries that are



recipients of development support could play an important role in overseeing the use of donors' funds coming into the country. This is confirmed by the distribution by income level, as only 42% of SAIs in HI countries have this mandate, against Lower Income countries where the average is 73%. It's also worth mentioning that SAIs are likely to have this mandate more often

in countries with higher levels of corruption, further reiterating that SAIs could play an important role in overseeing funds management in these contexts.

[21] INTOSAI P-12 The Value and Benefits of Supreme Audit Institutions – making a difference in the lives of citizens.

[22] When such a level exists.

During the last three years SAIs have been busy conducting audits on public procurement (87%), emergency spending related to the COVID-pandemics (87%) and collection of taxes and revenues (85%). While public procurement and tax and revenue are common audit topics for SAIs, they have become even more important to assess measures put in place during the pandemics, and the numbers reported probably overlaps with COVID-audits. In ARABOSAI, ASOSAI, EUROSAI and North America, auditing COVID-spending was universal with 100%. Audits are also almost universal in AFROSAI-E, OLACEFS and PASAI. In CAROSAI and CREFIAF numbers are slightly lower with 74% and 73% respectively. For CREFIAF SAIs, limitations could be linked to mandate, as only 27% of SAIs have the mandate to audit donors' funds, where parts of emergency funds to low-income countries came from.²³

[23] According to their support trackers, World Bank and IMF issued financial assistance to 1 over 00 countries and 90 member countries respectively during 2020-2022.

See also: IMF Financing and Debt Service Relief and The World Bank Group's Support to Countries during the COVID-19 Crisis

Figure 47 – Legal mandate to audit Donor Funds

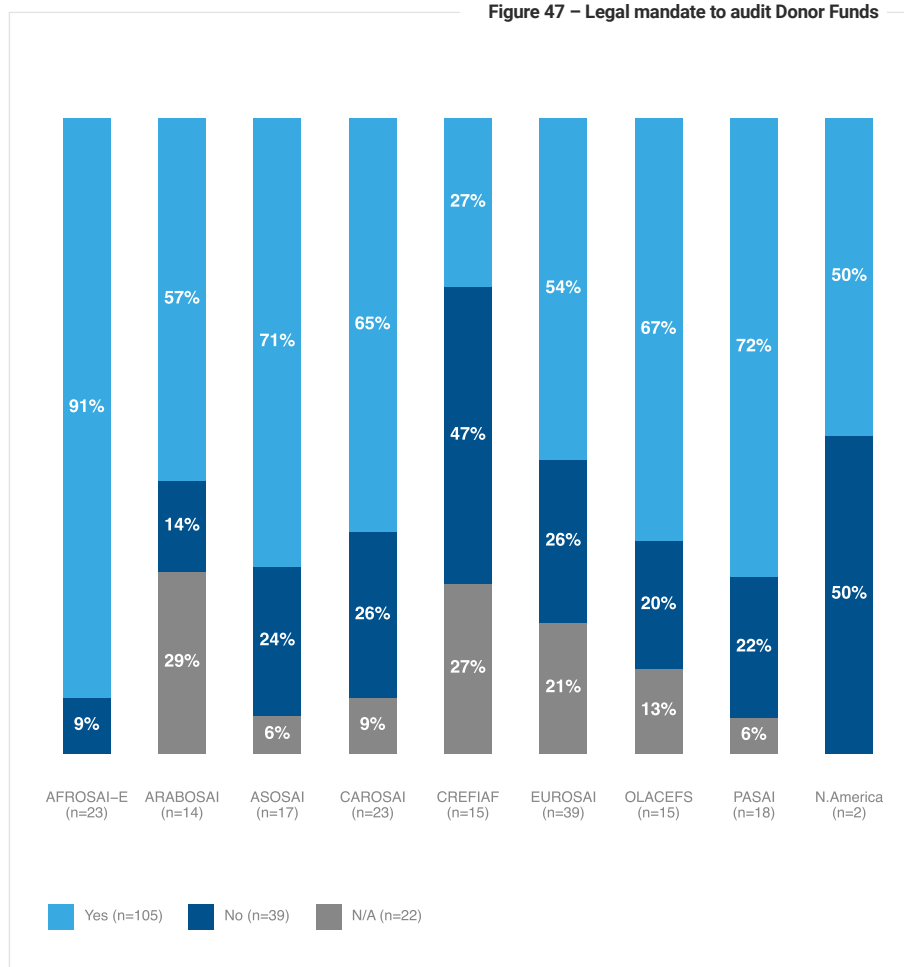


Figure 48 – COVID-19 Audit, publication and follow up on emergency funding

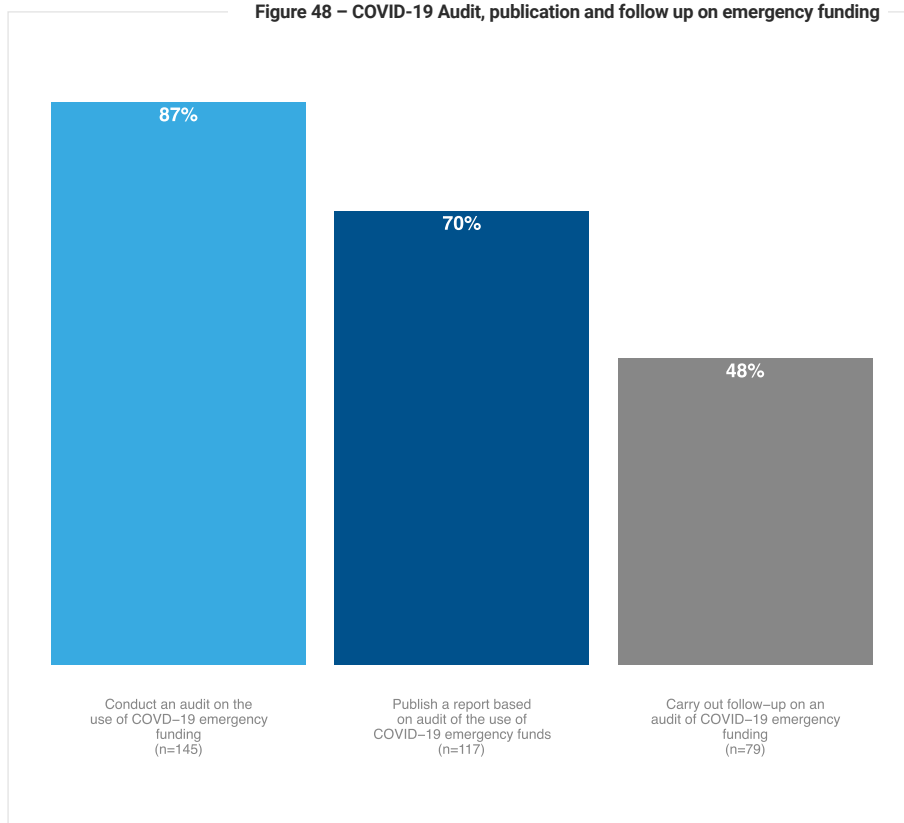
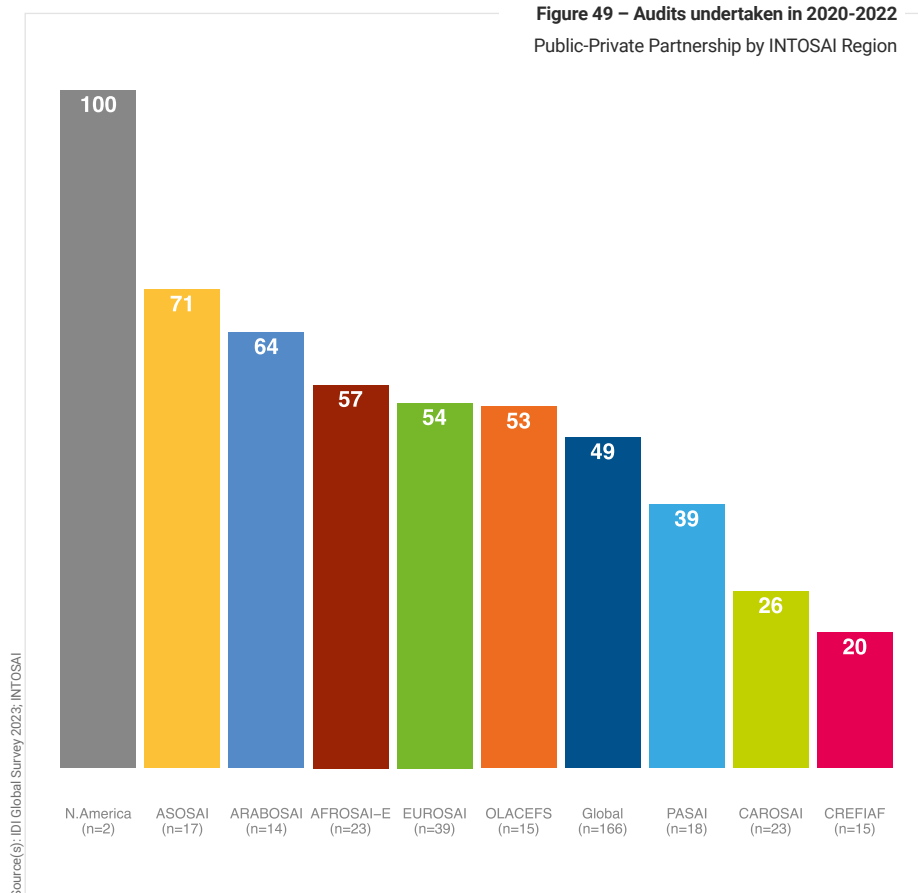


Figure 49 – Audits undertaken in 2020-2022
Public-Private Partnership by INTOSAI Region



Audits of public debt management, another area linked to global developments, were undertaken by 68% of SAIs. The practice was most widespread in ASOSAI, ARABOSAI, AFROSAI-E and OLACEFS. Fewer SAIs have undertaken audits of the banking sector (43%). This was done most frequently in ARABOSAI (86%) and ASOSAI (82%). The results could be due to public ownerships of banks. Only 4% did so in CAROSAI, where international private ownership models is the norm. Despite the high proportion of SAIs having a mandate to conduct audits of Public-Private Partnerships (PPPs), only 49% conducted audits in this area. The gap between mandate and action is present in several regions, most remarkably in CREFIAF, where 100 percent confirms to have the mandate, but only 20% conducted audits on PPPs. Similarly, 91% of SAIs in AFROSAI-E confirms to have a mandate, but only 57% undertook audits of PPPs. It's concerning to see that it's less common amongst SAIs in countries with high levels of corruption to do PPP audits.

SAIS ARE TURNING THEIR FOCUS TOWARDS THE PERFORMANCE OF SDG IMPLEMENTATION

Auditing sustainability has increasingly become a priority for SAIs in the past three years. 66% conducted audits on the Sustainable Development Goals (SDGs) and 64% undertook environmental audits. The Global Survey results also show that 49% undertook performance audits of the preparedness of national governments to implement the SDGs, while 43% undertook performance audits on national implementation of SDGs. The latter is a substantial increase since the GSR2020 when only 30% did the same.

Figure 50 – SDG audits in action



There's also an increase from 16% to 22% on the proportion of SAIs that carry out audit for the purpose of country reporting against SDG targets. Another 49% also confirm to carry out audits on other specific SDGs. Examples mentioned here are SDG 1 No Poverty, SDG 3 Good Health and Wellbeing, SDG 6 Clean Water and Sanitation, and SDG 13 Climate Action, and almost all SDGs are covered by one of more SAIs. One SAI reports that the SAI is doing performance audits tailored to cover the aspects of specific SDGs.

While the auditing of the implementation of SDGs is on the rise, audits on SDG 5, 'achieve gender equality for all girls and women', seems to be limited, with only 27% having done audits in this area.

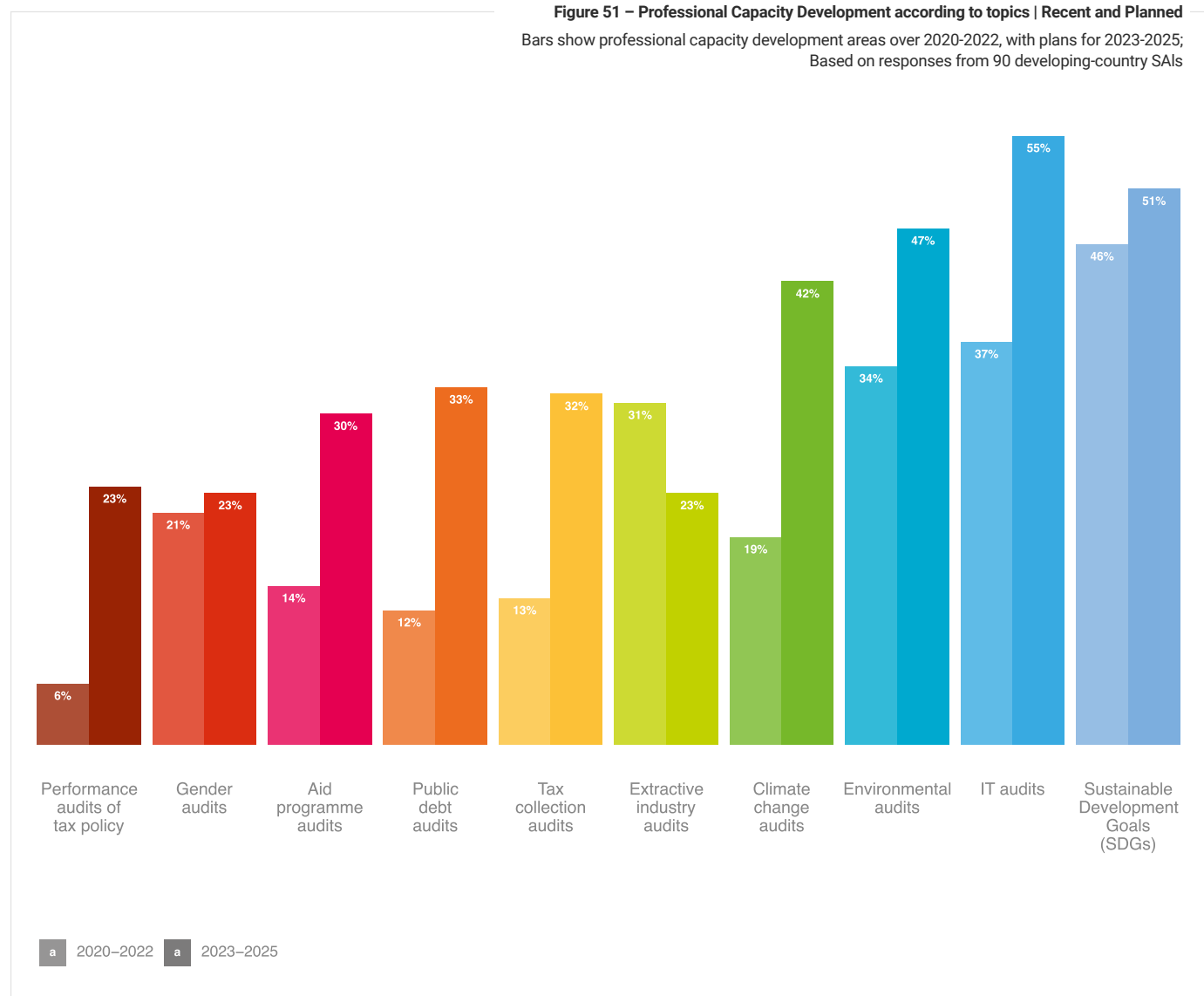
The practice is common in The Americas with 100% in North America and 73% in OLACEFS, the latter predominantly through cooperative audits. The overall practice of gender audits is similarly low with 31% and mainstreaming of gender in audit even less common and only done by 21%. Nevertheless, the numbers represent an improvement since GSR2020, where 24% did audits and 14% mainstreamed gender. The improved results seems to stem from an overall increase across regions, in particular driven by OLACEFS, ASOSAI and CREFIAF on gender audits, and OLACEFS and ASOSAI on mainstreaming.

It looks like the focus on SDGs have also been driven by SAI involvement in capacity development activities.

According to the Global Survey, 46% of SAIs in developing countries, received capacity development support on auditing the SDGs during 2020-2022. 51% plan to build capacities in the area also in 2023-2025, suggesting a sustained interest in the topic. The graph on the left shows received support and intended future capacity building in technical audit topics for 90 developing countries. It suggests that in the coming years, in addition to SDGs, IT audit, environmental audits and climate change will be trending in topics SAIs will want to build capacities to audit. The expressed doubling of interest (compared to received support) in aid programmes, public debt and tax collection audits is also worth mentioning.

Figure 51 – Professional Capacity Development according to topics | Recent and Planned

Bars show professional capacity development areas over 2020-2022, with plans for 2023-2025; Based on responses from 90 developing-country SAIs



SAI REPORTING PRACTICES NEED TO BE BETTER UNDERSTOOD

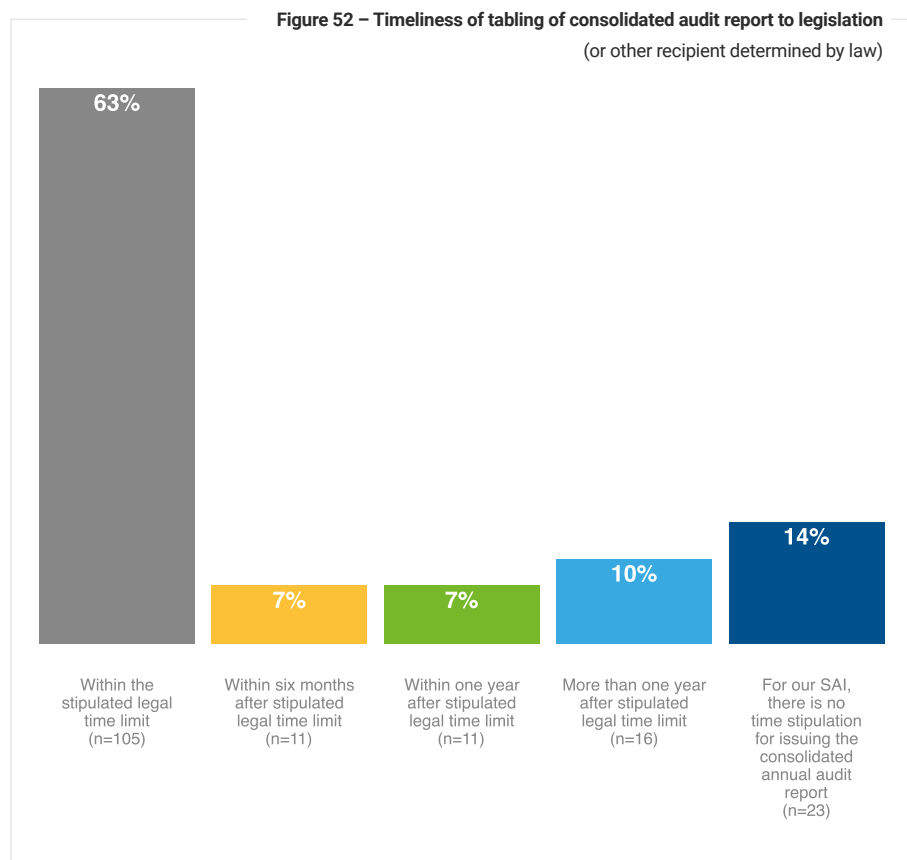
SAIs have a number of key mechanisms to ensure their audit results are well understood and used by stakeholders. These include:

- Reporting
- Publication
- Communication
- Debate of results
- Follow-up

Some mechanisms, like audit reports, are linked to statutory duties, while others are options that SAIs could exercise. Common for both is that they require interest, willingness and understanding of the SAIs engagement with key stakeholders to be successful. The following sections summarise the analysis of Global Survey results in these areas. We start by looking at reporting and then move on to the communication of audit results, before discussing audit follow up.

An important aspect of making sure audit results are relevant and available to stakeholders, is timely reporting and tabling of reports. This is commonly derived from a legal obligation to report, and therefore an institutional mechanism that ensure that the audit results are presented to the parties with a mandate to act upon them. There is often a timeline linked to the obligation to report.

As can be seen from the graph above 63% of SAIs issued their annual audit report within the stipulated legal time limit. The results are almost identical to the GSR2020 (61%), suggesting there could be some structural issue explaining SAIs abilities to the timely tabling of reports. Delayed tabling one year after receipt of statements seems most common in SIDS with 23%, which may suggest that structural issues delaying Parliamentary

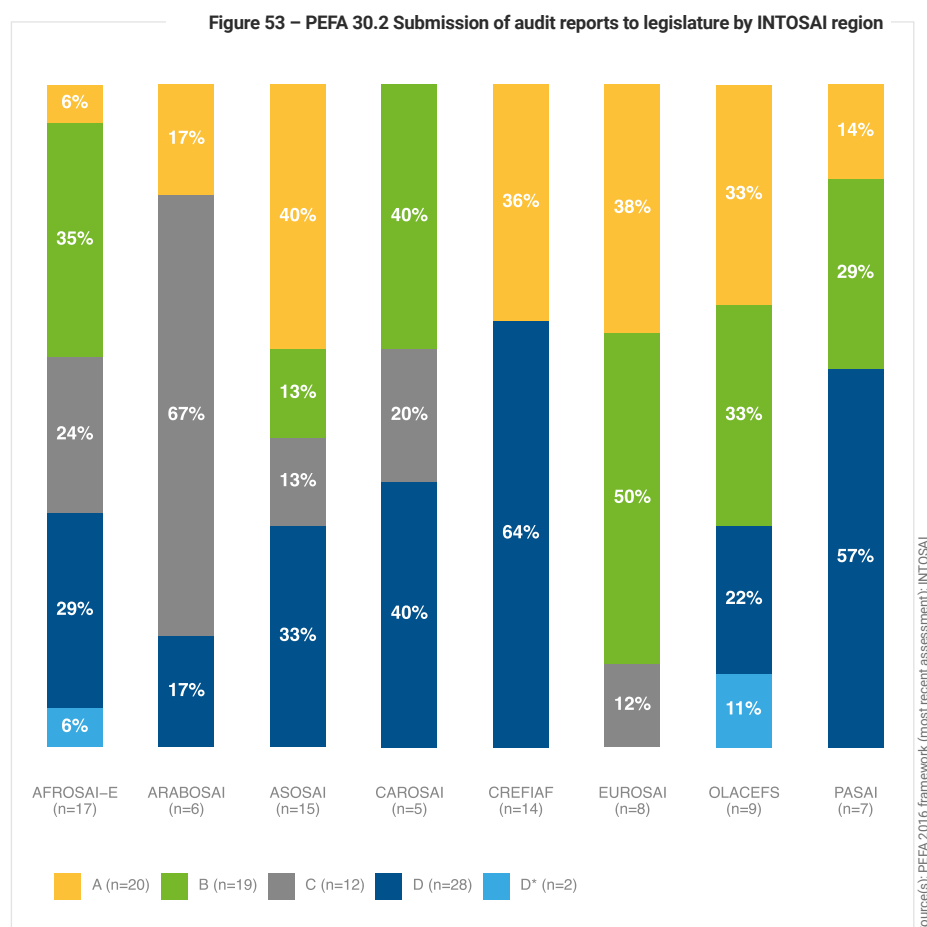


presentation, combined with small staff which could create challenges when it comes to timeliness. Issuing reports late also correlate with higher levels of corruption. The analysis does not uncover any patterns related to interference in accessing information or reporting which could explain late submissions. However, SAIs that have reported delays, or are operating without legal deadlines for submissions of the annual audit

report, in 40% of cases do not have any quality monitoring system in place for any audit types, suggesting perhaps that late submissions could be explained also by more internal capabilities.

PEFA results can also shed light on the timeliness of audit reports. Analysis of a sample of assessments shows that 63% of SAIs submitted their audit reports to Legislature or another body responsible

for public finance, within nine months of receiving the financial statements. The data suggests that in fact most from SAs to the relevant stakeholder is relatively timely. An interesting aspect of the results of the two data sources is that a region like CREFIAF is doing relatively well when it comes to timely submissions. According to the Global Survey, 47% of SAs report to submit results within the stipulated deadline, and according to PEFA assessments, 46% of CREFIAF SAs are doing this within three months. While regions like OLACEFS and EUROSAs have a larger proportion of SAs with timely submission, this also supports the indication that there may not be institutional elements alone, (like the propensity that a SA of Legislature model is more likely to report to Parliament, and that there are obstacles for other models) that could explain late submission of reports.



As presented in Chapter 1, 86% of SAs published reports, but the average proportion of published reports declined, from 77% to 69% since 2020. Subsequently the number of SAs who published 80% of their reports went down from 70% to 63%. In EUROSAs 90% of all SAs published at least 80% of reports, followed by 87% in OLACEFS. In CREFIAF only 13% published 80% of their report. These results must be seen together with the fact that 27% of SAs in CREFIAF do not have a legal time limit for publishing reports, and therefore may not feel the same incentives/pressures in publishing reports. Another aspect is that fewer SAs, where the SA is part of the executive (67%) publish any report, and 20% of SAs in CREFIAF form part of the Executive Branch.

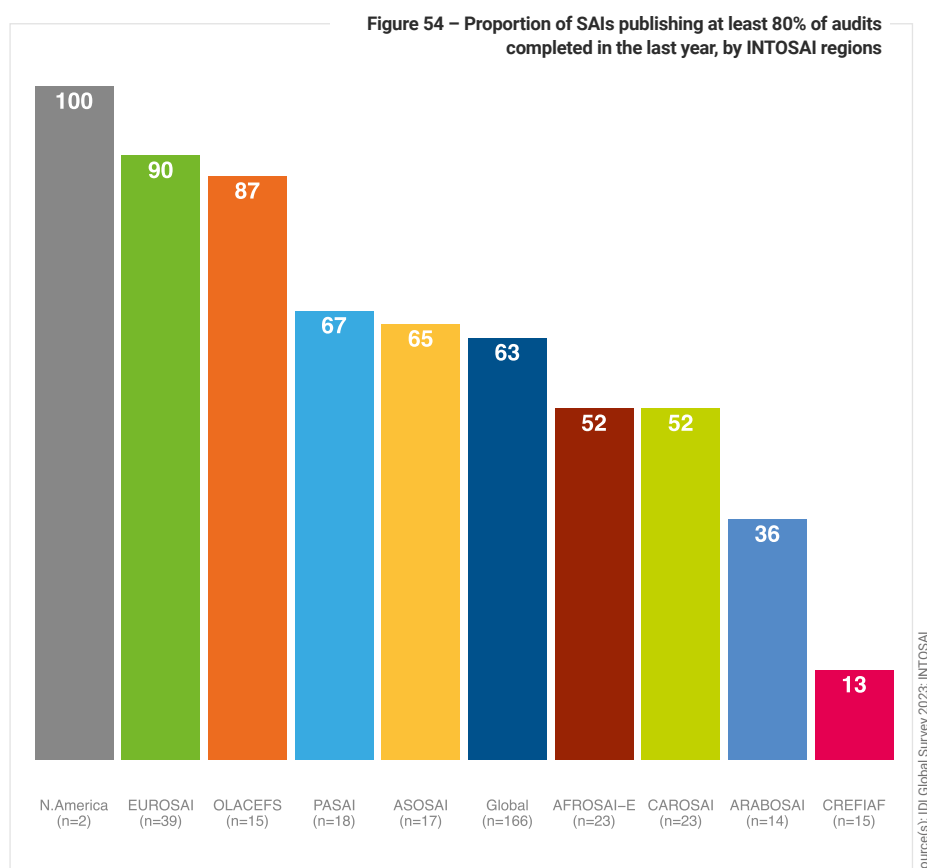
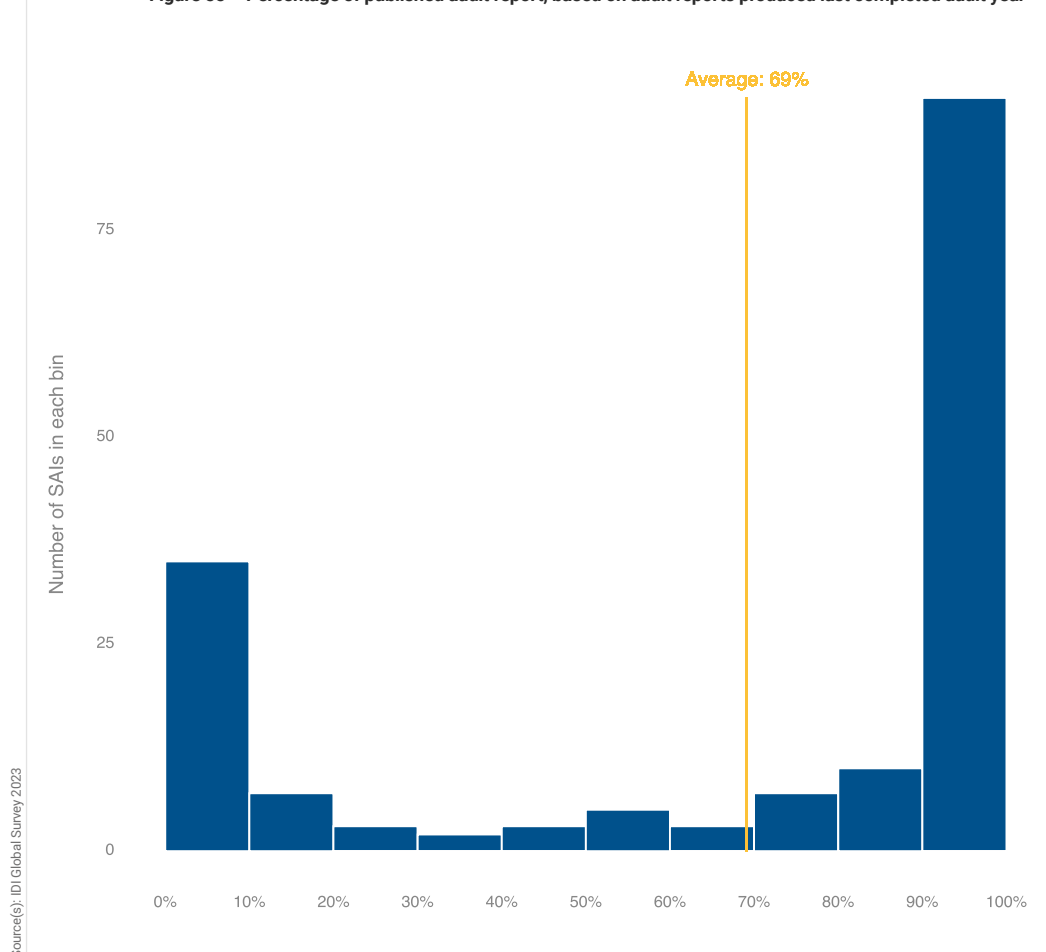


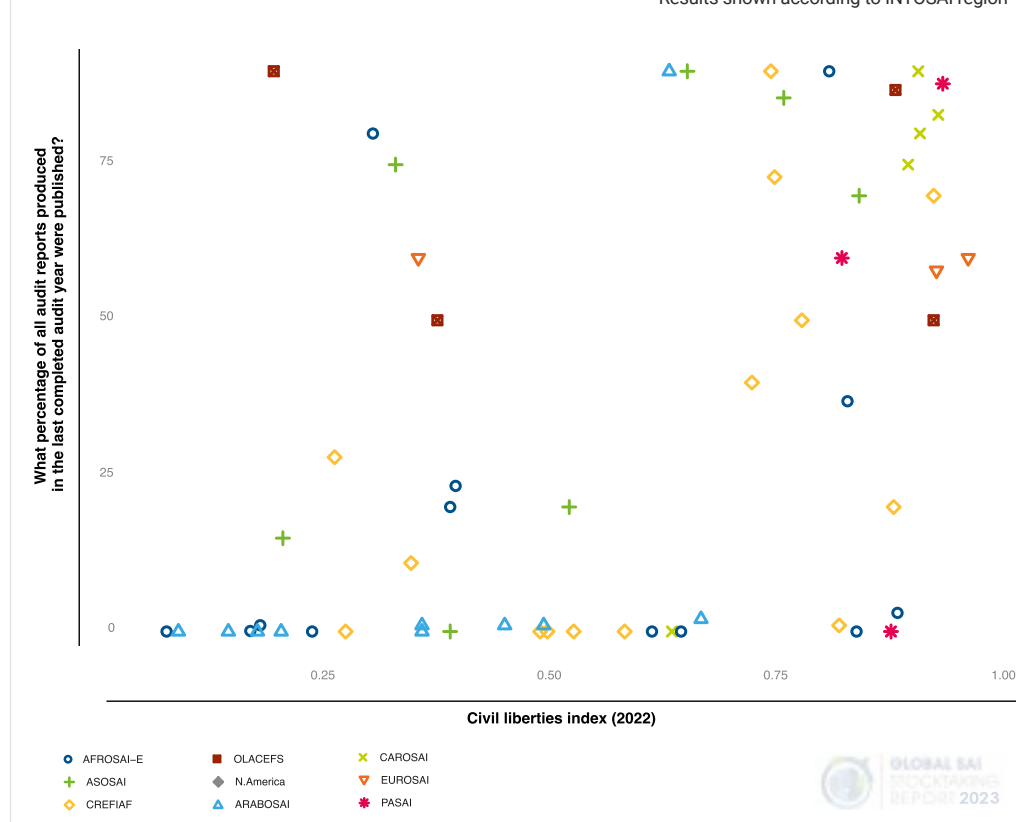
Figure 55 – Percentage of published audit report, based on audit reports produced last completed audit year



Considering the distribution across SAs globally, the graph below indicates a U-shape which suggest a group of SAs publishing 0-10% of reports in the bottom of the scale, and another big group of SAs (over 75 SAs) publishing 100% their reports, with very few SAs in the middle ranges. It is difficult to detect any common factor that can explain the sharp drop in publications, or the small proportion of SAs who publish only half of their reports. It could be that some of the SAs that publish all their reports, are legally obliged to do so. Furthermore, it could be possible that these SAs also present their results in such a manner that allows them to publish main elements of all audits in a main annual report, which makes it easier to reach full publication.

Figure 56 – Relationship between civil liberty levels and proportion of audit publication

Results shown according to INTOSAI region



Publication of reports seems to be moderately correlated with levels of civil liberties, which indicates that in contexts of more civic space more audit results are publicly available. This also corresponds with the results indicating that more results are published in countries with higher levels of diagonal accountability, which suggests that increasing transparency by publishing more reports, also could enable more stakeholder support to SAs from media and CSO, to hold government accountable.

MORE TRANSPARENCY AROUND JURISDICTIONAL ACTIVITIES COULD HELP IMPROVE IMPACT

Analysing the reported practices from SAIs with jurisdictional missions, shows that transparency could be an issue for some of this SAIs. 84% of SAIs notify the controlled subject promptly about their decisions following the control and judgments. 55% publish a report that combines results of jurisdictional and non-jurisdictional activities. This seems to be a practice carried out in EUROSAI and OLACEFS. OLACEFS also have the largest number of SAIs reporting to publish decisions from jurisdictional control activities, while OLACEFS SAIs report to publish the audits results uncovered in jurisdictional control activities. As seen in the **Professional Capacity** chapter, around 40% of judged accounts were published.

When it comes to follow-up of results, only 32% have developed a system that allows for following up the implementation of the decisions ruled by the SAI. A handful of SAIs prepare and publish a follow-up report on the implementation of the decisions. It appears that in these SAIs the focus on traditional audit is central, and that the aspect of publication is more common for audits and jurisdictional activities alike.

The results above seem to be related to the perceived impact of the work. While 60% of these SAIs find the relevant entities to have fully or greatly implemented the decisions ruled under jurisdictional activities, the approach to organising the engagement doesn't seem to affect the results. However, more SAIs who carry out the activities separately from other audit objectives report decisions to be implemented. While regionally, evaluation of the implementation seems to be more positive in EUROSAI, ARABOSAI and ASOSAI, the number of respondents is low (in line with the proportion of SAIs with jurisdictional mandates), so when considering bigger respondent groups like OLACEFS and CREFIAF, the image becomes more complex. Another aspect seeming to affect the assessment of implementation of decisions favourably is whether decisions of results are published, audit results are published, or results are reported in an annual report. This suggests that transparency of the jurisdictional activities could help improve impact. Considering contextual factors, this is also important to point out because SAIs in countries with higher levels of corruption report to have lower levels of implementation than middle or low levels of corruption, suggesting a negative correlation between the two.

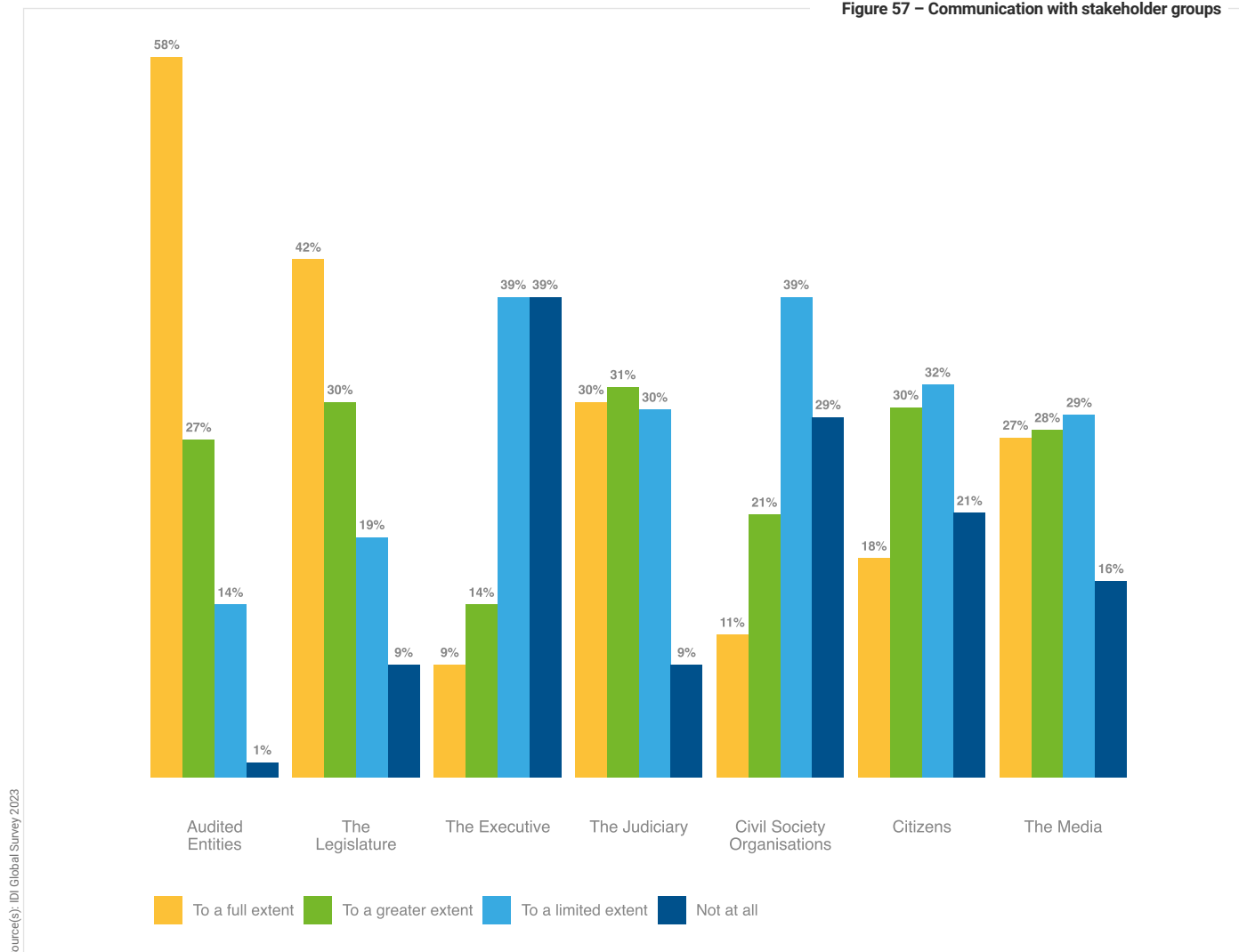
WEAK STRATEGIC COMMUNICATION CONTINUES TO IMPAIR AUDIT IMPACT

Regular and understandable communication is necessary to make sure the mandate of the SAI is well understood and an important tool for grasping the needs and reactions of stakeholders. Communication can be used strategically as a part of stakeholder management during audits, in relation to advocacy for the SAI mandate, or as a tool to externally showcase and sensitise the public on audit results and the role of the SAI. 68% of SAIs have a communication strategy, and as many as 75% have a communication plan that comprehensively addresses all relevant stakeholders, communication points, and covers appropriate tools and approaches for external communication.

For the latter there seems to be a small improvement (70% in the GSR2020). Nevertheless, the results suggest that SAIs remain rather passive in their approach to stakeholder management and using communication as a tool to reach objectives. Through the Global Survey we see that there is a difference in how SAIs relate to their institutional stakeholders (horizontal accountability) and citizens and media as stakeholders (as enablers of diagonal and vertical accountability). 85% of SAIs state they communicate with the audited entities on a regular basis. Similarly, 75% communicate with the Legislature regularly. However, when it comes to the Executive, communication

is very limited with 78% of SAIs communicating to little extent or not at all. This is also a change from GSR2020 where 63% stated they communicated with the Executive regularly. A similar jump in the other direction can be seen for regular communication with the Judiciary, where 61% of SAIs report regular communication, against 28% in the last GSR.

Figure 57 – Communication with stakeholder groups



When asked who they seek input from in planning audits (on consultative basis) SAIs are quite restrictive in their willingness to request external input/feedback. Only 25% seek input from the Executive, while Parliament is consulted by 35% of SAIs. In OLACEFS and CREFIAF, Parliaments are never consulted by 60% and 80% of SAIs respectively.

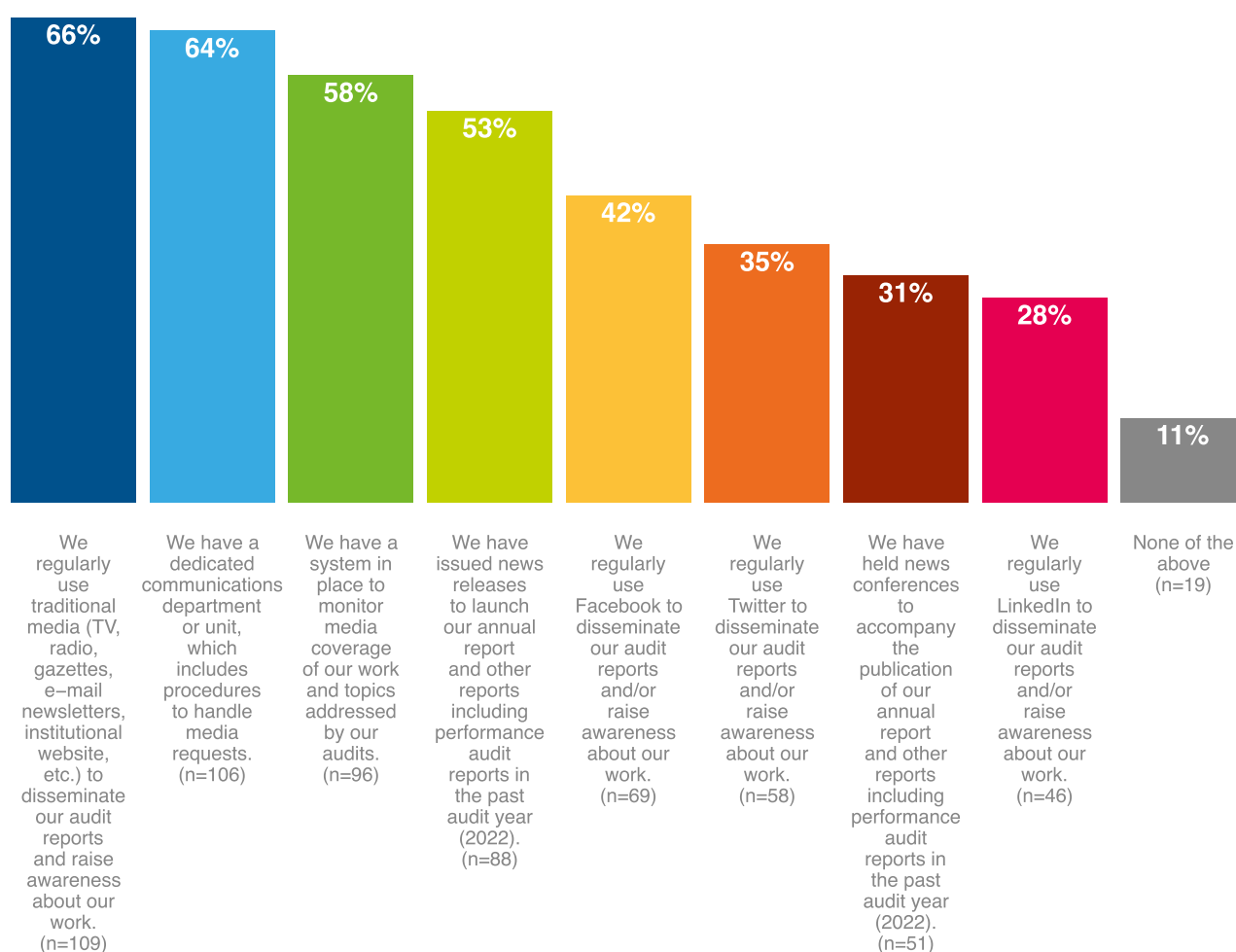
Limited responsiveness and limitations in the abilities of their key stakeholders are often presented as explanation of SAI's lack of effort to engage more with key stakeholders. Legislative scrutiny of audit reports, for example, is a key to enable Parliament to inform themselves and debate audit results in order to develop recommendations to the Executive. PEFA results indicate that parliamentary scrutiny of audit reports occurs timely in 38% of countries, having been completed

within six months of parliamentary receipt of the audit report. Countries in EUROSAI, ASOSAI and CREFIAF, are doing well in this aspect. However, comprehensive in-depth hearings on audit reports are only conducted in 21% of the countries, and a minimum hearing is organised by 30% of Parliaments, suggesting that in half of the countries no hearings with responsible officers are called. If we consider the regions where timeliness of parliamentary scrutiny was strong, there is a gap between performance in terms of timeliness and arrangement of hearings, suggesting that timeliness is not a guarantee for initiation of a parliamentary processes. As the PEFA Framework Guidance points out, legislative Scrutiny is not complete without a report on the review of the audit reports by the responsible committee is submitted in the full chamber and debated. Furthermore, the SAI and the executive should be

brought in to respond. Results suggest that even in the cases where review is done in committee, the involvement of the other actors in the accountability chain is limited. In continuation with the limited stakeholder engagement by SAIs, this could continue to undermine accountability.

It is also interesting to note that levels of corruption correlated with the performance in audit hearings, where countries with lower levels scored better on this aspect of scrutiny. These findings suggest the importance of feedback loops following scrutiny of audit report by Parliament, to ensure SAIs can follow up and monitor implementation of recommendations. In sum, the findings on the limited interaction between SAIs, Executive and Parliament imply that SAIs also need to be proactive in establishing mechanism

Figure 58 – SAI application of communication tools and strategies



Source(s): IDI Global Survey 2023

and engagement which can support further scrutiny of audit reports by other stakeholders, that can support SAIs in strengthening accountability.

Nevertheless, the involvement of these stakeholders remain limited. Regular communication with the media and citizens seems to be stable at the same levels at GSR2020, with 57% and 48% respectively. Communication with CSOs is less common at 32% globally. These groups are only consulted to a limited degree during audit planning. Citizens are consulted by 15% of SAIs, and Civil Society Groups by 20% of SAIs in the planning phase. Despite as many as 64% of SAIs reporting to have a dedicated communications unit, practices directed at the media seem to be limited. 42% is using social media to disseminate results, which is a decline since GSR2020.²⁴ SAI interaction with the

media to strategically position themselves and convey messages on accountability is limited, with only 31% having held news conferences to accompany the publication of their annual reports or other reports, a slight decline from GSR2020. 66% report they use traditional communication tools to disseminate results, however, there is probably an emphasis on email and websites. A larger proportion, 53%, have issued news releases to launch their annual report, the same results as in GSR2020. SAIs were also asked on whether they produce and publish summaries of audit reports. This is done regularly by 54% of SAIs, and most commonly in North America and EUROSAI. Overall, interaction with and strategies to use media actors to disseminate results, have not changed remarkably since the last Stocktake. The results on media practices continue

to be correlated with levels of democracy, as was the case in GSR2020. Interestingly enough, organising press conferences is one activity where frequency correlate positively with democracy level until the level of electoral democracies, where frequency declines again. Little use of press conference in less democratic countries could be explained by government owning or controlling the main national media. Less use of it in democratic countries, however, could be due to a shift away from press conference to more social media use. For example, there's a positive correlation in levels of democracy and use of LinkedIn and Twitter (now X).

[24] The questions asks about Twitter, Facebook and LinkedIn, and don't ask about social media in general. SAIs have also informed about the use of Tik Tok, Instagram, Whatsapp and Youtube, but most do this in addition to one of the mentioned channels. A few also use podcasts.

INCREASE IN FOLLOW-UP PUBLICATION MUST COME WITH OUTREACH TO VERTICAL ACCOUNTABILITY ACTORS

Follow-up of audit reports and recommendations is a part of the SAI mandate, but equally a way to enhance impact of the work. According to Global Survey 2023, 63% of SAIs have a follow-up system for financial audit, followed by 60% for compliance and performance audit. This is slight decline since GSR2020, where 69% of SAIs reported to have a follow-up system. This could be explained by a change in composition of respondents, but also by SAIs gaining a better understanding of what having a follow-up system involves.

According to PEFA data, there was evidence of follow-up by the Executive in 16% of

countries, and in 58% of countries there was a formal response from the Executive. The first result also echoes SAIs responding that the lack of executive follow-up remains the most important obstacle to delivering audit impact. The results on formal responses from the Executive aligns well with the reporting of around 60% of SAIs having a system allowing for registration on whether adequate actions have been taken and allowing the auditee to provide information on actions taken. When asked about SAIs' assessment of the extent to which the Executive have implemented recommendations, 61% of SAIs find that financial audit recommendations are

mostly implemented, followed by half of recommendations mostly implemented for compliance and performance audit. There is no significant improvement since GSR2020.

Implementation of recommendations are reportedly better in ASOSAI, EUROSAI and ARABOSAI, but very limited in AFROSAI-E, CAROSAI and PASAI, where 60-70% of SAI find that recommendations across audit types are implemented to a limited extent. Regional breakdown of PEFA data on external audit follow-up corroborates the impression.

Figure 59 – PEFA 30.3 External audit and follow-up

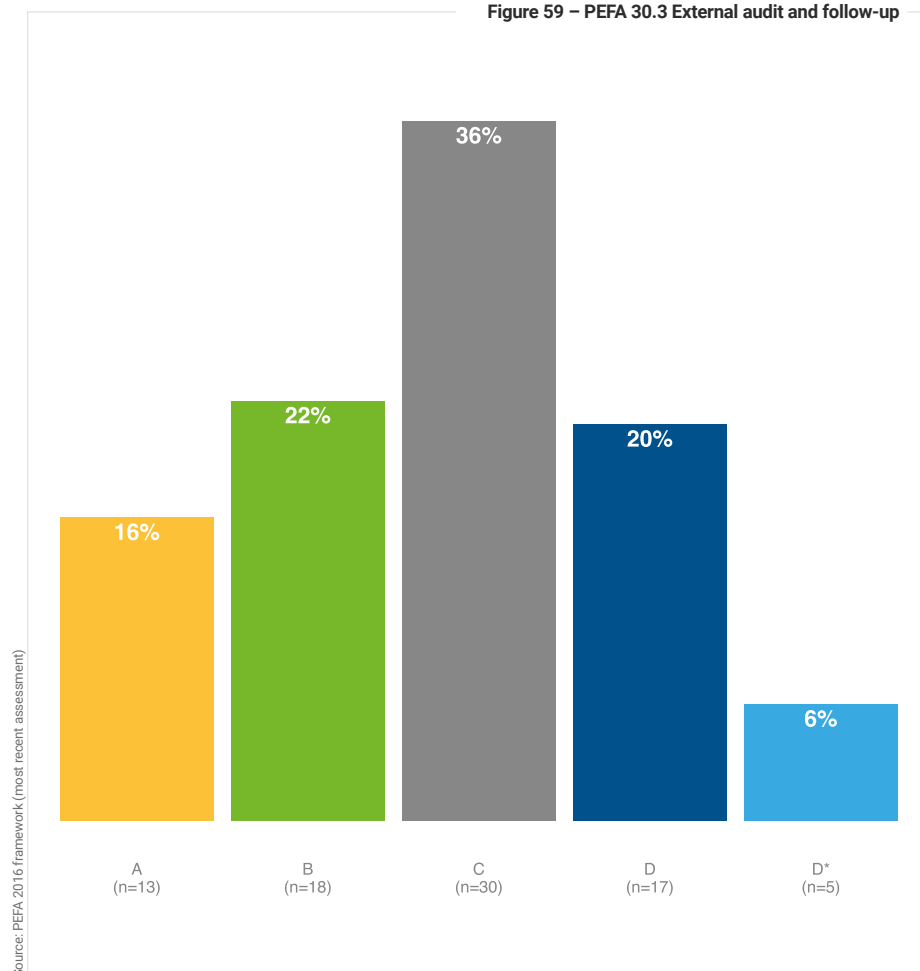
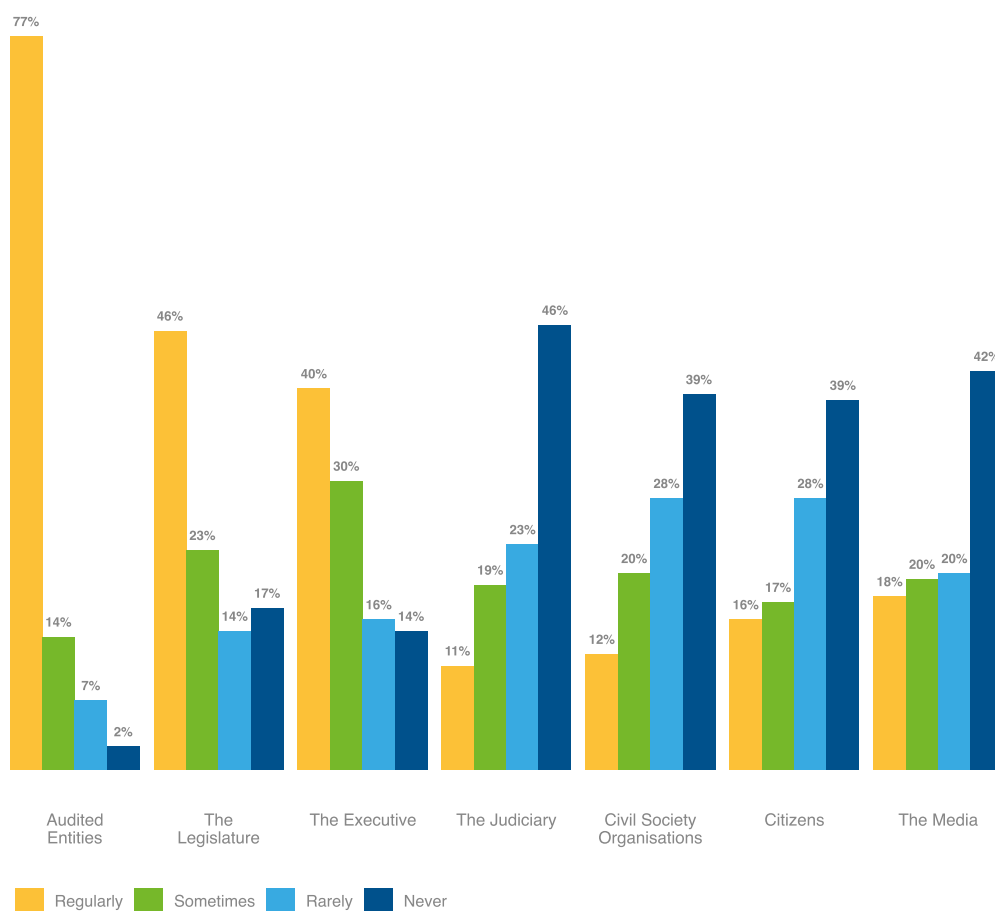


Figure 60 – Involvement of Stakeholder groups in Audit Follow-up



Source(s): IDI Global Survey 2023

Other practices related to follow-up seem to be similar across the audit types. Around 40% of SAIs submitted a report on the results of follow-up on the implementation of observations and recommendations to the Legislature or Judiciary for consideration and action. It's positive to see that there has been an increase in the proportion of SAIs that published reports on the implementation of observations across all audit types, with compliance audit going from 28% to 43%, performance audit from 34% to 51% and financial audit from 29% to 40%, when comparing to the reported proportions from GSR2020. This could lead to more attention and awareness of government's responsiveness on recommendation to enhance public finance management and governance.

Involvement of stakeholders in follow-up is important to enable collection of comprehensive information and ensure ability of others to hold government

accountable. Regular involvement of CSOs, citizens and the media remains low, with less than 20% of SAIs doing this on a regular basis. Involvement of legislature is done regularly by half of SAIs, the same level of SAIs that communicates regularly with the legislature.

There are clearly gaps in SAIs practices in following up audits, when at least one third of SAIs lack a follow-up system, while almost two-thirds don't report on the implementation of recommendations to actors which could hold the Executive accountable. Furthermore, transparency through publication of follow-up reports remains limited, another approach which could have created pressure on the government to correct mismanagement and put in place measures to improve service delivery. These results are accompanied by SAIs reporting their own ability to provide incentives and impose penalties, as the third most common obstacle to deliver audit impact.

Yet, the data also seems to suggest that while many SAIs may experience being powerless, they don't currently utilise the opportunities that lie in creating networks to promote public sector accountability either through interaction with institutional stakeholders, like the Legislature and the Judiciary, nor through means of increasing diagonal accountability through information to and engagement with civil society and citizens.

The analysis demonstrates that although SAIs are responsive in their audits and able to capture global trends and developments, as seen above, they are less open to engage in dialogue with key stakeholders, which could in many contexts also improve value of the audit work and improve understanding of the areas audited. The limited outreach could also risk reducing the perceived relevance of the work of the SAIs amongst citizens and thus reduce impact.

CONTEXT MATTERS FOR SAIS WHEN ADDRESSING FRAUD AND CORRUPTION

During recent years there's been an increased discussion on what role SAIs could play in combatting fraud and corruption. INTOSAI acknowledges the role SAIs play through their audits. As mentioned in Institutional Capacities, levels of corruption are closely connected to levels of democracy, with a fall in democracy and a rise in corruption running in parallel. As SAI Audit Impact demonstrated, SAIs can play a role in holding government accountable, during crisis, when the risk of loss of public monies is increased. This chapter presents an analysis of self-reported SAI practices related to fraud and corruption, and the role SAIs could play, also outside emergency situations.

COVID-19 showed that emergency situations put a special strain on public finance management with many of the regular checks and balances being set aside to allow for quick payments for crisis measures or the introduction of emergency laws. A review of audits of emergency funding done by IDI indicates two things.²⁵ Firstly, it shows that audits uncover actions which could be indication of corrupt behaviour, such as undue payments to staff (such as allowances), overpayment to companies selected without due process and lack of proper records of transfers, which could suggest monies are being embezzled. It also demonstrates that crisis exacerbates the existing weaknesses of the public

finance management system. Examples from emergency funding audits were weaknesses in budgeting where allocations weren't accompanied by proper budgets and plans for the use of the funds, lack of internal control which could help avoid breaches in procurement regulations, and inadequate accounting systems, where transfers and payments are not properly registered and accounted for to avoid losses.

In the IMF book Good Governance in Africa from 2022, the role of SAI in curbing fraud and corruption is discussed in a chapter co-authored together with IDI.²⁶ This chapter concludes the SAIs have a role in supporting anti-corruption efforts,

and that key aspects of this is their ability to prevent and detect corruptive behavior through audits, but equally to cooperate with other institutional actors as well as carrying out own mandate, when it comes to enforcement of detected cases. Finally, it depends on the SAI mandate, but equally, it's likely that country context and characteristics play a role. In the next sections we will explore the results of the Global Survey for prevention, detection, investigation and sanction. We will assess results based on the insights drawn from the two former works mentioned and finally discuss contextual factors for the role SAI can play.

Figure 61 – Ways SAIs address Fraud and Corruption



[25] During the pandemics IDI published a series of case studies presenting audits on emergency funding. See for example **Malawi Case Study**. IDI did also an internal analysis of COVID audits, but results have not yet been published.

[26] Pompe, French, Aldcroft, Fredriksen and Memvuh, Taylor-Pearce, Domelevo, Newiak and Rahim. The Role of Supreme Audit Institutions in Addressing Corruption, Including in Emergency Settings in Monique Newiak, and Fazeer S. Rahim, Alex Segura-Ubiergo, and Abdoul Aziz Wane, eds. 2022. Good Governance in Sub-Saharan Africa: Opportunities and Lessons. Washington, DC: International Monetary Fund.

PREVENTION AND DETECTION

The COVID-audits have shown that SAIs have an important role in prevention and detection, and are involved in enforcement, although usually not on their own. Prevention of corruption is enabled through functioning horizontal accountability systems, and SAIs conducting high quality audits with high coverage of their mandate. Regular compliance audits can assess the robustness of procurement and internal control systems, and as such be an effective tool to establish more effective systems for prevention in the public sector.

According to the Global Survey, a staggering 87% of SAIs reports to have conducted an audit on COVID-19 funds. A proportion of these audits are likely to coincide with the audits carried out by

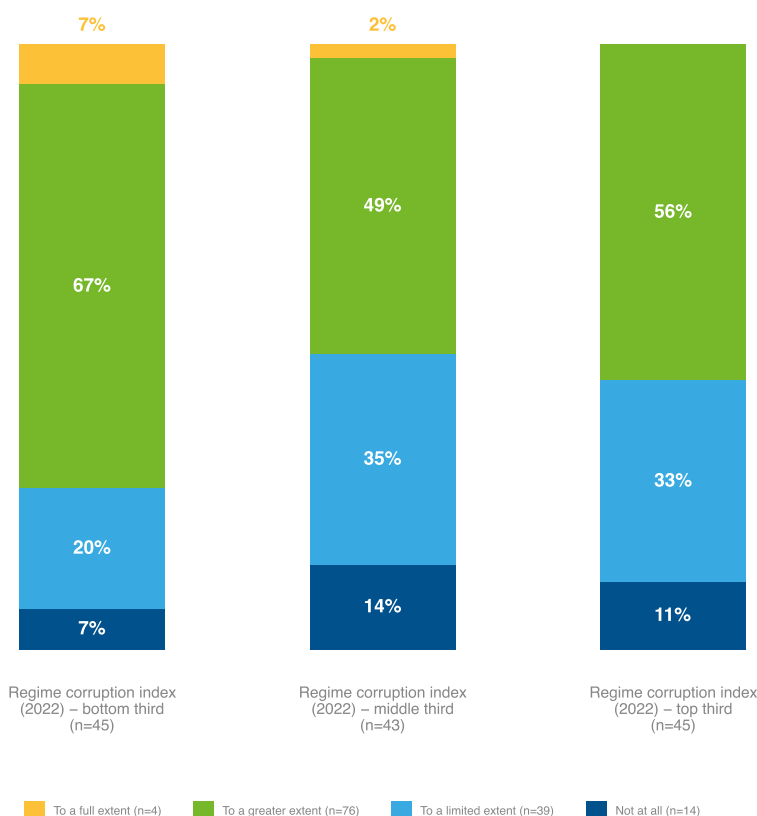
SAIs in line with the requirement set in Letters of Intent (LOI) by the International Monetary Fund, which required countries to carry out an independent audit of the use of the emergency loans during the crisis.²⁷ 71% reported to have published a report, suggesting that there was a relatively high degree of transparency on the use of these funds, globally, following the pandemics. Since the period of this Global Survey coincided with the COVID-19, it is timely to look at the relationship between some of the practices of SAI, and how they correspond to the different ways SAIs contribute to curbing corruption.

The Global Survey 23 asked SAIs to assess the frequency of observed indications of corruption, observed through their audits.

The results are not surprising in themselves with 14% reporting to never uncover indications, the majority, 62%, reporting to sometimes observe this, and another group of 23% reporting to often observe indications of corruption during audits. Further analysis of the results against coverage of compliance audit, testing whether high coverage of compliance audit also leads to increased discovery, suggests the frequency of detection of indications of corruption does not increase with a higher compliance audit coverage. This could either imply that when SAIs are doing compliance audits systematically with high coverage of audited entities, it leads to improved compliance, which reduces possible observations, or it could mean that SAIs despite this, are not doing audits in a way that leads to discoveries which are indicative of corruptive behaviour.

Figure 62 – Implementation of Audit Recommendations by levels of corruption

Results in the corruption index are inverse, with bottom third indicating lower levels of corruption



Source(s): IDI Global Survey 2023; V-Dem Corruption Index (2022)

To understand the results better, we may resort to looking at the self-reporting of SAIs for the Executive's implementation of compliance audit results. Globally 53% of SAIs found recommendations to be mostly implemented. SAIs from countries with lower levels of corruption assessed audit recommendations to be implemented to a higher degree than countries with higher levels of corruption (74% vs 56%). This can be seen from the graph below. These numbers could suggest that there is a relationship between overall levels of corruption in government and its willingness to improve good governance by following through on SAI audit recommendations, where regular audits will have a limited effect on preventing corruption.

[27] 88 IMF member countries which received IMF COVID emergency financing, 75 signed letters of Intent carrying commitments on audits. Of this number, 56 member countries committed to audits of the emergency finance to be conducted by the SAI. Source: IMF.

INVESTIGATION AND SANCTION

The recognition that SAIs come across suspicions of fraud and corruption in their audit work and the increased global focus on combating these evils, have led to an increased interest in SAIs' ability to combat fraud and corruption through investigation. But while COVID-19 represented an emergency state, where many SAIs received extra impetus from external stakeholders to carry out audit on funds and programmes associated with high risk of loss and mismanagement, SAIs' mandate and understanding of their role differs widely, and affect their abilities to meet these expectations. Within this range of variety, we find SAIs that undertake forensic audit as well as SAIs having jurisdiction for sanctioning and recovering lost funds. 54% of SAIs responded that they have a mandate to investigate fraud and corruption. Regional distribution of results suggests that OLACEFS, CREFIAF and AFROSAI-E are the regions where most SAIs have a mandate to investigate fraud and corruption.

The Global Survey data suggests that a majority of SAIs are using the powers they have, or at least are willing to do so. Also three-quarter of SAIs with the mandate to investigate fraud and corruptions confirms to have done this. The survey doesn't capture how often these exercises are carried out.

Figure 63 – Mandate to investigate corruption and fraud issues by INTOSAI region

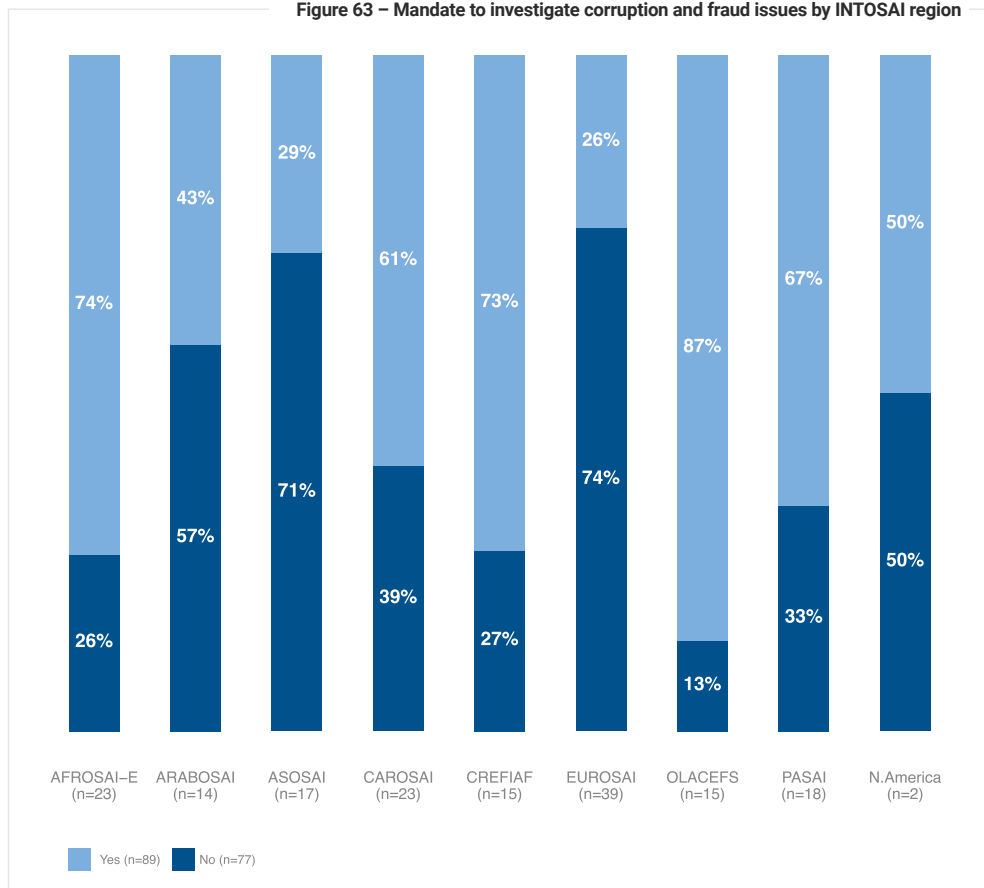
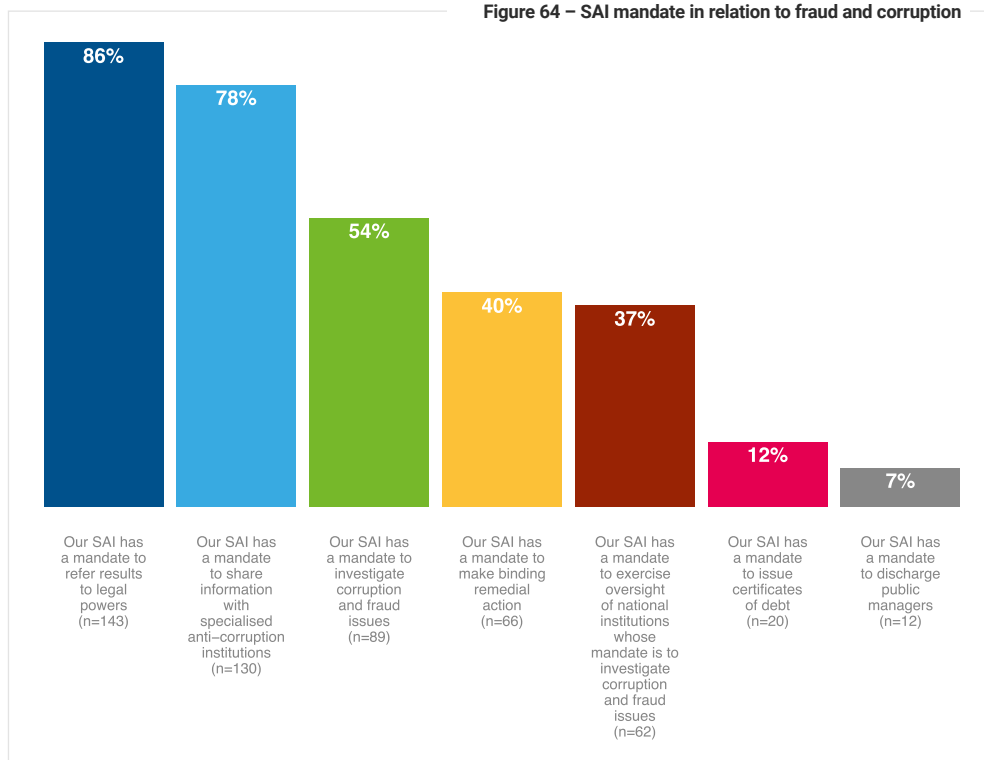


Figure 64 – SAI mandate in relation to fraud and corruption



Enforcement of corruption cases, requires collaboration and coordination with and between investigators, anti-corruption institutions, prosecution and the judicial system. As the graph shows, the most common mandates amongst SAIs are to refer results to legal powers, and to share information with specialized anti-corruption institutions. During 2020-2022, 77% of SAI with the mandate referred results to legal power. A part of these were COVID-19 audits. 60% of SAIs reported to have submitted evidence of fraud and corruption in court. These findings suggest that SAIs regularly interact with other institutions to exchange findings and to support in corruption cases. There is also a minority of SAIs who have power which allow them to sanction mismanagement of public funds. However, it should be noted that these SAI's jurisdictions are normally limited to administrative sanctions, most common in SAIs that are Court models and a part of administrative law not criminal law.

According to the Global Survey, only 40% of SAIs have the mandate to make binding remedial actions and 75% of these took such actions in the last period. Undertaking of such actions seems to happen most often in closed autocracies, with the proportion of SAIs doing it, going down as levels of democracy rises. It also seems to be linked to a fall in the level of functioning rule of law. Furthermore, it's most common in countries with high levels of corruption.²⁸ It's also worth mentioning while less than one-third of SAIs states to have sanctioned public managers, this was also more likely to have been done, when the SAI also had made binding remedial actions. The least common practice seems to be issuing certificates of debt, a mandate held by 10% and only carried out by half of these SAIs. There are not significant changes since the GSR2020.

[28] Levels of democracy and levels of corruption are inversely correlated; however, the effect will vary.

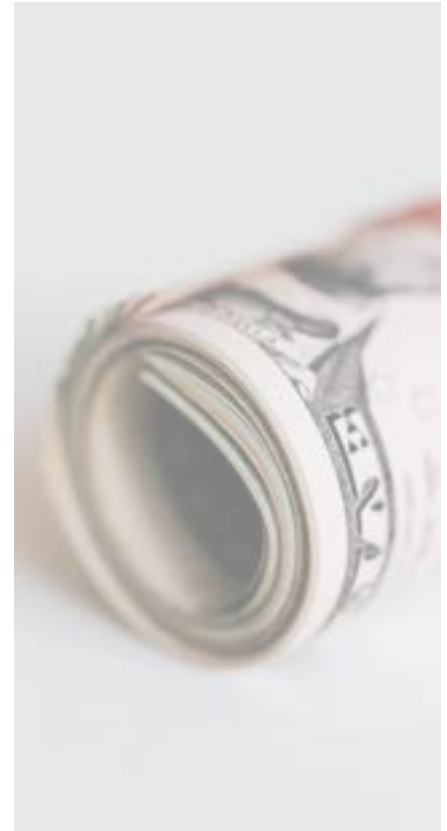
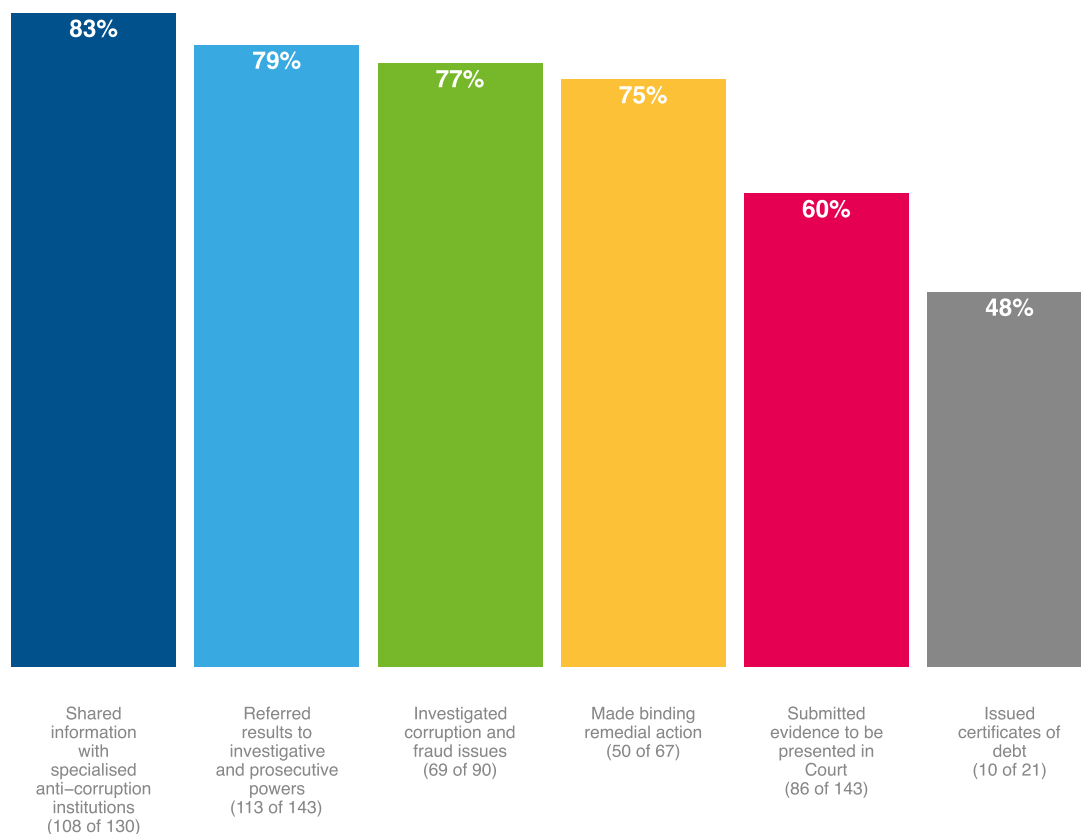


Figure 65 – Measures taken to address corruption according to mandate

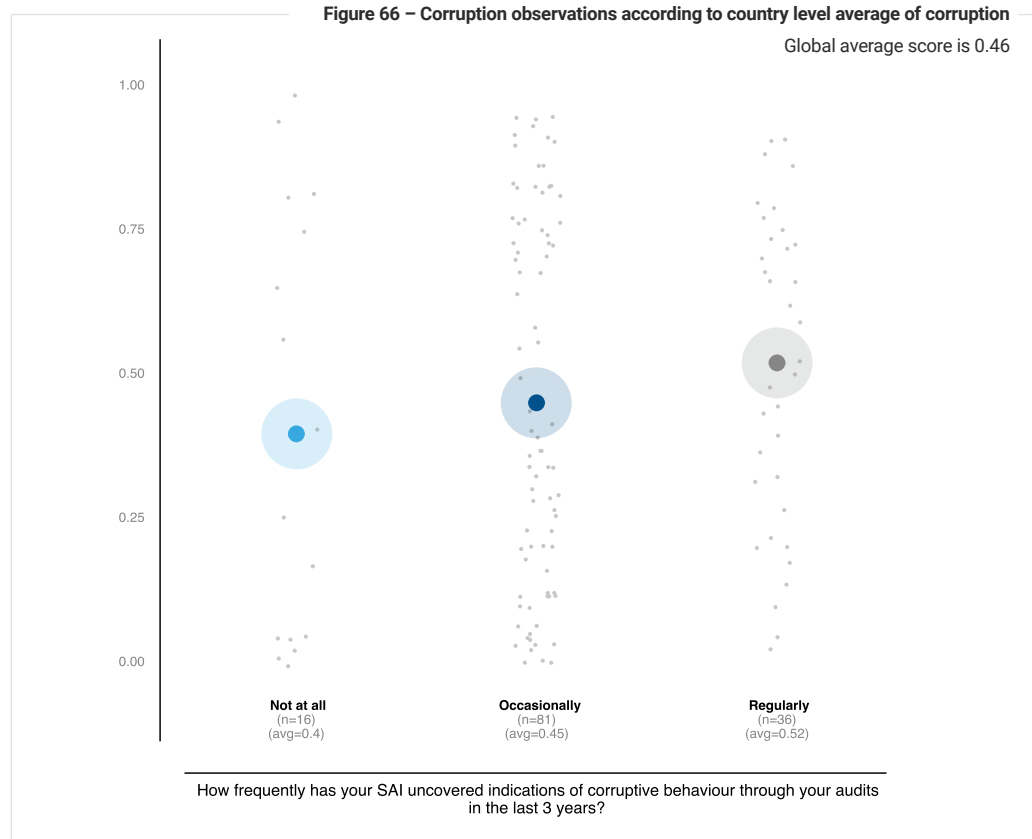


Source(s): IDI Global Survey 2023

CONTEXT MATTERS

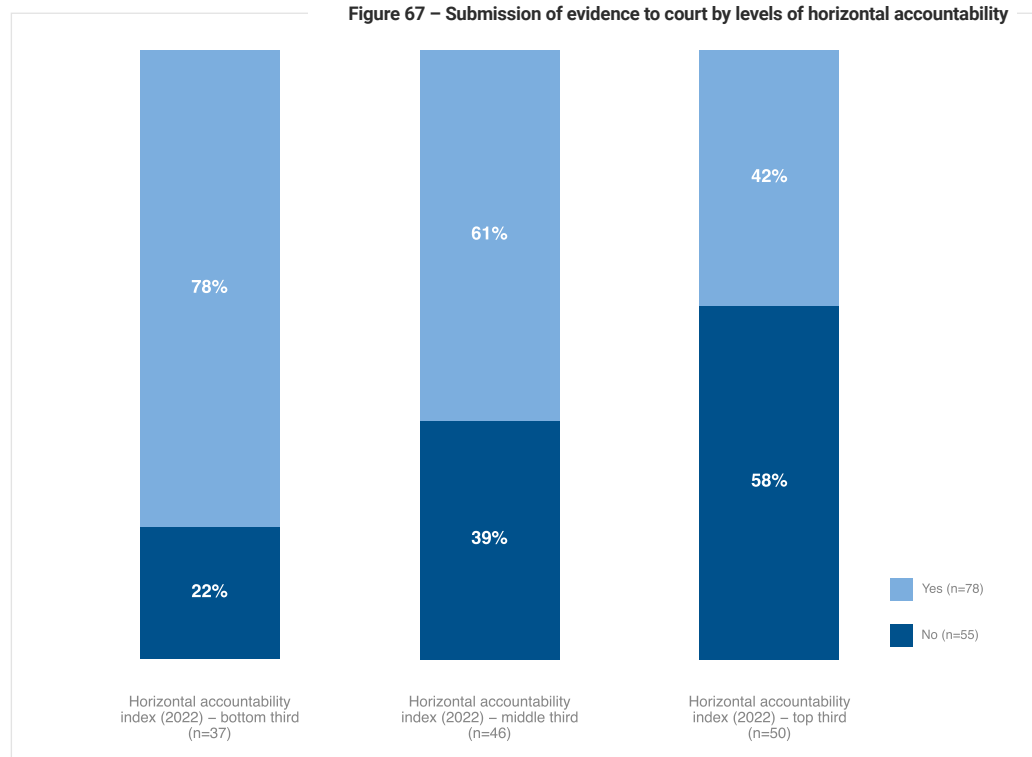
To better understand the context they operate within, SAIs were asked how often they encounter indications of fraud and corruption through their audits. Analysis shows that frequency of observations increase with levels of corruption, as can be seen through the graph, where the average corruption level goes up, as observations of corruption are getting regular. The Global Survey results also suggest there is a certain level of coherence between the observed indications of fraud and corruption and actions taken. There is a significant effect on observing fraud and corruption occasionally and regularly and referring results to investigative and prosecutive powers. This suggests that even SAIs who only occasionally uncover corruptive behaviour through their audits, take the measures to follow up with the appropriate jurisdiction. Similarly, there is a distinct increase in the conduct of investigations the higher scores the country has on the corruption index.

Figure 66 – Corruption observations according to country level average of corruption



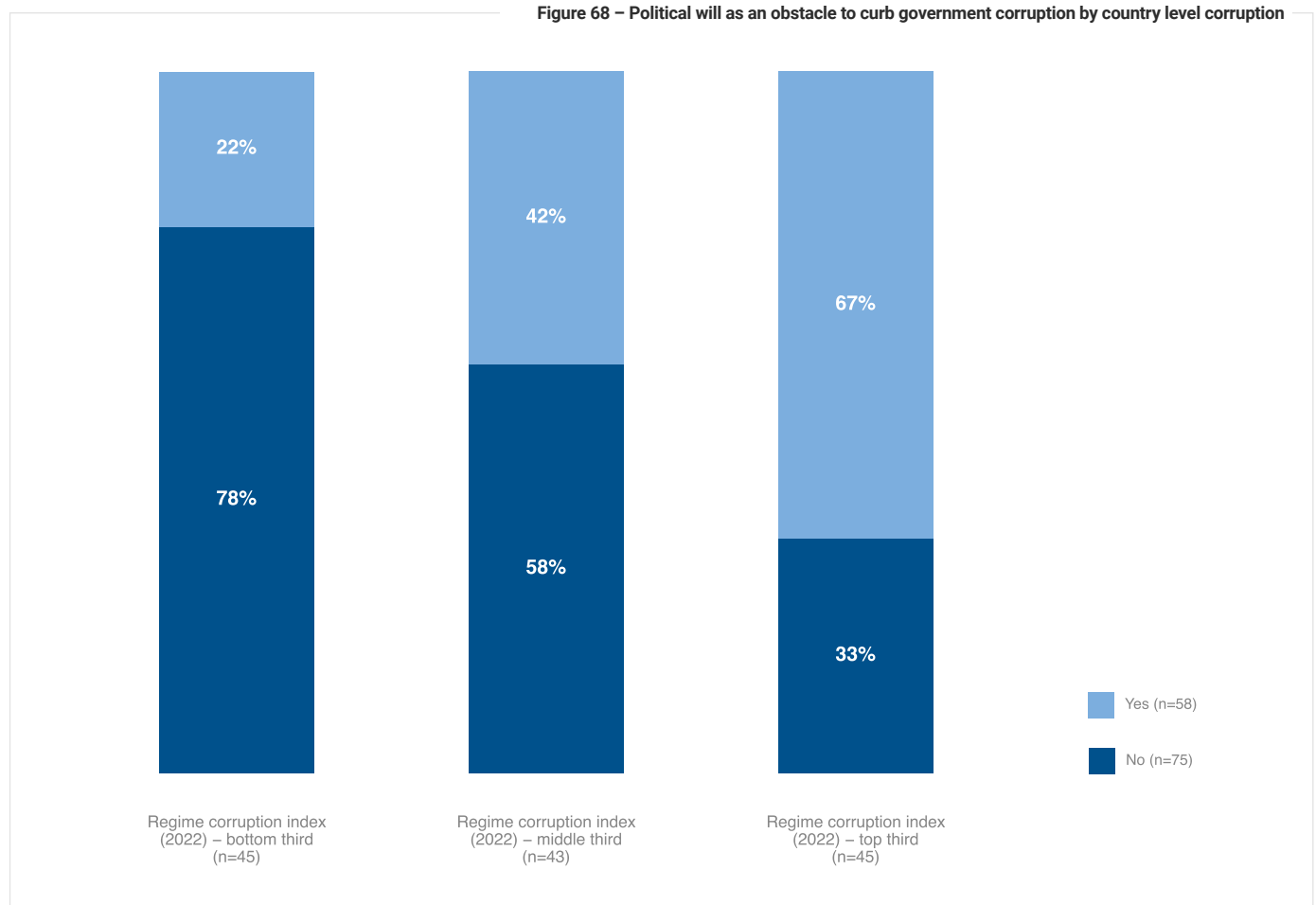
Source(s): V-dem

Figure 67 – Submission of evidence to court by levels of horizontal accountability



Source(s): IDI Global Survey 2023; V-Dem Horizontal Accountability (2022)

Figure 68 – Political will as an obstacle to curb government corruption by country level corruption



A study notes the negative impact of corruption has income inequality through lower economic growth, a biased tax system, and lower levels and effectiveness of public spending.²⁹ In the Global Suresy 2023 SAIs were asked about their opinions about what are the greatest obstacles for fighting corruption in the public sector. While there isn't globally one specific factor that stands out across the SAI, the most interesting discovery is perhaps that SAI perception on obstacles, seems to be colored by their context.³⁰ For example, there seems to be a relationship between the proportion of SAIs pointing to political will as key barrier and their countries placement on the corruption index. 67% of SAIs ranking this as a top three factors are countries with higher levels of corruption, three times higher than in countries with lower levels of corruption. It's worth noting that a higher number of SAIs this as a main obstacle are LMI countries, where the country economy has grown, but distribution of growth lags behind.

The strength of anti-corruption agencies is considered the second most important factor, and more often in countries in fragile contexts (49% vs 33%). SAIs ranking this factor as important, are also most often in the bottom third of the horizontal accountability index. This could suggest that the perception that the strength of the anti-corruption institutions is an obstacle come from SAIs in contexts where anti-corruption institutions are established but not granted the necessary power and independence to make a difference.

Other observations worth noting include that countries with higher levels of horizontal accountability seem to be more likely to point to uncoordinated government efforts as a factor hampering the ability to deal with corruption in the public sector, suggesting that these countries are meeting different challenges. The assessment is more common amongst countries with higher levels of democracy, high income levels

and lower levels of corruption. This could suggest that while the system mostly works in these countries, weaknesses become visible mostly in cases where responsibilities for following up corruption cases, become unclear or there is a diffusion of responsibilities.

In conclusion, the findings from the GSR2023 confirm that SAI have a role to play in addressing fraud and corruption. Results also suggest that in some contexts this role is even more important, as it could reinforce existing country efforts to reduce losses of public monies, intended for the benefit of citizens.

[29] Gupta, Davoodi and Alonso-Terme 2002.

[30] Political will comes out on top, but it is not much higher than the next suggested factor.

THANKS TO ALL OUR SAIS FOR CONTRIBUTING TO THIS IMPORTANT SURVEY AND REPORT

The Global Stocktaking Report was developed by IDI's Global Foundations Unit.
For more details, including annexes, please visit: www.gsr.idi.no



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