INTOSAI IDI DEVELOPMENT INITIATIVE

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Guidance Note on Strategic Management for INTOSAI Regional Organisations

INTOSAI CAPACITY BUILDING COMMITTEE · AFROSAI-E · ARABOSAI · ASOSAI · CAROSAI · CREFIAF · EUROSAI · OLACEFS · PASAI Pacific auditors working together

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List of Abbreviations

A&T	Accountability and Transparency
AFROSAI	The African Organisation of Supreme Audit Institutions
AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
ARABOSAI	The Arab Organisation of Supreme Audit Institutions
ASOSAI	Asian Organisation of Supreme Audit Institutions
CAROSAI	Caribbean Organisation of Supreme Audit institutions
CBC	Capacity Building Committee
EUROSAI	The European Organisation of Supreme Audit Institutions
FEMM	Forum Eonomic Ministers Meeting
ICBF	The institutional Capacity-Building Framework
IDI	INTOSAI Development Initiative
INCOSAI	The INTOSAI Congress of Supreme Audit Institutions
INTOSAI	International Organisation for Supreme Audit Institutions
IntoSAINT	a tool to assess the integrity of Supreme Audit Institutions
ISSAIs	INTOSAI Standards of Supreme Audit Institutions
OLACEFS	The Organisation of Latin American and Caribbean Supreme Audit Institutions
OP	Operational Plan
PASAI	The Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
QA	Quality Assurance
SAI	Supreme Audit Institution
SAI PMF	SAI Performance Measurement Framework
SIRAM	SAI Independence Rapid Advocacy Mechanism
SMPR	Strategy, Performance Measurement, and Reporting
SSMF	SAI Strategic Management Framework
SWOT	Strengths, Weaknesses, Opportunities, Threats

QUALITY STATEMENT FOR REGIONAL GUIDANCE NOTE ON STRATEGIC MANAGEMENT (14 MARCH 2023)

INTOSAI Goal Chairs and IDI's joint paper on 'Quality assuring INTOSAI public goods that are developed and published outside due process' identifies three levels of quality assurance, as follows:

QUALITY ASSURING INTOSAI PUBLIC GOODS THAT ARE DEVELOPED AND PUBLISHED OUTSIDE DUE PROCESS – Levels of Quality Assurance

Level 1: Products that have been subjected to quality assurance processes equivalent to INTOSAI due process, including an extended period of transparent public exposure (90 days)

Level 2: Products that have been subjected to more limited quality assurance processes involving stakeholders from outside the body or working group responsible for the products' initial development. Quality assurance processes might, for example, include piloting, testing and inviting comments from key stakeholders, although not go as far as full 90-day public exposure

Level 3: Products that have been subjected to rigorous quality control measures within the body or working group responsible for their development

Different levels of Quality Assurance may be appropriate for different products. This product has been developed according to quality assurance level 3

Quality Assurance Protocol: Version 2.0

IDI's Protocol for Quality Assurance (QA) of IDI's Global Public Goods (in this case an IDI product not designated as a Global Public Good) defines measures to ensure quality based on the three levels of quality assurance above. For quality assurance level 3, these measures include: rigorous quality control measures within the body or working group responsible for their development Users of a GPG/ product should be able to quickly establish the level of quality assurance to which the product was subjected.

Updates to this Product

To ensure that this product stays relevant, it will be subject to a revision or light touch reviews as required due to changes in the ISSAIs or expectations/requests of the main target groups and users.

This product is owned by IDI (IDI's Well-Governed SAIs workstream) which is responsible for the maintenance of this product.

Quality Assurance Review Process

Shourjo Chatterjee (Strategic Support Unit, IDI) has undertaken a QA review of the process followed for the development of this product, against QA Protocol Version 2.0. The QA reviewer is familiar with IDI's protocol for QA of GPGs/other products and was not involved in the development of the document. This QA review process is designed to provide all stakeholders with assurance that the IDI has carried out the quality control measures stated above, designed to meet quality assurance level 3.

Results of the Quality Assurance Review

The QA review of the process followed in developing this product concluded that the Protocol has been followed as required for quality assurance level 3 in all respects.

Conclusion

Based on the QA review, IDI assures the users that this product has been subjected to a quality assurance process equivalent to Due Process for INTOSAI Framework of Professional Pronouncements (IFPP).

Einar Gørrissen

Director General
INTOSAI Development Initiative

14 March 2023

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The current Regional Guidance Note on Strategic Management was drafted by a team of capacity building managers of the INTOSAI Development Initiative (IDI). The IDI would like to thank the experts from the Regional Organisations and the INTOSAI Capacity Building Committee (CBC) for invaluable contributions towards developing the document and sharing best practices on strategic management.

This guidance note was prepared within the framework of IDI's Strategy, Performance Measurement, and Reporting (SPMR) initiative as a result of the series of consultations, face-to-face meetings, and workshops with internal and external stakeholders.

The global roll-out of the SPMR initiative, including the development of this guidance note, is co-funded by the Swiss State Secretariat for Economic Affairs (SECO).

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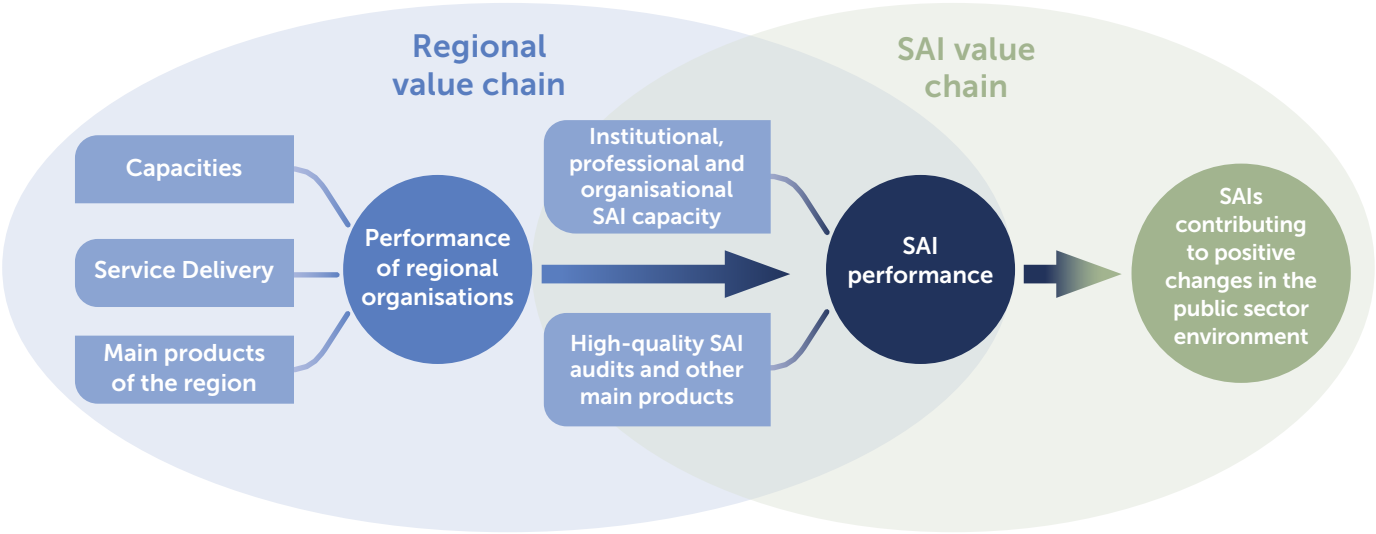
Abstract

Regional organisations are a fundamental part of the architecture of the International Organisation of Supreme Audit Institutions (INTOSAI). They promote cooperation between member SAIs, support capacity development and facilitate knowledge sharing. To fulfil this role, regional organisations require effective strategic management processes that allow them to assess, plan and manage their operations and performance. In that, they are no different than their member SAIs.



At the same time, every INTOSAI regional organisation operates in its unique context, characterised not just by the regional characteristics of its member SAIs, but also by its own set-up, governance, capacities, and concrete ambitions and objectives. This diversity calls for a regional strategic management approach that is flexible and tailored to the specific situation, rather than for a one-size-fits-all solution.

At the heart of strategic management lies the regional value chain – a high-level results framework that captures the possible capacities, services and key products that regional organisations can develop to support the performance of their member SAIs. This framework provides regional organisation with a sort of a "menu" of different options, which they can consider and adapt to their context. The value chain makes explicit the crucial link between regional and SAI-level performance. Hence, it exists in a symbiosis with the SAI strategic management framework, which captures the various elements that define and determine performance at the SAI level.

The note also describes a general process for strategic management for INTOSAI regions, closely linked to the corresponding SAI-level strategic management framework and process. It captures a variety of interesting and relevant examples across INTOSAI regional organisations on how different aspects of this process can work in practice in a concrete context. In that, the note seeks to inspire and encourage INTOSAI regional organisations to consistently refine their strategic management practices and take a proactive approach in supporting member SAIs in this area.

ABOUT THE REGIONAL GUIDANCE NOTE

Rationale and context

INTOSAI recognises regional organisations as "related autonomous entities, established for the purpose of promoting the professional and technical cooperation of its members on a regional basis"[1]. Some global objectives of regional organisations relate to promoting an exchange of ideas, knowledge, and experiences and cooperation among member Supreme Audit Institutions (SAIs). By fulfilling such objectives, regional organisations support the development of audit, institutional, and governance capacities of their member SAIs. This supports stronger SAI performance and accountability across the regions.

The extent to which regional organisations succeed in achieving such complex global objectives is strongly influenced by the robustness of strategic management practices at the regional level. Strategic management implies that an organisation has a clear understanding of how it aims to fulfil its vision and deliver value to its stakeholders in the most effective and efficient manner. This requires solid processes that cover not only planning for results but also navigating the actual implementation, considering restraints such as time, resources, and external factors.

The performance of regional organisations is intrinsically linked to that of their member SAIs. In 2018, IDI launched its Initiative on Strategic Planning, Performance Measurement and Reporting (SPMR). Within the framework of the SPMR initiative, IDI published the Strategic Management Handbook[2] for SAIs, which offers in-depth guidance on how SAIs can strategically plan and manage their performance towards delivering value and benefits to citizens. SPMR also aims to provide guidance on how regional bodies can strengthen their own strategic management processes so that they can better support performance improvements in their member SAIs. Thus, developing a regional guidance note on strategic management has become one of the main deliverables of the SPMR initiative.

This guidance note consolidates various inputs and discussions across the INTOSAI community. It builds on the INTOSAI Framework for Regional Professionalism[3] developed by the Capacity Building Committee (CBC) Secretariat in consultation with INTOSAI's regional organisations, which provides a high-level reference for regional organisations, which lies at the heart of this guidance note. Further, the guidance note captures recent experiences and lessons learnt from regional organisations with strategic management, including providing such support to their member SAIs[4]. The guidance note develops a conceptual framework and describes a general process for strategic management for INTOSAI regions, closely linked to the corresponding SAI-level strategic management framework and process. This guidance note seeks to inspire and encourage INTOSAI regional organisations to consistently refine their strategic management practices in support of the stronger performance of their member SAIs.

1 Webpage of INTOSAI

2 SAI Strategic Management Handbook

3 INTOSAI Framework for Professionalism, INTOSAI Capacity Building Committee

4 Such experiences were gathered during two workshops with representatives of eight INTOSAI regions (AFROSAI-E, ARABOSAI, ASOSAI, CAROSAI, CREFIAF, EUROSAI, OLACEFS, PASAI) and the Capacity Building Committee in 2022 and 2019.

What to consider before using this guidance note

The guidance note aims to synthesise a general strategic management framework, approach, and principles, tailored to the context of regional organisations, their needs, and challenges. It should serve as a reference on strategic management for INTOSAI regions, which they can use to benchmark and improve their own governance and performance to the benefit of their member SAIs and beyond. The examples and suggestions in the guidance note aim to inspire and encourage regional organisations to continuously refine their strategic management practices and take a proactive approach in supporting member SAIs in this area.

Similarly to SAIs, regional organisations are vastly different and operate in their own unique environments. They vary in governance structure, size, complexity, socio-economic context, and available resources, among other things. Even more importantly, they assume different roles, ranging from being a coordinating or facilitating body, to one that provides in-depth support itself. The needs of their member SAIs can also vary a lot.

Considering such differences, providing a universal and detailed regional guidance on strategic management, which entails directions and instructions for INTOSAI regions, seems to be a rather unrealistic task; as a matter of fact, that is exactly what the regional guidance note does not aim to be. Rather, the guidance note presents a high-level approach, framed by a conceptual model for regional performance, and illustrated by experiences and good practices among the regions. This supports a holistic and prioritised strategic management approach and allows flexibility in implementation, based on the concrete regional characteristics and the specific needs of both the regional organisation and member SAIs.

The guidance note is based on the following premises:

- All regional organisations are independent and unique in nature, therefore a regional context should always be considered in the strategic management process.
- Regions themselves have the best knowledge about the challenges their member SAIs are facing, hence the guidance note focuses on presenting general approaches and practical examples, the elements of which can potentially be useful for the regions.
- The regions are generally proactive in their efforts to refine strategic management processes at the regional and SAI levels.
- Despite differences and contexts, regional organisations share a common goal and can benefit from the experiences and lessons shared by peers.

Structure of the guidance note

The first part of the guidance note presents the Strategic Management Model for INTOSAI Regional Organisations. This model supports a holistic and results-oriented strategic management process for better performance among INTOSAI regional organisations. The model describes the different levels of results through which regional organisations bring value to their member SAIs. This model, also referred to as the regional value chain, is closely related to a well-established similar framework at the SAI level: the SAI Strategic Management Framework. Each element of the value chain is individually defined in each INTOSAI region. However, regional performance should always be in support of SAI performance, as Part 1 of the guidance note explains.

Part 2 of the guidance note proposes a high-level structured process for strategic management from the regional perspective. It provides guidance on the main stages that regional bodies could consider and gives examples from the INTOSAI community.

THE REGIONAL AND SAI STRATEGIC MANAGEMENT FRAMEWORKS

A value chain is a model to explain the logical relationship between different levels of activities and results that create value and contribute to impact. The value chain serves as an overall framework, or a theory of change, which supports strategic planning and prioritisation by clearly establishing the cause-and-effect relationships between the various levels.

A well-defined regional value chain can serve as the basis for the organisation's strategic and operational plans because it demonstrates the following:

- why the organisation exists, by describing its contribution to its external environment and the value it adds (the *Why?*);
- what the organisation is aiming to achieve as key products of its work to facilitate the creation of value (the *What?*);
- how the organisation plans to achieve the latter through various delivery mechanisms (the *How?*); and
- what specific capacities (skills and knowledge) it needs to attain the desired results (the *How?*).

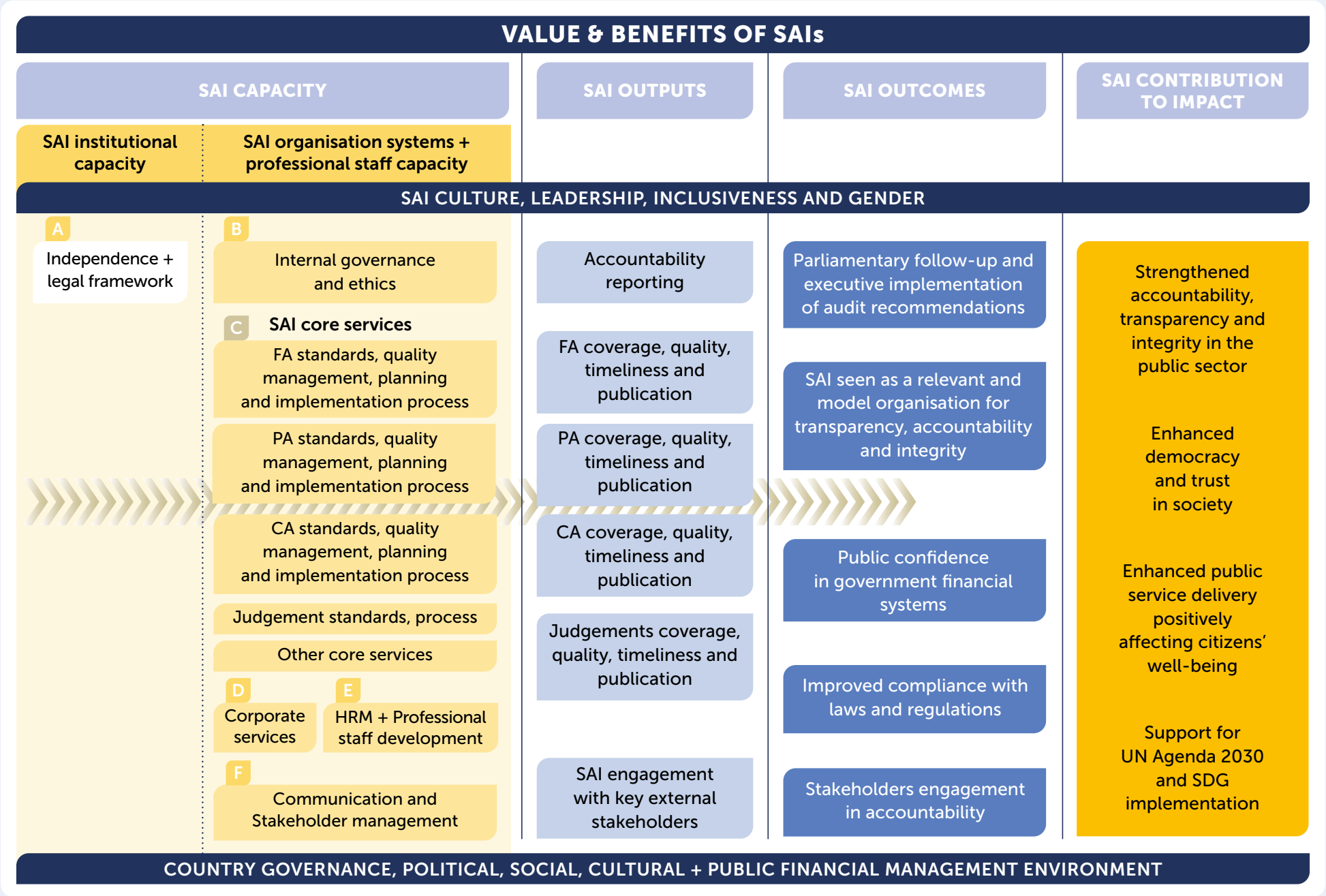
The SAI Strategic Management Framework is a value chain that applies at the individual SAI level. Regional organisations share similar high-level objectives with their member SAIs. Thus, this section first outlines the SAI Strategic Management Framework, before defining the regional value chain and specifying the linkages between the two.

SAI value chain

The central premise of the SAI Strategic Management Framework (SSMF) — the SAI value chain — is that an SAI could use, identify, and plan its operations to promote and enhance the potential effects of its core audit work and jurisdictional activity on the quality of the public sector. The SAI Strategic Management Framework encourages SAIs to be explicit when planning for performance improvements about how they can make a difference through their work and to use dedicated strategies to effect such changes. In this sense, the SAI value chain sees SAI performance as a contribution to positive changes in the public sector, and through those, to positive changes in the lives of citizens (the *Why?*). SAI performance is hence linked to its contribution to and impact on its external environment. To achieve this, the SAI needs to ensure that it delivers high-quality audits (the *What?*), by developing institutional, organisational, and professional capacities and competencies (the *How?*).

SAI PERFORMANCE

The contribution of institutional, organisational and professional capacities and competences that result in the sustainability (continuous and consistent) delivery of high-quality audits and other results that affects positive changes in the SAI public sector environment and contribute to the better lives of citizens.


VALUE & BENEFITS OF SAIs
SAI CAPACITY
SAI OUTPUTS
SAI OUTCOMES
SAI CONTRIBUTION TO IMPACT
SAI institutional capacity
SAI organisation systems + professional staff capacity
SAI CULTURE, LEADERSHIP, INCLUSIVENESS AND GENDER
A
Independence + legal framework
B
Internal governance and ethics
C
SAI core services
FA standards, quality management, planning and implementation process
PA standards, quality management, planning and implementation process
CA standards, quality management, planning and implementation process
Judgement standards, process
Other core services
D
Corporate services
E
HRM + Professional staff development
F
Communication and Stakeholder management
Accountability reporting
FA coverage, quality, timeliness and publication
PA coverage, quality, timeliness and publication
CA coverage, quality, timeliness and publication
Judgements coverage, quality, timeliness and publication
SAI engagement with key external stakeholders
Parliamentary follow-up and executive implementation of audit recommendations
SAI seen as a relevant and model organisation for transparency, accountability and integrity
Public confidence in government financial systems
Improved compliance with laws and regulations
Stakeholders engagement in accountability
Strengthened accountability, transparency and integrity in the public sector
Enhanced democracy and trust in society
Enhanced public service delivery positively affecting citizens' well-being
Support for UN Agenda 2030 and SDG implementation
COUNTRY GOVERNANCE, POLITICAL, SOCIAL, CULTURAL + PUBLIC FINANCIAL MANAGEMENT ENVIRONMENT

All of this is reflected at the four levels of the SAI Strategic Management Framework: impact, outcomes, outputs, and capacities. The SAI value starts with the critical question of what is the ultimate reason for the SAI's existence, or how can it contribute to making an **impact** (the *Why?*) by maximising the SAI's relevance and to all stakeholders and ultimately through a long-term, lasting change to the lives of the citizens it serves. The three core objectives of INTOSAI P12 and the United Nations 2030 Agenda for Sustainable Development provide the main reference points as to what an SAI's contribution to impact may entail.

For an SAI to contribute to impact, it needs to identify and facilitate SAI **outcomes** (the *Why?*) — medium to long-term societal changes — which the SAI can substantially influence, but which are still not within the SAI's full control.

Further down the SAI value chain is SAI **outputs** (the *What?*), which are the SAI's main products, mostly related to the organisation's core function. It is through those products that the SAI has the highest probability of being able to influence broader changes in the public sector, as envisaged by SAI outcomes.

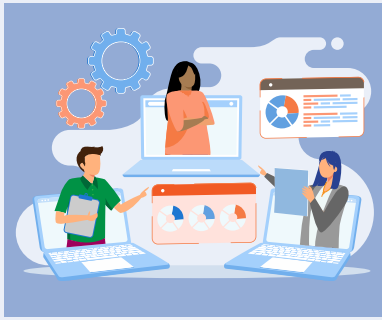
An SAI's ability to produce outputs, in turn, depends on its capacity and environment. The three dimensions of SAI **capacity** (the *How?*) — institutional, organisational, and professional — are in constant interplay when it comes to how they affect the delivery of SAI outputs.

It is important to have a clear understanding of what the SAI value chain entails, in order to analyse how it can be linked to the regional value chain. Both the definition of the regional value chain and the interrelation between SAI and regional value chains are provided in the following sections.

Regional value chain

Regional performance is the value regional organisations add to enhancing performance of their member SAIs, thereby indirectly influencing public sector management and accountability across the region (the *Why?*). To contribute to such performance improvements in their member SAIs, regions need to provide high-quality products and services, in line with their role, status, and resources (the *What?*). To enable product delivery and sustainable service provision, regional bodies require institutional, organisational, and professional capacities and competencies (the *How?*). This is ensured by competent staff and efficient processes as part of the organisation's operations. Hence, by supporting the needs of its member SAIs and contributing to their performance improvements, regional bodies can indirectly exert a positive influence in the public sector across the region, to the ultimate benefit of populations and societies living there. At the value chain level, the concept of regional performance can be translated into regional capacities, delivery mechanisms, regional outputs, regional outcomes, and impact — the elements of the regional value chain defined below.

It is noteworthy, that each element of the regional value chain depend to a larger extent on specific political, social, cultural, as well as PFM environment at the SAI country and regional levels.



Regional performance

The value that the regional organisation adds to its member SAIs through its services, through supporting improvements in the SAIs' professional, organisational, and institutional capacities and the quality of their key audit and other products.

REGIONAL VALUE CHAIN

Political, social, cultural + PFM environment at the SAI country and regional level

CAPACITIES

Framework, skills, knowledge, structures, and ways of working that make the organization effective

Institutional

- Legal statutes and set-up
- Regional governance and oversight mechanisms

Organisational

- Organisational structure
- Leadership and internal communication
- Technical capacity and resources
- Strategic and financial management

Professional

- Subject-matter knowledge
- Professional staff in audit, governance, legal areas
- Regional expert networks

SERVICE DELIVERY

A set of interlinked functions, inputs, and processes resulting in the provision of outputs

- SIRAM and other independence mechanisms
- Advocacy and communication activities
- Advocacy and communication activities
- Cooperative audit facilitation
- Peer reviews
- Professional forums, meetings, events, seminars
- Advisory support services
- Training provision
- Coaching and mentoring
- Guidance and methodology materials

OUTPUTS

Direct products of the processes for which the process owners are mostly responsible

- Accountability reporting by the regional organisation (annual reports, audits, evaluations)
- Effective stakeholder engagement by the regional organisation
- Regional capacity development support on SAI governance
- Regional capacity development support for audit quality and relevance

OUTCOME

Medium- to long-term strategic changes in the immediate external environment and stakeholders

- Effective and efficient SAI governance systems among member SAIs
- Strengthened SAI professional audit capability across the region
- Strengthened SAI independence and legal frameworks in the region
- Effective SAI stakeholder engagement among member SAIs
- Relevant and ISSAI-based audit reports issued across the region
- Regional organisation seen as a relevant and credible partner
- Improved regional performance

IMPACT

Contribution to the long-term, lasting societal changes

- SAIs seen as relevant and credible accountability institutions
- More transparent and efficient public financial reporting in the region
- Improved follow-up of audit recommendations across the region
- Improved compliance with laws and regulations by public sector officials in the region
- Better quality of Public Financial Management (PFM) at the regional level
- More inclusive, equitable, and sustainable public service delivery across the region

Region's contribution to impact – the *Why?*

A regional organisation's contribution to impact can be defined as long-term, lasting changes in the public sector at the regional level through the strengthening of member SAIs. Such changes are complex, relying on national frameworks and development within the region, often stemming from behaviour and actions of various stakeholders outside the SAI community. The regional contribution to impact is hence only indirect. Still, it's important to define the desired impact that regional organisations want to aspire towards, as it captures their ultimate objective and core reason for existence. Namely, it is a commitment to positive changes in SAI impact and public sector management and accountability across the region, which benefits societies and communities in the region.

Regional capacities | **Delivery mechanisms** | **Regional outputs** | **Regional outcomes** | **Region's contribution to impact**

- SAIs seen as relevant and credible accountability institutions
- More transparent and efficient public financial reporting in the region
- Improved follow-up of audit recommendations across the region
- Improved compliance with laws and regulations by public sector officials in the region
- Better quality of public financial management at the regional level
- More inclusive, equitable, and sustainable public service delivery across the region

The list above provides the broad changes that an INTOSAI regional organisation may contribute to at the impact level. It is noteworthy that such changes apply at the regional and not separate country level. These areas are rather global and complex and can be affected by various internal and external factors. For example, enhancing the **reliability and credibility of SAIs across the region** cannot be solely the result of a regional organisation's efforts. A lot depends on how SAIs are positioning themselves and whether they are producing high-quality outputs. Additionally, SAIs will not be seen as reliable organisations if the main stakeholders, including the executive and legislative branches, and citizens are not familiar with or interested in their core work results.

Furthermore, changes at the impact level distinguish between shorter- and longer-term aspirations. For example, an INTOSAI region could strive to contribute to having **SAIs perceived as relevant and credible accountability institutions** across the region. It may also aspire to influence different improvements in regional-level public finance and accountability aspects, such as **financial reporting, audit follow-up, or stronger compliance of public service officials**. While undoubtedly fundamental and long-term in nature, these notions of impact can support broader changes at the regional level, for example, **overall strength of public financial management, or a more inclusive, equitable and sustainable public service delivery**.

The impact level of the regional value chain is strongly linked to SAI performance as captured by the SAI Strategic Management Framework. Since any regional organisation will be further removed from the SAI's environment, impact from the regional perspective mostly focuses on the outcomes from an SAI perspective, namely the sum of concrete changes in the member SAIs' public sector environment that SAIs directly influence through their work. In the very long term, regional organisations can identify the same impact as SAIs, such as improvements in public financial management and public service delivery that positively benefit citizens and societies across the region.

Regional outcomes – the *Why?*

A more concrete expression of the difference that regional organisations can make is captured in the regional outcomes. Those pertain to the regional organisation's positive and direct influence on improvements in SAI professional, organisational, and institutional capacity and main products (audits, judgement processes, and stakeholder engagement). A regional organisation can make a strong contribution to SAI-level changes through the services it delivers, but it can never fully control the extent and quality of change, since it largely depends on the SAIs themselves.

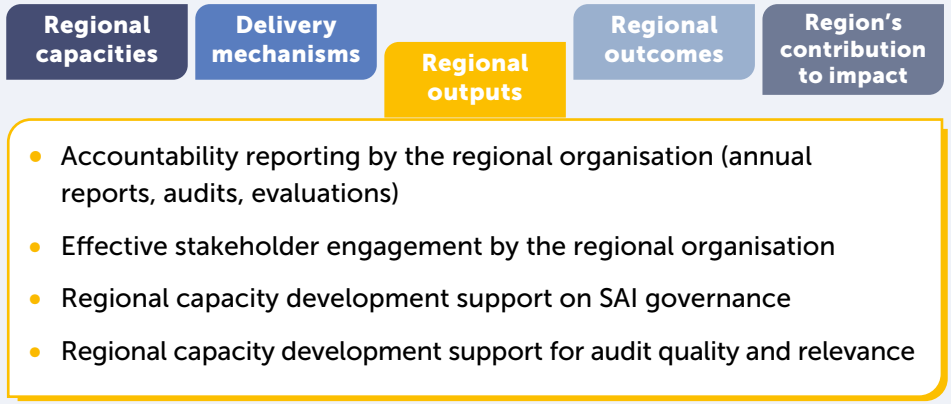
The above list of regional outcomes is not exhaustive, yet it demonstrates some of the biggest changes at the level of their member SAIs that regional organisations may strive to directly contribute to. Mostly, regional level outcomes pertain to improvements in the SAIs' institutional, professional, and organisational capacities, which the region supports through its main products and services. For example, in PASAI's strategic plan for 2014-2024, one of the outcome measures is "improvements in SAI independence and resourcing and consequent ability to communicate relevance to citizens and elected stakeholders", a result that the regional organisation can facilitate, but not entirely control. Like for regional-level impact, outcomes will pertain to observable changes across member SAIs, and not to individual cases.

Like the impact level, the outcome level contains shorter- and longer-term changes. Improvements in the quality and relevance of audit reports typically depend on a combination of concrete capacity enhancements in the different areas. Also, the image, credibility, and relevance of the regional organisation itself depends on its stakeholders' confidence that it acts as a professional, independent entity for the benefit of its member SAIs. A regional organisation's credibility can be enhanced when its member SAIs show significant improvements that can be linked to the efforts of a regional organisation.

The linkage between the regional and the SAI-level value chain becomes rather concrete when considering the level of regional outcomes. The region directly influences SAI institutional, organisational, and professional capacities. Through such changes, it also influences the quality (including the coverage, timeliness, and transparency) of the main products of its member SAIs' work, namely audits, judgement processes, and other key items such as cross-cutting and follow-up reports and stakeholder engagement.

Regional outputs – the *What?*

Outputs are direct results of the regional organisations' efforts, the key products of its work. The key products of the regional organisation are closely related to the four strategic dimensions of the framework for regional professionalism[5] as they identify the main ways through which regional bodies add value. For an SAI, the main product of its work is expressed in the coverage, quality, and timeliness of its audits. For a regional organisation, outputs relate mostly to the quality of its capacity development support in core areas. For instance, one of the outputs of ASOSAI is to "mobilise ASOSAI's organisational strength to achieve an effective sharing of knowledge and experience". Another good example is AFROSAI-E's output, which aims to "develop and provide value-adding audit learning opportunities and services to SAIs".



Demonstrating accountability is often an important objective for regional bodies. **Accountability reporting of regions** means that in practice, the regional entity manages to lead transparent processes, open for involvement in decision-making, and facilitates clear and inclusive reporting of activities, priorities, and resource use against planned results. Accountability reporting reflects the sum and the result of the regional organisation's efforts to develop its governance, organisation, and sustainability – one of the four strategic dimensions in the framework for regional professionalism.

One way in which a regional organisation can achieve effective accountability reporting is by publishing its strategic and high-level operational plans, annual performance reports, and self-assessment reports, just to mention a few. For example, AFROSAI-E publishes both an annual Monitoring and Evaluation Report, tracking results against strategic objectives, and an Integrated Annual Report, including reporting on the implementation of the operation plan, financial reporting (including accounts of donor funding), and performance highlights. This demonstrates strong strategic management, because the processes are transparent, comprehensive, and retraceable. In addition, they allow the members to take ownership of processes, and to intervene if the region's work doesn't respond to the needs identified, or if resources are not well managed. This ensures the credibility of the region's work towards members but also towards other stakeholders. It also promotes sustainability, including facilitating organisational learning through analysis and reporting.

Another important output that can influence the region's contribution to its outcomes is **effective stakeholder engagement at the regional level**. Closely aligned to the strategic dimension of advocacy and influence in the Framework for Regional Professionalisation, stakeholder engagement involves both communication with member SAIs and engagement with other stakeholders. It is important for regional organisations to establish strategic and operative communication channels with member SAIs, and also to represent their members' interests by communicating more broadly with multiple stakeholders, including peers and development partners. Another key ingredient of regional stakeholder engagement is cross-regional cooperation and exchange. Synergies

5 The four dimensions of the Framework for Regional Professionalism are (1) Institutional support; (2) Professionalisation and methodology support; (3) Advocacy and influence; and (4) Governance, organization, and sustainability.

and collaborations with peers can lead to sustainable results ensured by shared ownership over various projects, tasks, and activities. Some examples of cross-regional cooperation include regional conferences and workshops, and joint cooperative audits, which enables knowledge exchange and coordination, contributing to stronger regional cooperation.

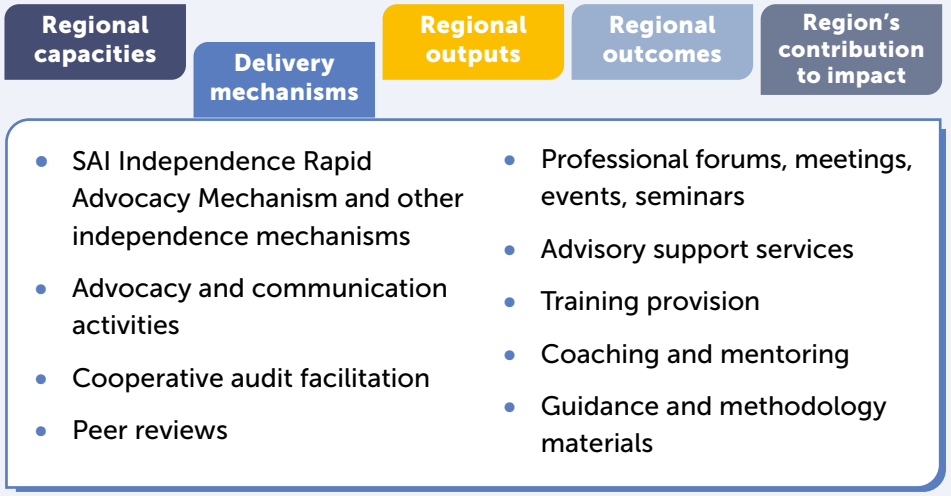
Regional outputs can be both internally and externally oriented, focusing on the capacity building of SAIs. **Regional capacity development support for SAI governance** is a key regional output, as it encompasses SAI support in areas such as independence, strategy development, implementation and reporting, strategy adjustment, and communication. Regional organisations can provide various capacity-building activities, tools, guidelines, and frameworks to promote the refinement of strategic management practices at the SAI level. Examples include AFROSAI-E's women leadership academy initiative and OLACEFS's structured capacity development support for performance measurement using tools such as the SAI Performance Measurement Framework (PMF) and IntoSAINT. Such support relates to the institutional support dimension in the Framework for Regional Professionalism.

Finally, another significant regional output is **regional capacity development support for audit quality and relevance**. Building on the strategic dimension on professionalisation and methodology support, this output directly relates to the core function of an SAI. Therefore, it is a critical contributor to regional outcomes. Regional organisations are expected to provide assistance in enhancing SAI audit capacity by providing ISSAI-compliant audit manuals, frameworks, methodology support training and workshops, facilitation of peer support, and so on. Oftentimes these have a specific focus on pertinent topics, such as EUROSAI's support for municipality audit, or ARABOSAI's focus on sustainable development goal audits. Some regions have even developed integrated competency frameworks that define the knowledge, skills, and behavioural and leadership competencies for audit and other professional roles in the SAI.

Delivery mechanisms – the *How?*

The regional chain differs from the SAI value chain in that it also includes delivery mechanisms (the How?). Delivery mechanisms can be defined as the main services through which the regional organisation supports SAIs. In other words, it is how the organisation aims to achieve its outputs, outcomes, and on some level, the impact. Therefore, it is important that a regional organisation establish clear linkages between its desired main products (the outputs) and how the types of services it provides facilitate such outputs.

The list below provides some common service delivery types of regional organisations. As with the impact, outcome, and output level, this is not an exhaustive list; neither is it expected or feasible for the regions to implement all the listed delivery mechanisms. Rather, it serves as a menu of options for regional bodies to consider, select, and adapt to their aims and context.



Types and numbers of service delivery mechanisms depend on which regional outputs should be in place to achieve the desired outcomes. For instance, if one of the key strategic priorities of a regional organisation is to promote SAI independence and assist its member SAIs in implementing their independence principles, then some delivery mechanisms may entail intensive advocacy and communication activities facilitated by the region. INTOSAI regional organisations can utilise different tools and approaches to support SAI independence. In PASAI, where independence is a strategic priority, the Secretariat provides legal advice and support to member SAIs to review their SAI legislation against the Mexico Declaration and assist with changes to improve them. In addition to the resources they provide, they also advocate for SAI independence by communicating and engaging with stakeholders. Another useful mechanism is the responsive SAI Independence Rapid Advocacy Mechanism (SIRAM), which is intended to provide a clear, streamlined process for addressing threats to SAI independence. The SAI Independence Rapid Advocacy Mechanism[6] comprises four stages through which it can ensure an adequate and timely advocacy response to new political, constitutional, or institutional developments which may negatively affect the independence of an SAI. Advocacy can go beyond independence and promote other topics such as the important role of SAIs, good governance, ISSAI-compliant auditing, sustainable development goal implementation, the fight against corruption, appropriate public sector accounting standards, and so on. Through advocacy, regional organisations can significantly influence cross-regional cooperation, effective communication, and knowledge sharing to the benefit of the whole INTOSAI community.

When it comes to enhancing SAI audit capacity, regional organisations can play an integral role by promoting and facilitating cooperative audits[7] and peer reviews, and organising professional forums, meetings, events, and seminars. They can also provide advisory support services, which can contribute to better regional cooperation as well.

Providing and facilitating training is another way regional organisations can ensure that their member SAIs are equipped with sufficient skills and knowledge related to audit, as well as non-audit, functions. Regional organisations may develop long-term or short-term training programs that suit the SAI needs across the region. Training offered depends on the organisation's resources and mandate. In some cases, regional organisations involve member SAIs, external experts, or working groups to run training, while arranging and facilitating the event. For more tailored assistance, some regional organisations offer coaching and mentoring services, which require a more individualistic approach. Regional organisations identify a specific SAI that can benefit from such assistance, and also allocate an expert or group of experts who can support that SAI in addressing the relevant issues.

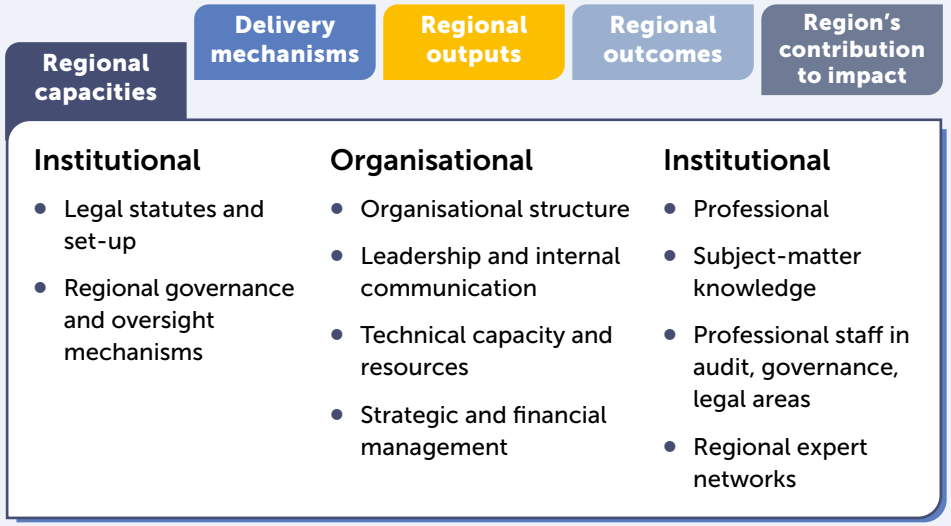
PROVIDING AND FACILITATING TRAINING IS ANOTHER WAY REGIONAL ORGANISATIONS CAN ENSURE THAT THEIR MEMBER SAIS ARE EQUIPPED WITH SUFFICIENT SKILLS AND KNOWLEDGE RELATED TO AUDIT, AS WELL AS NON-AUDIT, FUNCTIONS.

6 SAI Independence Rapid Advocacy Mechanism

7 GUID 9000 Cooperative Audits between SAIs

Regional capacities – the *How?*

Regional capacities can be defined as a framework, skills, knowledge, structures, and ways of working that make the organisation effective. Regional capacities, in the same way as SAI capacities, have three dimensions: institutional, organisational, and professional. Those regional capacities reflect the need for or degree of the region's ability to effectively mobilise professional and financial resources, processes, systems, and operations to achieve the intended outputs. The proper use of the identified service delivery mechanisms and, ultimately, the realisation of each regional output depend on the required combination of organisational, professional, and institutional capacities.



Institutional capacity refers to the elements that define the organisation's role, obligations, and responsibilities, as well as its oversight. A strong regional governance system and legal statutes are a prerequisite for the effective functioning of any regional organisation. They can be considered as some of the key capacities which contribute to ensuring an organisation's credibility, relevance, and effective accountability reporting — some of its main outputs and outcomes. Like SAIs, regional organisations have a clear mandate. However, considering that all regional organisations are voluntary institutions, it can be challenging to establish an official order to act in a certain way. Consequently, using the term "mandate" in relation to regional organisations might not be entirely suitable. A term commonly used instead is "legal statutes".

Organisational capacity refers to the existence of robust structures, processes, and practices related to the overall governance of the regional organisation. The organisational structure can determine the strength and quality of such practices by facilitating optimal service delivery and promoting synergies. Most regional bodies have a secretariat which is in charge of overall operations. Some have also set up commissions, working groups, task forces, and other structures related to the thematic areas and services they provide. The regional organisation's own strategic management process, from needs assessment through planning to reporting, is a determinant of organisational capacity as it promotes effective and efficient planning and implementation and supports accountability. The strength of regional leadership — which is often provided on a rotational basis by member SAIs — is a cross-cutting aspect that is crucial not just for organisational capacity, but for the region's entire performance. Closely linked to it is the internal communication between the different functional parts of the organisation. Other organisational aspects are the regional organisation's technical capacity, information and communications technology set-up, and overall resource situation and the management thereof, including financial management and donor relations.

Professional capacity entails having in place a sufficient number of competent and motivated people who will ensure the effective delivery of the organisation's strategic plan. One of the biggest challenges that most regional organisations face is a lack of human resources, considering that the functions of a regional organisation are rather diverse and complex. Most regional bodies offer numerous services to their members, including supporting capacity development, advocacy, and the organisation of regional events. As a common practice, the provision of all of these services is ensured by a small group of people, who can also be full-time staff of the SAI hosting a region's secretariat or be in charge of a certain working group or similar. Therefore, it may become challenging at times to implement a rather complex regional operational plan with limited human resources. Moreover, according to the Global SAI Stocktaking Report "reported numbers from the regions suggest that the most Secretariat staff are accountants and/or certified auditors or event managers". It is notable that competencies related to information technology, human resources, and law are least represented, but this also seems to be reflected in the activities of the regions.

MOST REGIONAL BODIES OFFER NUMEROUS SERVICES TO THEIR MEMBERS, INCLUDING SUPPORTING CAPACITY DEVELOPMENT, ADVOCACY, AND THE ORGANISATION OF REGIONAL EVENTS.

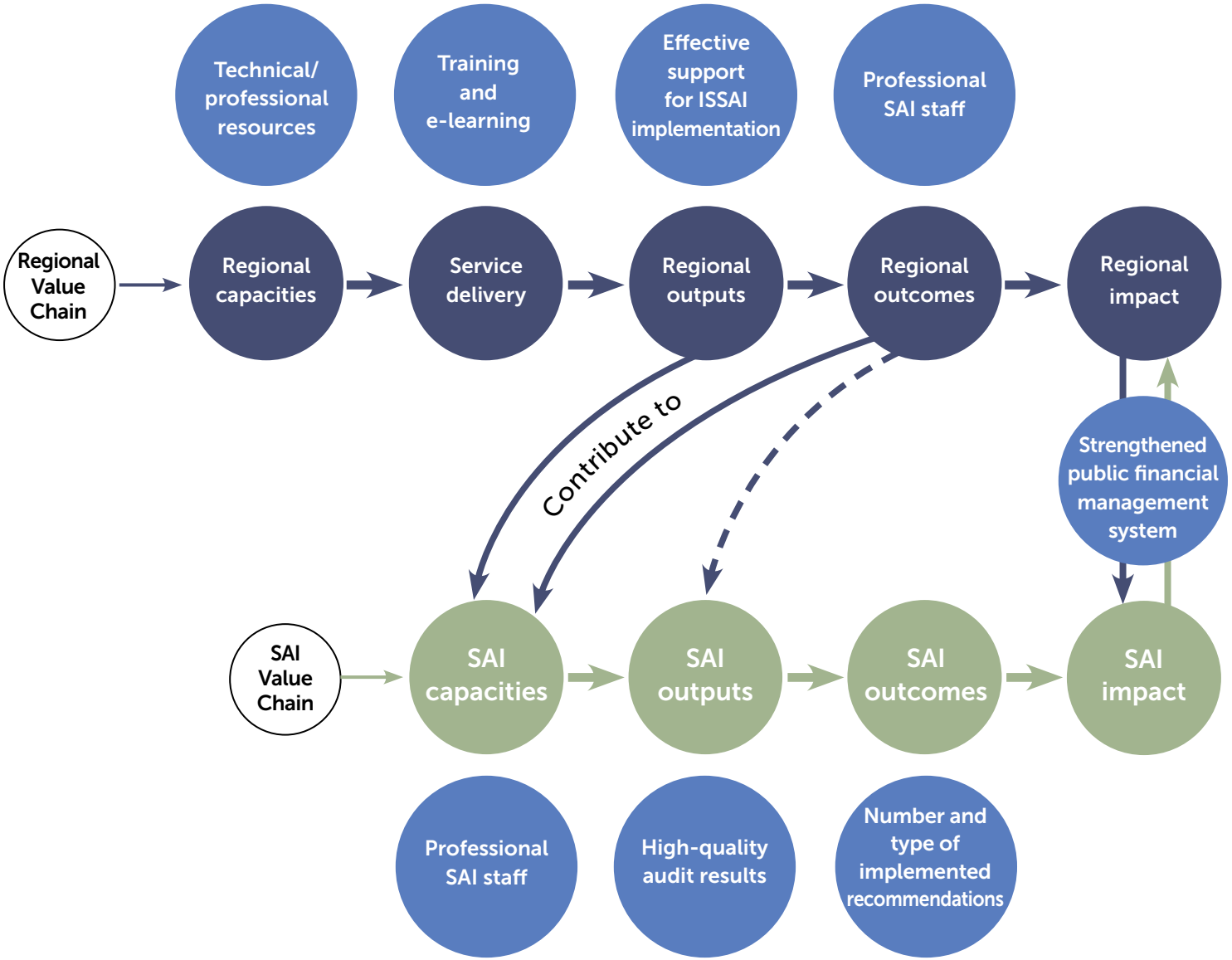
Professional competencies greatly influence the service offer of regions; therefore, the more diversified the competencies at the regional level are, the wider variety of services they will manage to offer to member SAIs. In developing professional staff capacity, a regional organisation would first determine what competencies are needed to match regional priorities. To supplement their own capacity, regional organisations regularly identify and involve SAI professionals with different competencies and expertise across the region, rather than being dependent on one team overseeing the whole regional operational plan. A good example is AFROSAI's recent creation of two technical committees chaired by heads of SAI and staffed by SAI professionals from member SAIs, one for institutional and technical capacity building (ITCBC) and one for organisational capcacity building (OCBC) thereby ensuring professional capacity. Some regional organisations facilitate capacity building working with resource people from different member SAIs, thereby ensuring efficient delivery of services across the region.

Relationship between regional and SAI value chains

As already emphasised, the regional value chain cannot be described in isolation from the SAI value chain. The main reason why regional organisations exist is to assist their member SAIs in improving their performance and contributing to impact. Hence, applying the regional value chain builds on the understanding of how the regions can contribute to improving SAI capacities and, in turn, results and performance. For achieving the best results, regional organisations would ideally strive to support and reflect the strategic ambitions of their member SAIs. This ensures that the strategic priorities of a regional organisation are aligned with its member SAIs' strategic plans. The linkage between the two value chains helps align planning and prioritisation, by clearly linking the regional to the SAI performance.

To summarise this relationship, the illustration overleaf demonstrates how regional and SAI value chains are linked by presenting a fictitious example.

Relationship between Regional and SAI Value Chains



In this case, the regional organisation may consider the provision of effective support for ISSAI implementation to its member SAIs as a key output, or product, of its work. To facilitate this output, it provides various services, among which are training and e-learning, through deploying a mix of technical and professional resources. The regional organisation expects to positively influence the development of professional staff among its member SAIs, yet it cannot fully influence this because the choices of who will attend trainings and how those will be followed up are with the SAIs themselves. Therefore, increased professionalisation of SAI staff is a regional outcome. A longer-term regional outcome, which could materialise with the progressive development of professional SAI staff across the region, could be a positive change in the quality and relevance of audit reports across member SAIs.

From the SAI's perspective, however, professional SAI staff is a key capacity that supports the realisation of its main products, namely high-quality audits. Through this output, the SAI aims to influence a better implementation of audit recommendations (an outcome). From the regional perspective, changes from the implemented recommendations in the SAI public sector environment are beyond the scope of direct influence, since they depend on many other actors than the member SAIs.

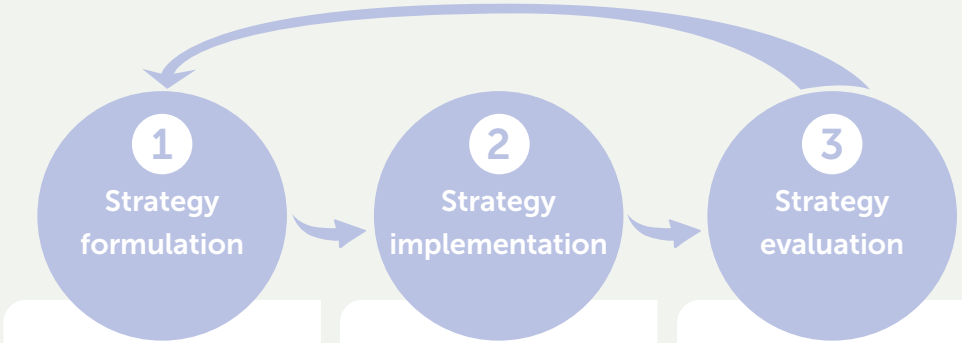
Ultimately though, the regional organisations and SAIs may strive to contribute to the same impact, in this case, a strengthened public financial management system (PFM). The SAIs' contributions may be more direct via their audit results, compared with a region's contribution, which is indirect through strengthening SAI audit capacity.

IMPLEMENTING THE REGIONAL VALUE CHAIN: REGIONAL STRATEGIC MANAGEMENT PRINCIPLES AND PROCESS

This section seeks to provide guidance to regional organisations on how to use the regional value chain for planning and implementation. It follows a well-established strategic management process, underpinned by principles, examples, and adjustments to cater to the unique nature of regional organisations.

Strategic management is not necessarily a linear process, but rather involves many iterations and adjustments. Still, it is useful to distinguish the most common stages in a typical strategic management process: Strategy formulation, strategy implementation, and strategy evaluation. Each of those has concrete objectives, specifically:

1. Ensure **effectiveness** by "Doing the right things" through strategy formulation
2. Achieve **efficiency** by "Doing things right" through strategy implementation
3. Ensure **accountability and learning** by "Being held responsible for what is done" through control and strategy evaluation



1 Strategy formulation

- Assessing current performance and stakeholder expectations
- Value for members: Identifying vision, mission, and values
- Crafting strategy through identifying strategic choices and prioritisation

2 Strategy implementation

- Linking operational plan to strategy
- Allocating financial and human resources
- Resource mobilisation and donor coordination
- Measuring and reporting on performance
- Managing risks and performance

3 Strategy evaluation

- Taking stock of performance
- Lessons learnt from implementation
- Key issues going forward

Principles of regional strategic management

Underpinning the regional strategic management process are three unique principles, which respond directly to why there is a need for strategically managed regions. These principles cut across the strategic management cycle and aim to ensure not only that a regional organisation can devise and implement an effective strategic management process, but also that at any of its stages, the regional organisation will stay true to fundamental objectives to add value to member SAIs, and can act as an example to them.

Responsive regional bodies

A first important principle is that regional bodies are responsive to the members' interests and needs. In practice this means that the regional organisation's objectives and strategies, as well as prioritised activities, reflect the members' expressed needs and interests, and these needs are clearly reflected in the implementation of the value chain of the regional organisation, in particular at the level of regional outcomes and related outputs. When regional organisations manage to be responsive, they can enable SAIs to take stronger ownership of the region's services and products. It also supports regional bodies in being more relevant and inclusive as organisations, hence creating a basis of mutual trust and respect.

Accountable regional bodies

A second principle is that the regional entities operate on a basis of demonstrating accountability. This pertains not only to publishing or sharing the results of its own performance assessments or evaluations, but also leading a transparent and inclusive decision-making process. This includes establishing open and regular communication channels, keeping members abreast of important events and developments, and demonstrating on an ongoing basis how roles and responsibilities, commitments, and results have been fulfilled. Accountability promotes trust, and it also ensures that member SAIs have a voice and can raise concerns if the work of the region does not respond to the needs identified, or if resources are not well managed. Finally, accountability is critical for credibility of the regional organisation towards member SAIs, but also towards other stakeholders.

Result-oriented regional bodies

Regional bodies, like SAIs, do not work for themselves. A fundamental principle in the regional strategic management process is that the region develop its strategy, starting with the identification of relevant outcomes, based on the needs and priorities of its member SAIs. In other words, before considering what it needs to change internally in terms of its core business, practices, and operations, the regional organisation would consider what changes in its members it should seek to effect. The link between the regional and SAI value chains is once more critical in this regard. In all stages of the process — from planning, through implementation, measurement, and reporting — the extent to which the regional organisation facilitates its desired outcomes will be a key consideration for decision-making and steering capacity development, and a key determinant of performance.

A FIRST IMPORTANT PRINCIPLE IS THAT REGIONAL BODIES ARE RESPONSIVE TO THE MEMBERS' INTERESTS AND NEEDS.

Strategy formulation

Assessing current performance, needs, and stakeholder expectations is the first step in the strategy formulation stage. The organisation identifies areas for improvement and a general approach to meeting stakeholder expectations. For a regional organisation to get a full picture of its performance it could ask:

1. How is the regional organisation performing on internal governance, resource mobilisation and management, accountability, effectiveness, and efficiency?
2. Is the regional organisation responding to the needs, challenges, and expectations of its members, thereby providing value? What are the new and emerging needs and external circumstances to factor in?

The approach is both internally and externally oriented. The first question is critical for determining the links to the first levels of the regional value chain, specifically capacities and service delivery mechanisms. This part of the performance assessment is also going to touch upon current performance in terms of main outputs, such as capacity development support. Yet, in order to define outcomes and impact, the region needs to understand the needs and expectations of its SAIs.

SAI performance assessment reports can serve as the basis for regional organisations to identify SAI needs as well as areas that may require further focus and assistance at the SAI level from regional bodies. Effective SAI needs assessment largely depends on how well a regional organisation manages stakeholder expectations, including with other stakeholders beyond the member SAIs, such as other INTOSAI bodies, development partners, or regional organisations. It is a well-established practice among regional organisations, for example in CAROSAI and ASOSAI, to survey their members and hold discussions to inform the development of strategic plans based on the identified SAI needs and priorities. Collecting sufficient data for needs assessment is required to be able to align regional and member SAIs' strategic plans and ensure coordinated strategic management processes.

Many regional organisations identify needs based on the analysis of performance assessment reports of member SAIs, such as SAI PMF and the Institutional Capacity-Building Framework (ICBF) reports. For instance, the strategic plan of AFROSAI-E includes several indicators with annual targets linked to the ICBF scores of member SAIs. Consequently, the region produces an annual ICBF Self-Assessment Report[9], which highlights regional improvements and challenges based on the ICBF scores. This way, AFROSAI-E assesses its progress as a region while taking a closer look at individual SAI performance to identify specific SAI needs.

PASAI is another region that evaluates its own performance and areas for improvement based on SAI assessment reports. It is the first INTOSAI region that has published a report entailing the analysis of the SAI PMF assessments of 20 member SAIs. PASAI's SAI PMF Regional Report[10] is a good example of how a regional organisation can use SAI PMF as a tool to gain a better understanding of individual SAI performance and identify general areas that require attention to enable improvement at the regional level, which can ultimately be linked to the regional strategic priorities.

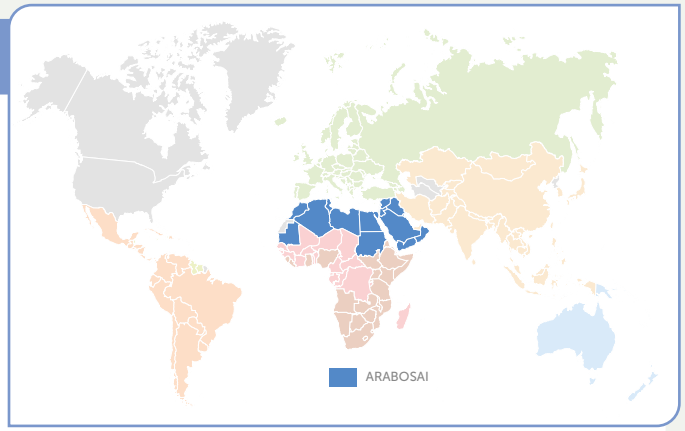
9 AFROSAI-E 2021 State of the Region: ICBF Self-Assessment Report

10 PASAI SAI PMF Regional Report 2022

Case of ARABOSAI:

Internal and external needs assessment

At the strategy formulation stage, regional organisations usually start by assessing both internal and external needs. This two-level needs assessment is very well captured in ARABOSAI's practice.



When assessing internal needs, the region gathers information based on the assessment of the following:

1. Strategic priorities of a previous strategic plan that are still relevant
2. Region's capabilities and external environment, using different tools, such as SWOT analysis

When it comes to **external needs assessment** — the SAI needs assessment — the region identifies the needed services and expectations based on its Professionalism Assessment Framework, as well as surveys for member SAIs, which help the region to determine:

1. The list of activities that the region is expected to carry out to contribute to achieving a high level of professionalism at the SAI level
2. The list of challenges that could negatively affect the region's performance as well as the new issues and needs that should be considered
3. Types of professional and methodological support
4. Topics for advocacy and communication relating to influencing key stakeholders (identify and prioritise)

Identifying regional vision, mission, and values is another critical step that regional organisations need to take at the strategy formulation stage since they serve as the foundation of an organisation's strategic plan. During this stage, regional organisations define the value added to member SAIs' performance. Examples of vision, mission, and values statements provided below are generic and should be modified according to a region's context and environment in which it operates.

A **vision** statement clearly demonstrates what regional change a regional organisation aspires to achieve in the future. The vision statement is inspirational, but also provides some direction. Often it is linked to the organisation's impact and outcomes.

A **mission** statement usually details a region's core function, objectives, and the ways to achieve these objectives. A good mission statement emphasises only what is most important to the organisation. It is brief, straightforward, clear, and informative.

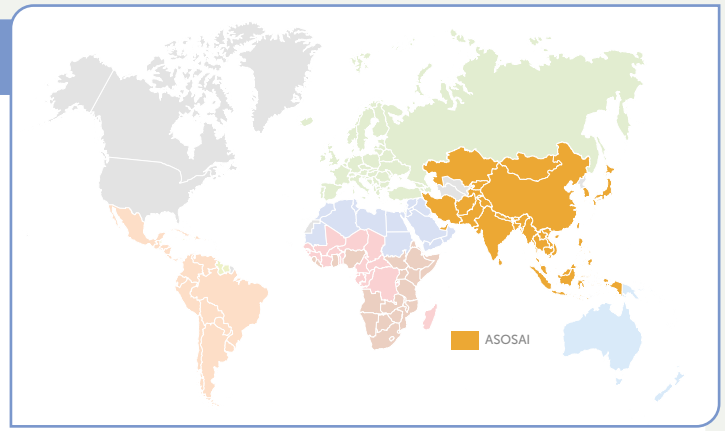
And finally, the **values** statement reflects the organisation's main principles, ethics, and culture. It is used to both inform and guide decisions and behaviours and signal to external stakeholders what is important for the organisation.

While most organisations are familiar with these definitions, the articulation of precise and relevant vision, mission, and values statements may be rather challenging. These statements can be powerful tools that provide meaningful guidance in ever-changing environments. Most regional organisations have 5 to 10 years of strategic cycles, which is long enough considering the fast-paced environment. Therefore, it is necessary to review the organisation's vision, mission, and values statements during one strategic cycle and make sure that they are in line with the developments in the immediate and global environments.

Case of ASOSAI:

Responsiveness as a core value

ASOSAI's Strategic Plan for 2022-2027 follows the statement on mission, vision, core values, and three strategic goals set in previous plans because they remain relevant.



However, considering the recent changes in an external environment, including health pandemics, climate change, natural and human-made disasters, and scientific and technological advancements, ASOSAI added **"Responsiveness"** to its core values. ASOSAI prioritises enhancing resilience and ensuring rapid and appropriate responses to the new challenges encountered across the region.

This case demonstrates that even though regional mission, vision, and values statements do not usually undergo dramatic changes over strategic periods, they should still be reviewed at least once throughout the strategic cycle. This is how regional organisations can ensure that their strategic plans reflect on and respond to ever-changing internal and external challenges and uphold relevance.

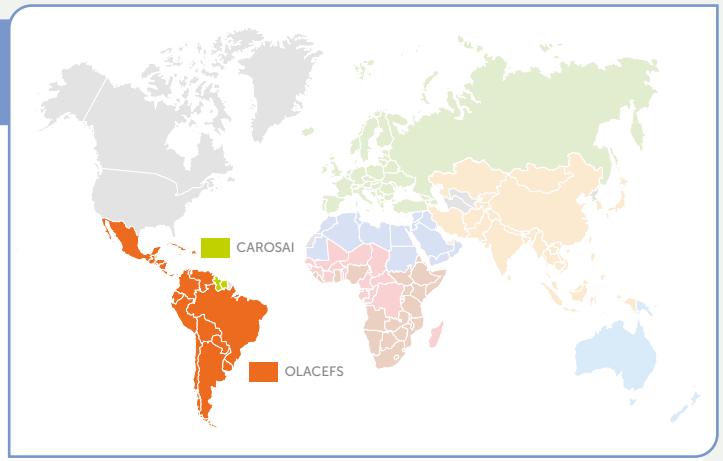
Crafting strategy: Strategy development starts after the regional organisation has formulated its vision, mission, and values statements. In line with the regional strategic management principle of being results-oriented, the regional strategic plan ideally demonstrates alignment with the strategic needs and priorities of member SAIs, as expressed in their strategic plans. This link is important for regional organisations to be able to define and validate their contribution and impact more efficiently. In addition, regional bodies' strategic plans usually demonstrate strong alignment with the overall INTOSAI strategic plan but add regional specificities and nuance. To continue with the example of the ASOSAI Strategic Plan, the region promotes the realisation of its three strategic goals, similar to the INTOSAI Strategic Plan 2016-2022, by identifying four cross-cutting priorities. These priorities echo the ideas that were put forward in the Beijing Declaration of INTOSAI, the Hanoi Declaration, and the Bangkok Declaration of ASOSAI. This reflects the initiative of ASOSAI to follow the trend of international public-sector auditing while focusing on ASOSAI's regional features and development needs.

Like SAIs, regional organisations could identify their strategic issues based on the challenges in their immediate stakeholder environment. Strategic issues are fundamental policy questions or critical challenges affecting an organisation's mandate, mission and values, product or service level, stakeholders, financing, structure, processes, or management. When formulating strategic issues, regional organisations could ask **how** they can contribute to or achieve the set outcomes or outputs, **when** certain internal or external factors hold true. For instance, a regional organisation can have the following strategic issue: *How can a regional organisation be seen as a relevant and credible partner, when one of the main challenges is limited human resources?* This strategic question shows both the aspiration of the organisation and the obstacle that might hinder its achievement. It encourages the regional organisation to come up with the most effective strategy to face potential obstacles — in this case, limited human resources — to achieving the desired outcome.

The strategy's centrepiece is the results framework, which follows the logic of the regional value chain. It is an explicit articulation of the chain of results, distinguishing between impact, outcomes, outputs, delivery mechanisms, and capacities. It builds on the findings from the assessment of the current situation, SWOT analysis, and identified strategic issues. A results framework notes the

Cases of CAROSAI and OLACEFS:

External or peer support in crafting a strategy



Crafting the regional strategy can be challenging, especially when there are limited staff resources to dedicate to such a task. In those cases, external or peer support may be available. For example, CAROSAI worked with the IDI regional manager on drafting its new strategic plan, on the basis of a stakeholder survey the secretariat rolled out to seek feedback from member SAIs.

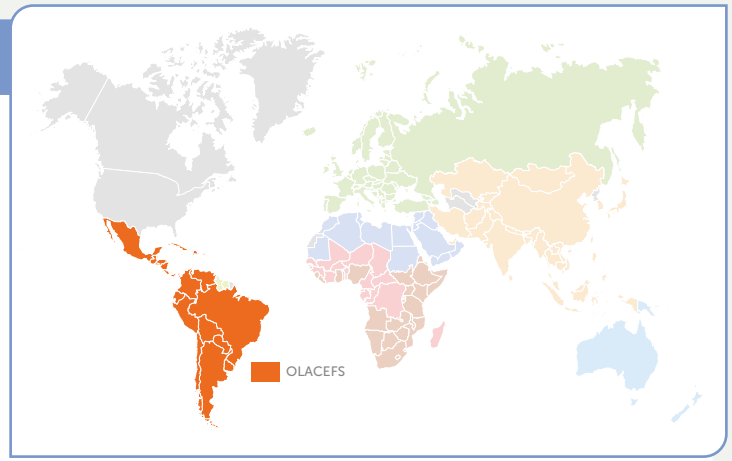
In OLACEFS, a development partner facilitated the latest strategic planning process. This enabled a more inclusive approach, which was further supported by the "worktable" method (see the next example for more details). OLACEFS also put a strong emphasis on consulting other stakeholders from the INTOSAI community besides member SAIs.

assumptions about the expected cause-and-effect relationships between different levels and the risks that may affect the accomplishment of envisaged changes. For instance, the lack of sufficient human or financial resources of the regional secretariat can be an internal risk affecting the overall strategy development. Therefore, regional organisations should carefully analyse the likelihood and impact of this risk materialising and identify a relevant approach for treating this risk. (Risk management is discussed in more detail later in the later section.)

Once the results framework is finalised, with its underlying assumptions and risks, and supporting performance measurement, the strategic planning team can move towards preparing the final document. This is when a satisfactory degree of internal buy-in and ownership of the strategy is ensured. Most regional organisations need to get a consensus from their governing board and include other stakeholders. The process is as inclusive as possible to ensure the commitments are understood, shared, and implemented by the responsible parties. This approach is useful, especially for the effective management of stakeholder expectations.

Case of OLACEFS:

Ensuring inclusive strategic planning through "worktables"



In the OLACEFS region, a "worktable" has become a common practice to ensure effective coordination and the engagement of key stakeholders in the strategic planning process. It provides a space for discussions for various internal and external stakeholder groups. Each worktable has a specific agenda and often results in a record or act signed by all the participants at the end of the meeting. Often, worktables serve as the complementary tool for SWOT and stakeholder analysis.

Since worktables allow for better coordination, it is a useful practice when it comes to aligning operational and strategic plans, allocating financial and human resources, and taking stock of progress and drawing lessons learnt.

Worktables are regularly organised by the region's strategic management team at the operational planning stage for consulting with member SAI leadership on the most urgent matters.

Besides internal consultations, it is important to pay attention to the final product of the strategic planning exercise. One essential part of the strategy is the narrative supporting the results framework. The strategic plan's contents need to be put together cohesively and attractively. It is a stand-alone document that can communicate to an external reader how the regional organisation plans to improve its performance over the strategic period. A good strategic plan is user-friendly and visually attractive, entailing just the right amount of information. This requires setting aside time for proofreading, formatting, and graphic design. The process of marketing or publicising the document prepares it for its implementation by gaining the support and involvement of internal and external stakeholders.

BESIDES INTERNAL CONSULTATIONS, IT IS IMPORTANT TO PAY ATTENTION TO THE FINAL PRODUCT OF THE STRATEGIC PLANNING EXERCISE. ONE ESSENTIAL PART OF THE STRATEGY IS THE NARRATIVE SUPPORTING THE RESULTS FRAMEWORK.

Strategy implementation

Successful implementation of a strategic plan means translating it into an operational plan which captures the balance between flexibility and level of detail. Some key factors that may affect strategy implementation are described below.

Linking operational plan to strategy

An operational plan needs to be aligned with the strategic plan and its priorities. Its activities help to achieve regional outputs and outcomes, as identified in the regional value chain. When identifying delivery mechanisms for implementing the strategic plan, a region could use the following key considerations:

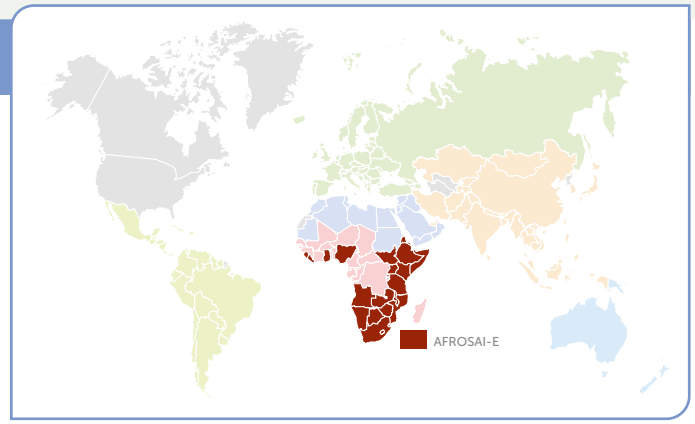
1. Is the regional value chain comprehensive enough and does it ensure logical linkages between all levels?
2. Does a regional organisation have sufficient financial and human resources to provide support?
3. Do service delivery mechanisms lead to sustainable results at the SAI level?

Regional strategies are largely determined by member SAI needs and are also influenced by donor expectations. Regional organisations need to have a clear understanding of their internal needs and capacities in order to offer their members the right kind of activities that could lead to sustainable results. The key is to direct resources towards building the most essential capacities which enable the implementation of service delivery mechanisms and lead to the production of regional outputs. To enable this, the regional organisation needs to prioritise during its operational planning process.

AN OPERATIONAL PLAN NEEDS TO BE ALIGNED WITH THE STRATEGIC PLAN AND ITS PRIORITIES. ITS ACTIVITIES HELP TO ACHIEVE REGIONAL OUTPUTS AND OUTCOMES, AS IDENTIFIED IN THE REGIONAL VALUE CHAIN.

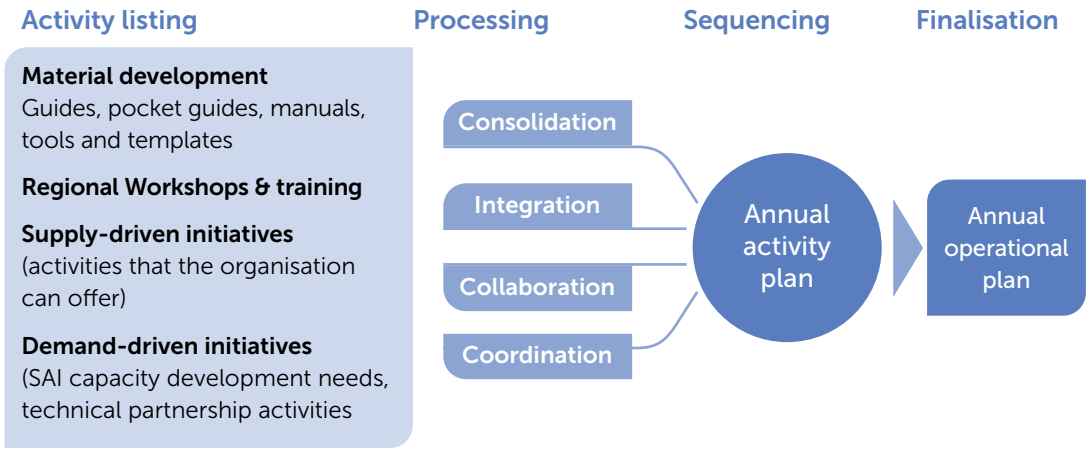
Case of AFROSAI-E:

Operational planning process



AFROSAI-E's operational planning process starts with a thorough analysis of its strategic priorities, which becomes the basis for identifying specific activities. The region takes into account various aspects that affect this process, including the analysis of regional and donor projects, and SAI capacity development plans. Once a detailed activity list is prepared, the prioritisation process starts to make sure that the operational plan includes a manageable number of such activities that yield the best results. The annual operational plan of AFROSAI-E includes some narrative for each thematic area, outputs with quarterly milestones, and the activity budget, which is also part of the monitoring and evaluation system.

AFROSAI-E's operational planning process is summarised in the illustrations below:



The four aspects of processing are the following:

Consolidation: Combining all AFROSAI-E activities into the operational plan. This is done to manage expectations and centralise performance management and monitoring, while promoting a common and shared language.
Example: Annual activities, commitments to donors and other stakeholders, capacity development needs

Integration: Holding a regional workshop to ensure a common understanding of basic principles of other disciplines.
Example: Generic material to be presented by the course trainers (not subject-matter specific)

Collaboration: Conducting a workshop or other activity that is designed with a specific objective.
Example: Financial Audit Manual/Compliance Audit Manual and report writing, gender workshops, and synergies with regional, national programs, resources, and technical partners.

Coordination: Ensuring support from different work divisions to inspire cross-regional unity of action.
Example: Participation of all technical managers in training and developing performance reports, participation of SAI champions in SAI-specific interventions.

Allocating financial and human resources: Donor coordination

The importance of resourcing manifests clearly during the implementation stage. Ideally, every foreseen activity in the operational plan is appropriately resourced, in order to be implemented. Regional organisations' funding comes from membership fees and budget shares covered by host SAIs, development partners, and in-kind support. Ensuring the sufficiency and sustainability of this funding mix is among the key challenges for regional organisations. This implies a concentrated effort to harmonise annual operational and budget planning processes, as well as a proactive management of donor relations. It also requires a careful approach to managing scarce human resources.

Effective resource mobilisation techniques often centre around fruitful cooperation with development partners. It is noteworthy that donors are more prone to fund an organisation's strategic priorities. Therefore, donor coordination is in essence greatly aided by the region having a strong strategic management toolkit, including a well-crafted strategic plan, a costed operational plan, and solid monitoring and reporting mechanisms. In addition, some regional organisations prepare resource mobilisation strategies, based on developing a roadmap for areas with financial gaps within each of their strategic directions. Moreover, many regions indicated that it helps to have a good link between the region's own priorities and donor priorities, echoing the need for external collaboration to provide regular support to members . Close engagement with donors can also have additional effects since the region can play an advocacy and brokerage role between donors and specific SAIs.

On average, the full-time staff of regional organisations consist of 3 to 5 people. It is crucial that the organisation identify the human resource requirements for carrying out planned activities. Moreover, regional organisations require a clear understanding of the needed competencies of their staff to ensure the effective delivery of service, which can be rather diverse. The ability to mobilise and manage more in-kind support by member SAIs, for example through building ad-hoc working groups, can supplement limited internal resources. Donor support can also be helpful, for example through funding of consultants to carry out studies or other tasks that the staff of the regional body may not be able to do.

One important consideration would be to know how the organisation will ensure the continuation of its donor-funded projects once a big donor exits. A proactive and long-term resource mobilisation strategy, such as in the case of CREFIAF, can help avoid instances where core activities need to be prematurely discontinued due to lack of external funding.

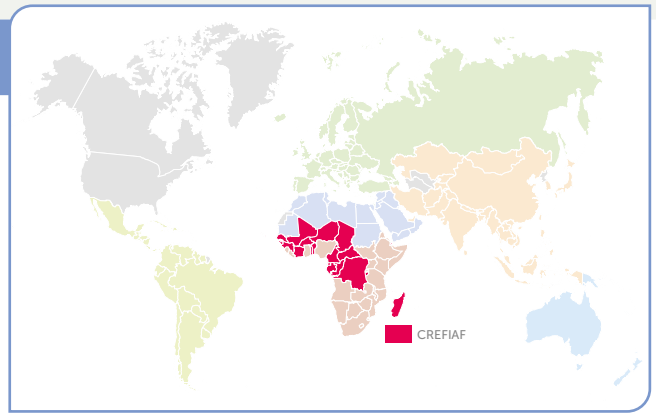
Measuring and reporting on performance

Measuring progress and reporting on performance is an inevitable element at the strategy implementation stage because that is how regional organisations demonstrate their value and contribution to the capacity-building of their member SAIs. Effective monitoring and reporting requires clear procedures, timelines, and deliverables. Regional organisations could contemplate establishing an integrated performance measurement system capturing both the strategic and operational levels, based on available capacity. A minimum requirement for a functioning measurement system is having well-defined indicators, targets, and related baselines and milestones at the outcome and output levels, as well as suitable reporting arrangements.

> FOR ACHIEVING SUSTAINABLE PERFORMANCE, REGIONAL ORGANISATIONS OUGHT TO HAVE SUFFICIENT FINANCIAL RESOURCES. THIS HIGHLY DEPENDS ON EFFECTIVE RESOURCE MOBILISATION TECHNIQUES, ONE OF THEM BEING FRUITFUL COOPERATION WITH DEVELOPMENT PARTNERS.

Case of CREFIAF:

Overcoming financial challenges



The lack of financial resources has always been a key challenge for implementing CREFIAF's strategic plan. In 2014, the regional secretariat faced a particularly worrisome situation, in which an external strategic partnerdiscontinued its support for external reasons. To address the issue, CREFIAF carried out a study on the financing strategies of its strategic plan, which enabled it to accurately assess expenses related to its functioning and the implementation of operational plans and their related costs. It also analysed the internal and external sources of funding with a particular focus on consistency and sustainability.

As a result, CREFIAF identified three financing and resource allocation modalities based on the sources of financing. Those sources include membership fees; expenses incurred by CREFIAF's member SAIs; as well as support from technical and financial partners. The three modalities between which CREFIAF had to choose were as follows:

1st modality	2nd modality	3rd modality
The operating costs of the Secretariat and the implementation of the operational plan are borne by the CREFIAF's own resources and financial support received from partners	The operating costs of the CREFIAF Secretariat and the costs of organising the General Assembly and Secretariat meetings are financed by membership dues	All expenses are covered by CREFIAF's resources (functioning of the Secretariat, Strategic Plan, General Assembly, meetings, etc.)
Host countries are responsible for organising General Assemblies and CRRI meetings	The implementation of the Operational Plan of the strategic cycle is covered by the multi-faceted support of Technical and Financial Partner	

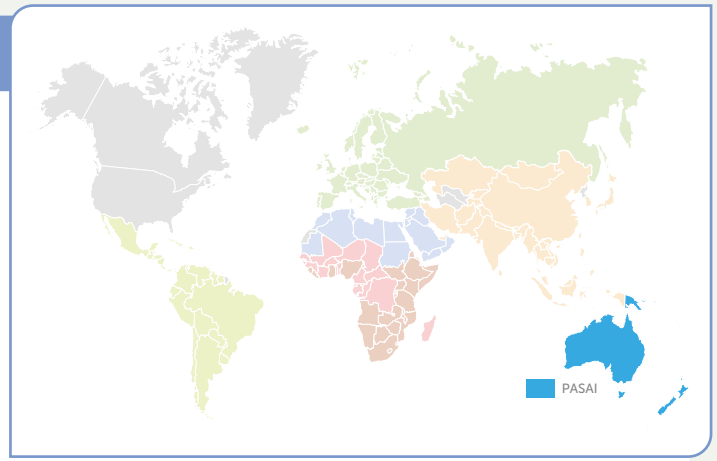
Numerous financing challenges were observed from one modality to the next. These challenges made CREFIAF to increase the rate of membership dues, to set up mechanisms which could enable CREFIAF to provide paid intellectual services to international organisations and possibly peer SAIs, and to diversify its financial partners. CREFIAF finally adopted a financing strategy that reconciles the first and second modalities.

Nature of expenditure and purposes	Sources of funding
Functioning of the CREFIAF Secretariat	Exclusively covered by membership dues
General Assembly and CREFIAF Technical Committee meetings	Burden-sharing between host SAIs and the CREFIAF Secretariat, which has a supporting partner for these activities
Implementation of the Strategic Plan	Technical and financial support from partners, through available grants and funding, or through programmes fully supported by partners in line with the strategic plan actions

Case of PASAI:

Monitoring and reporting

PASAI has its own performance framework, on which it bases its reporting. This framework outlines the high-level outcomes that the region intends to achieve, the service it is funded to deliver, and the resources it applies to achieve its goals. This approach is useful at both the strategy formulation and strategy implementation stages.



Each planned activity of PASAI is linked to a sub-objective under each of the five strategic priorities. All of the activities respond to identified SAI needs, based on SAI PMF results, PEFA assessment, or A&T study. Therefore, PASAI reports on these strategic priorities by regularly assessing its activities. The region produces various types of monitoring reports targeting specific stakeholder groups, such as:

- Quarterly and annual reports
- Reports to the Governing Board
- Statement of Service Performance
- Reports to main development partners
- Annual report to the Pacific FEMM
- Internal reports
- Report to INCOSAI
- Evaluation report for each activity and consultant performance
- PASAI is also the first INTOSAI region that prepared an SAI PMF Regional Report, combining the SAI PMF results of its 20 member SAIs

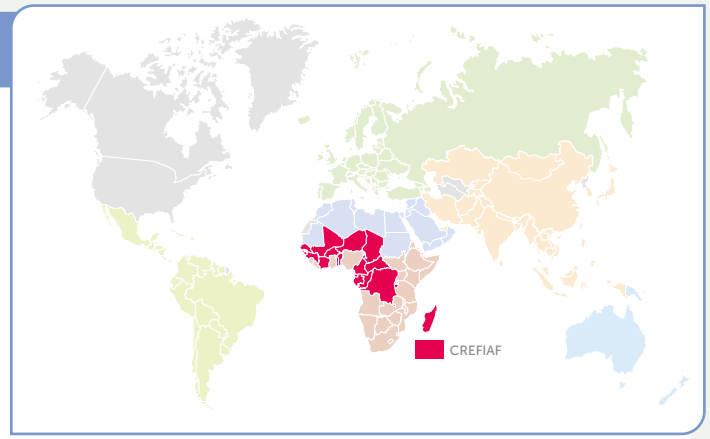
PASAI has in total 47 performance indicators; 27 indicators are reported externally, while 20 indicators are reported internally. There are different groups from within the organisation in charge of specific indicators. This way, the shared ownership over the operational plan is ensured in addition to more focused monitoring.

EACH PLANNED ACTIVITY OF PASAI IS LINKED TO A SUB-OBJECTIVE UNDER EACH OF THE FIVE STRATEGIC PRIORITIES. ALL OF THE ACTIVITIES RESPOND TO IDENTIFIED SAI NEEDS, BASED ON SAI PMF RESULTS, PEFA ASSESSMENT, OR A&T STUDY.

Case of CREFIAF:

Monitoring and reporting

CREFIAF is another region that has a well-established monitoring and reporting procedure. The region produces various performance reports at the operational as well as strategic levels.



Once the region has a final operation plan, it follows a three-step process:

Before the activity is started	During the activity	After the activity
Preparing for the activity and developing the terms of reference – **involvement of a quality control body**	Reporting on the status of the activity starts: 1. Activity reports 2. Evaluation sheets	Once the activity is completed, the following reports are prepared: 1. Summary report (operational level) 2. Annual report (operational and strategy levels) 3. Assessment report (strategy level) 4. Performance report (strategy level) **Performance reports are approved by the general assembly/executive board**

To sum up, the formats of operational plans may vary from organisation to organisation, but there are some key characteristics that apply to all operational plans, such as:

- **Linked to strategy:** An operational plan describes what portion of the strategic plan will be operationalised during a given financial year.
- **Holistic or aligned:** Regional organisations may have diversified functions, including working groups and other sub-bodies, with a separate set of activities. In such cases, it is critical that all planned activities are either aggregated in one operational plan or aligned with each other. Otherwise, the monitoring process may become rather challenging and chaotic.
- **Linked to budget and human resources:** Budget and staff considerations are crucial to ensure that an operational plan is realistic and leads to sustainable results.
- **Clear and specific:** Activity descriptions clearly state what is required, leaving no room for subjective interpretations. A common and specific language promotes a shared understanding and an increase in accountability.

- **Flexible and iterative:** While an operational plan is supposed to be clear and specific, it should not have an overwhelming number of details attached to each activity, which can make it challenging to allow for any adjustments and flexibility. An operational plan is not a set-in-stone document, because it will and should undergo some changes and adjustments considering the ever-changing environments; thus, operational plans are reviewed and updated regularly.

- **Easy to monitor:** If all the elements above hold true, then it becomes easier to monitor and assess the operational plan. The right level of detail, measurable indicators, specific timeframes, and responsibility allocations are minimum requirements to make an operational plan monitorable. Having clear milestones and targets included in the operational plan makes it easier to monitor and assess progress.

Managing risks and performance

Risk is commonly defined as "the possibility that events will occur and affect the achievement of strategy and business objectives" or as "the effect (understood as a deviation from the expected) of uncertainty on objectives"[12]. Despite being an integral part of strategic management, risk management is often overlooked. Effective risk management practices allow for justified strategy adjustments and more robust operational plans. The IDI Strategic Management Handbook introduces risk management from both strategic planning and strategic management perspectives. According to the handbook, risk management should follow these main steps of risk identification, risk analysis, risk evaluation, and risk treatment.

The first step in risk management is to identify risks — uncertainties that can affect the strategy implementation. Risks can be identified at all levels of the regional value chain and can be affected by both internal and external factors. SWOT analysis is a good source to determine these factors.

Risk identification is usually followed by risk analysis, which entails identifying the likelihood and impact of a specific risk materialising. The latter requires that an organisation have relevant criteria to conduct such an analysis.

Risk evaluation combines the analysis of both the likelihood and the impact of the identified risks, which can help an organisation determine the level of criticality of certain risks and prioritise them accordingly. If a specific risk has a high likelihood of being materialised as well as high impact, then it will be categorised as a risk with high criticality. Once risks are evaluated and prioritised, then an organisation will identify the ways to reduce, transfer, terminate, or accept these risks.

For instance, one risk of a regional organisation can be the exit of its biggest donor, which can have a significant impact. Effective risk management would ensure that the organisation has the plan to minimise the negative effect of this risk materialising. However, before allocating resources to cope with this potential risk, an organisation should determine how likely it is for this risk to come true and come up with the most effective approach considering existing resources.

Political, socio-economic, or environmental instabilities at the regional level, or a region not being perceived as relevant by external stakeholders, can be considered external risks of a regional organisation, which can have a rather significant impact on a region's performance.

12 COSO Enterprise Risk Management – Integrating with Strategy and Performance (COSO ERM Framework)

Strategy evaluation

Evaluation of the strategic plan serves two primary purposes:

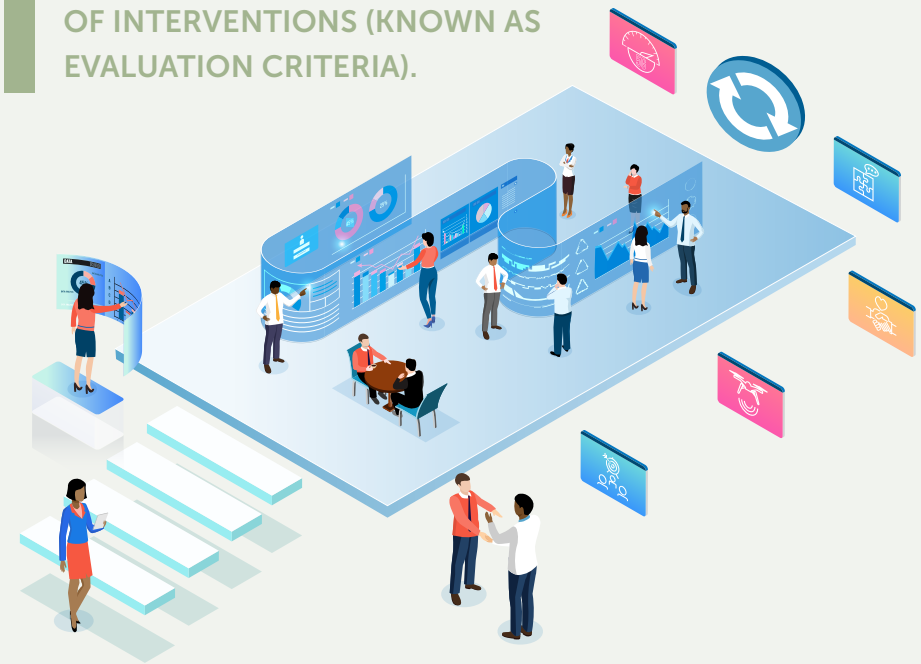
1. Learning to improve current and future policies, approaches, and operations and their results
2. Accountability for results and impact, including the provision of information to the public

Evaluations can be either independently led or internal. They seek to answer questions about the relevance, effectiveness, efficiency, impact, and sustainability of interventions (known as evaluation criteria). In addition, evaluations often address questions related to the purposes, nature, and architecture of interventions.

For example, evaluations of INTOSAI regional organisations could also answer questions about their governance, structure, and strategy to support improvements in the performance and capacity of SAIs in the region.

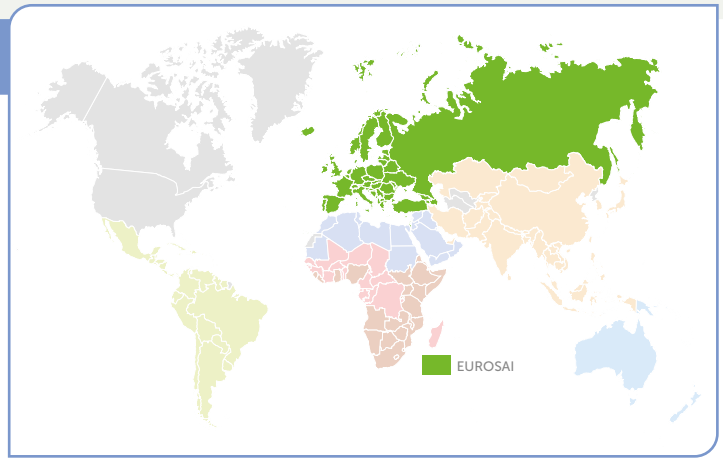
This could be timed so that the evaluation results can be fed into the development of the next strategic plan. If the strategic planning period is quite long, or if the organisation considers it appropriate in light of stakeholder expectations, a mid-term review of strategic plan implementation may also be considered. It provides an opportunity to demonstrate and review progress and consider the need for changes to the plan and implementation measures. It would not usually seek to understand the how and why of the success of the strategic plan.

EVALUATIONS CAN BE EITHER INDEPENDENTLY LED OR INTERNAL. THEY SEEK TO ANSWER QUESTIONS ABOUT THE RELEVANCE, EFFECTIVENESS, EFFICIENCY, IMPACT, AND SUSTAINABILITY OF INTERVENTIONS (KNOWN AS EVALUATION CRITERIA).



Case of EUROSAI:

Strategy evaluation: mid-term and final reviews



EUROSAI has entered its final years of the 2017-2024 Strategic Plan. EUROSAI is one of the regions which is composed of rather diverse regional bodies and actors, responsible for different processes. The following is a composition of the region:

- Congress
- Governing Board
- Presidency
- Secretariat
- Coordination team
- Co-leaders' strategic goals and governance portfolio holders
- Networks (within strategic and operational plans)
- Working groups
  - Congress -> complementing operational plan two strategic goals
- Task forces
  - Congress or Governing Board -> complementing OP two strategic goals

The structure of an organisation greatly affects its strategic management process. In EUROSAI, the Strategic Plan is coordinated in line with practical guidance for implementation, including planning, monitoring, and reporting. This process is coordinated by a coordination team.

The coordination team, therefore, communicates key performance information through annual progress reports among other EUROSAI actors, which is then used at the strategy evaluation stage. EUROSAI has its own progress reporting templates, entailing sections on cross-cutting issues, results and outcomes, overall statues, and so on.

These progress reports serve as the main source for strategy evaluation and updates. Strategy updates are proposed by strategic goal co-leaders and governance portfolio holders. Update proposals consist of a description of objectives/ outcomes and guiding principles, proposed updates, and justification. Mid-term and final reviews of the strategic plan are approved by the EUROSAI Congress. The current EUROSAI Strategic Plan is an updated version presented to XI Congress (14 April 2021) for approval. It is the result of the analysis and review of the implementation of the Plan from 2017-2021.

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