



INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —



Board of Editors

Margit Kraker, President, Rechnungshof, Austria

Karen Hogan, Auditor General, Canada

Nejib Gtari, Premier Président, Cour des Comptes, Tunisia

Gene L. Dodaro, Comptroller General, United States of America

Dr. Elvis Amoroso, Comptroller General, Venezuela

Acting President

Michael Hix (U.S.A.)

Editor

Heather Santos (U.S.A.)

Assistant Editor

Laurel Voloder (U.S.A.)

Administration and Operations

Peter Knopes (U.S.A.)

Michael Huskey (U.S.A.)

Associate Editors

AFROSAI Secretariat

ARABOSAI Secretariat

ASOSAI Secretariat

CAROSAI Secretariat

EUROSAI Secretariat

OLACEFS Secretariat

PASAI Secretariat

INTOSAI General Secretariat

Office of the Auditor General, Canada

Office of the Auditor General, Tunisia

Office of the Auditor General, Venezuela

U.S. Government Accountability Office

INTERNATIONAL JOURNAL

OF GOVERNMENT AUDITING

Spring 2021

Vol. 48, No. 2

The *International Journal of Government Auditing* is published quarterly in Arabic, English, French, German and Spanish on behalf of the International Organization of Supreme Audit Institutions (INTOSAI). The *Journal*, which is an official organ of INTOSAI, is dedicated to the advancement of government auditing procedures and techniques. Opinions and beliefs expressed are those of individual contributors and do not necessarily reflect the views or policies of the organization.

The editors invite submissions of articles, special reports, and news items, which should be sent to the editorial offices at:

U.S. Government Accountability Office

441 G Street, NW, Room 7814

Washington, D.C. 20548

U.S.A.

E-mail: intosaijournal@gao.gov

Online: <http://intosaijournal.org/our-submissions/journal-submission/>

Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies or details on audit training programs. Articles that deal primarily with theory would not be appropriate. Submission guidelines are located here.

The *Journal* is distributed electronically to INTOSAI members and other interested parties at no cost. It is available online at intosaijournal.org and intosai.org and by contacting the Journal via email at intosaijournal@gao.gov.

THIS ISSUE

- 4 Editorial
- 8 Letter from the Journal
- 9 News in Brief
- 23 Feature Stories
 - SAI Independence: Examining the Root of Contradiction in Israel*
 - SAI Vietnam Moves Toward Sustainable Independence*
- 29 Inside INTOSAI
- 37 Spotlight on Capacity Building
- 40 Spotlight on Science & Technology

FEATURE ARTICLE THEME: INDEPENDENCE

FROM AWARENESS-RAISING TO CONCRETE ACTION: IDI'S INITIATIVES TO SUPPORT SAI INDEPENDENCE



by Einar Gørrissen, Director General of the INTOSAI Development Initiative (IDI)

We all know the effects of the COVID-19 pandemic have been devastating and—the word of the year—unprecedented. Faced with the urgent need to be more agile, flexible, and transparent, Supreme Audit Institutions (SAIs) across regions have had to rethink the timing, visibility, and scope of their audit work.

This situation has complicated an already complex matter: the ability of an SAI to act independently of its government. While many SAIs have been able to hold firm and contribute effectively to accountability during the crisis, others have found their independence eroded.

This is not a new phenomenon. The INTOSAI/IDI 2017 Global SAI Stocktaking Report and other data sources have shown that even though some progress has been made in recent years on the eight pillars of SAI independence, key elements are at risk. For several SAIs, financial independence appears to be an area of concern. Legal protection from removal for SAI Heads is particularly critical in some INTOSAI regions. Many SAIs report that they face restrictions in making their reports publicly available, and legislative follow-up on recommendation needs to be strengthened.

In light of these alarming trends, we felt there was a need to do more, to move from raising awareness to tangible support for SAIs on the issue. As part of our significant upscaling of IDI's independence activities, we have expanded the independence team from one person to three and embarked on several new or strengthened initiatives in this critical area.

Building on the Solid Foundation Laid by INTOSAI and Development Partners

IDI's SAI independence support builds on the significant body of work conducted by INTOSAI and the donor community over the years. The Lima Declaration on Auditing Principles (INTOSAI P-1) and the Mexico Declaration on SAI Independence (INTOSAI P-10) both constitute a solid foundation on which all efforts related to SAI independence should be anchored. They form the backbone for United Nations General Assembly Resolutions A 66/209 and A 69/228.

Ensuring SAI independence is also a shared objective of INTOSAI and the donor community, and constitutes the first strategic goal in the INTOSAI-Donor Cooperation 2020-2030 strategy.

Taking a Bolder Approach to SAI Independence

“We first decided that more needed to be done in 2018, when we started our portfolio review and consulted our stakeholders as part of the development of our 2019-2024 strategic plan,” says Ola Hoem, Deputy Director General of IDI. “A clear message coming out of that process was a need to step up our efforts on SAI independence and align our ambition to the magnitude of the challenge and the expectations coming from different sides of the spectrum. Then we asked ourselves how we could do it.”

It was with this increasing awareness and renewed focus that IDI decided to take a more immediate and targeted approach to supporting SAI independence at the global level. What has emerged is a three-pronged approach to supporting global advocacy of SAI independence:

- Leveraging the strategic platform provided by the INTOSAI-Donor Cooperation
- Responding to emerging threats to independence
- Establishing a knowledge hub to help analyze trends and disseminate data on SAI independence

Leveraging Synergies between Development Partners and SAIs

To respond to demands from development partners to assist them in raising the awareness and building the knowledge of their in-country staff on SAI independence, IDI developed the [SAI Independence Resource Kit](#). This quick reference guide, available in all four IDI working languages (English, Arabic, French, and Spanish), helps donor staff better understand the challenges SAIs face in obtaining and safeguarding independence, and advocate effectively for SAI independence at the global, regional, and in-country levels. The kit will also be used to provide training to interested parties.

In another new initiative spearheaded by the Swiss State Secretariat for Economic Affairs (SECO), IDI—along with

other members of a task force that comprises representatives from the World Bank, SECO, the INTOSAI General Secretariat, the U.S Government Accountability Office, and the General Court of Audit of Saudi Arabia—is helping to establish an INTOSAI-Donor Cooperation Goodwill Ambassador for SAI Independence. The Ambassador will give voice to the topic of independence, raising awareness beyond the external audit community and gaining high-level policy access.

Forging new partnerships, and building on existing ones, is an important element of IDI’s strategy on independence.

"In order to be credible, effective, transparent, and fight corruption – in fact, to deliver its mandate to hold governments to account – there is no factor more important in an SAI's make-up and suite of tools than its independence."

“There is a need to firmly position SAI independence in global policy discussions on public financial management, integrity, and accountability,” says Marte Briseid, Manager on SAI Independence, who recently joined the team from the Norwegian Agency for Development Cooperation. “We have to raise awareness on the issue beyond the INTOSAI community, leveraging the vantage points and perspectives of multilateral institutions, civil society actors, and multi-stakeholder initiatives that also work to promote transparency and accountability in the public sector.”

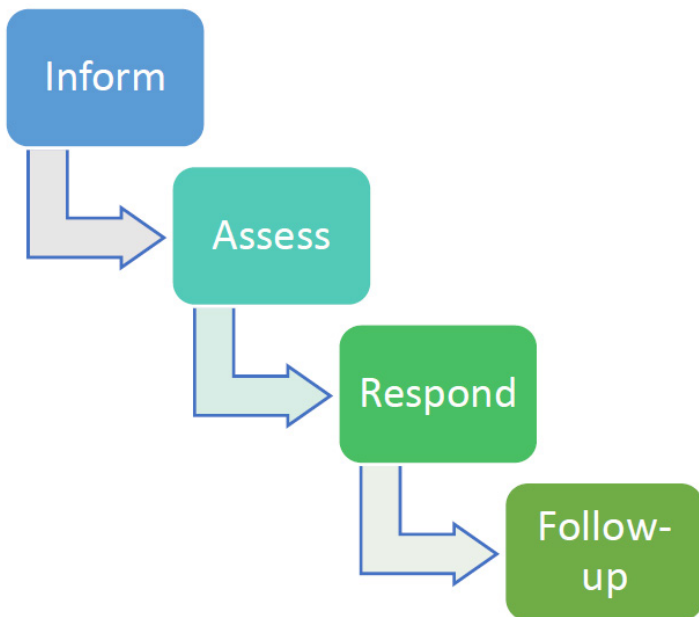
Mobilizing Rapid and Timely Advocacy Support to SAIs Facing Immediate Threats or Challenges

The second paradigm shift in our approach has been to strengthen our ability to address immediate threats and challenges to SAI independence through the [SAI Independence Rapid Advocacy Mechanism \(SIRAM\)](#).

As we know, SAI independence can be challenged in various ways. These include amendments to a country’s constitution, changes to the budget or audit law, attempts to remove the Head of the SAI, delays or interference in the appointment of the Head of the SAI, and in extreme cases, proposed abolition or downgrading of the SAI itself. Challenges can also include political appointments of Heads of SAIs and interference in or blocking of audit reports.

Structured around four stages (information-gathering, assessment, response, and follow-up), SIRAM has been set up to enable IDI, INTOSAI, development partners, and other stakeholders to collaborate on solutions that will help SAIs secure and maintain their independence.

When IDI identifies or receives a report of a threat to an SAI's independence, it conducts a preliminary review to establish that the threat is genuine. Before proceeding further, IDI must obtain the approval of the leadership of the SAI in question. Then, within 30 days of being alerted to the threat, IDI works with the SAI and stakeholders to deliver an advocacy response that is both rapid and based on a thorough assessment.



Based on the sharp increase in cases IDI has processed over the last two years and on feedback received, we believe that the overall impact of SIRAM has been positive. One response that can be taken through SIRAM—the release of statements of concern, such as those for [Cyprus](#), [Chad](#), [Ghana](#), [North Macedonia](#), and [Somalia](#)—has drawn significant attention.

However, SIRAM is much more than just the release of statements. Other potential responses include in-country missions to engage with stakeholders and support in drafting legal provisions. We are pleased that as SIRAM has matured,

development partners have become more involved in its implementation, and our ability to engage with stakeholders at the country level when processing a case has grown.

SIRAM is having a positive impact and drawing the attention of significant global actors to the need to shore up SAI independence. One lesson IDI has learned, though, is that while SIRAM is a useful advocacy tool for responding to crises as they occur, it should be accompanied by more long-term and proactive efforts to advance SAI independence across countries.

Establishing a Knowledge Hub on SAI Independence

We have developed the [SAI Independence Resource Center \(SIRC\)](#), an online knowledge hub which provides guidance and materials for SAI staff, development partners, and civil society organizations to advocate for SAI independence in the countries where they operate. The SIRC includes the Independence Resource Kit, among a variety of other support mechanisms that can be readily accessed around the world.

Freddy Yves Ndjemba, who heads IDI's independence team and was instrumental in the development of the SIRC, is enthusiastic about its ability to positively impact independence: "The SIRC will serve as an information and resource portal for all parties interested in promoting transparency and strengthening accountability in Public Financial Management. We believe that this goes far beyond SAIs, development partners, and civil society organizations, and could include parliamentarians and media."

The second phase of the knowledge hub will focus on producing and disseminating research on SAI independence. This effort includes a literature review synthesizing concepts of SAI independence from both academic and practitioner viewpoints. From preliminary findings, Ndjemba comments: "It is very interesting to see that the Lima Declaration remains the most influential tool in shaping the academic definition of the independence of SAIs. The survey of the literature also shows an evolution in the perceived role of SAIs: they have moved from being considered as purely technical entities, confirming that financial resources have been used properly, to essential actors in the accountability ecosystem."



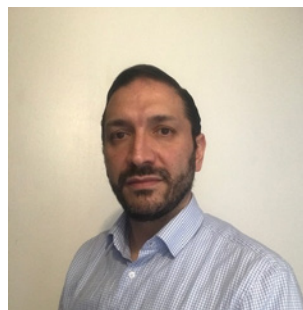
Ola Hoem
Deputy Director General
SAI Governance Department



Freddy Yves Ndjemba
Senior Manager
Independence Team



Marte Briseid
Manager
Independence Team



Benjamin Fuentes
Manager
Independence Team

IDI'S INDEPENDENCE TEAM

In the future, IDI will engage academia from different regions, along with other global partners, to examine independence from a variety of perspectives, including statistics and sociopolitical research. Using this work, we plan to create concrete advocacy tools, such as case studies related to individual SAIs' advocacy efforts. We would encourage SAIs to engage in shaping the research agenda.

The Outlook for IDI's Work on SAI Independence

The results of the 2020 Global Survey and Stocktaking Report are currently being analyzed. While this report will give us an indication of whether the challenges to SAI independence are expanding or contracting, we have already identified some directions to explore going forward.

Strengthening existing partnerships and getting new global actors on board—including those who may have less understanding of what SAI independence means and why it matters—will be a key task for IDI. Other critical goals will be to strive for greater impact at the country level and to support the INTOSAI agenda on independence.

“Strengthening SAI independence should take into consideration the contextual factors as well as international

best practices encapsulated in the Lima and Mexico Declaration,” says Benjamin Fuentes, new member of IDI's independence team. “All IDI's efforts should focus on both dimensions to become a trusted partner of SAIs when engaging on independence. Continual improvement and permanent streamlining of our activities is a direction to explore.”

The first step is to raise awareness of the benefits and real scope of the independence work stream tools and activities across all INTOSAI regions through seminars, webinars, and use of the SIRC. SAIs should not feel they are on their own when it comes to advocating for their independence or dealing with an institutional crisis.

In Conclusion

At IDI, we look forward to continuing to provide hands-on support to SAIs in their quest for independence and to raise awareness of this important issue. With INTOSAI currently developing its next Strategic Plan, we hope that promoting SAI independence will remain a key focus. As we build on the vast practical experience derived from our work on independence over the last years, we feel confident that we can continue to align with INTOSAI's efforts on this issue.



With the challenges posed by the COVID-19 pandemic, it is more important than ever that Supreme Audit Institutions (SAIs) share information and experiences, as they seek to hold governments accountable while keeping their staff safe. On behalf of the Journal staff and Board of Directors, I would like to express my best wishes to all INTOSAI colleagues and their loved ones for their health and safety during this difficult time.

Amidst these circumstances, I am pleased to announce that this year marks the 50th anniversary of the INTOSAI Journal. Thanks to the in-kind contributions and support of the INTOSAI community, the Journal serves as the primary vehicle for our community to share experiences, developments, and best practices consistent with the INTOSAI motto of “Mutual Experience Benefits All.”

The Journal was first published in 1971 as a pilot issue in English, French, and Spanish, and presented at the 7th INCOSAI in Montreal, Canada. In 1974, the Office of the Auditor General of Canada started publishing regular quarterly editions of the Journal, and since 1979, the U.S. Government Accountability Office (GAO), the SAI of the United States, has published the Journal. In 1983, the Journal added German and Arabic to its languages, extending its reach to include more regional and linguistic groups. More recently, the Journal has modernized its operations by developing an interactive website, providing in-person coverage of key INTOSAI events, and expanding its use

of social media to reach its audience. Those of us on the Journal’s board and staff look forward to many more years of keeping the INTOSAI community connected and informed.

Over the years, the efforts of the Journal’s dedicated board members—much of it behind the scenes—have been a key ingredient in its success. On that note, I would like to recognize GAO Controller and Deputy Chief Financial Officer Bill Anderson for his eight years of distinguished service as Journal board member and treasurer. Bill’s contributions have been instrumental in assuring the Journal’s finances are monitored closely and follow Generally Accepted Accounting Principles. Bill has ensured that annual Journal financial audits are conducted appropriately, safeguarded the Journal’s long-term fiscal health, and applied enhanced internal controls. I am grateful for Bill’s skillful management and stewardship of the Journal’s finances.

I would like to share several updates on the leadership and staffing of the Journal. With the departure from GAO of the Journal’s President, James-Christian Blockwood, I will serve as the Journal’s Acting President, pending selection of a new Managing Director of GAO’s Strategic Planning and External Liaison Office. I would like to acknowledge James-Christian’s numerous contributions to the Journal as President, including providing the vision and leadership for its modernization efforts and increasing its presence at INTOSAI events. On behalf of the Journal Board, I want to express our gratitude and best wishes to James-Christian as he takes on new challenges.

Finally, I would like to welcome Laurel Voloder, who has joined the Journal as its Interim Editor. She is taking over the editorial role from Heather Santos, who has assumed new responsibilities within GAO. I am confident that Laurel will continue to build upon Heather’s outstanding service to the INTOSAI community, and am deeply grateful for Heather’s extraordinary and lasting record of excellence.

Michael Hix

Director of International Relations, GAO, and Acting President, International Journal of Government Auditing

NEWS FROM SAIs AROUND THE WORLD

News from Lithuania

NEW VERSION OF LAW STRENGTHENS INDEPENDENCE OF SAI LITHUANIA



In December 2020, the Parliament of the Republic of Lithuania passed a new version of the Law on National Audit Office, establishing a legal regulation in line with current requirements for public audits. The new version of the law, which comes into effect on July 1, 2021, provides for the functional, organizational, and financial independence of the National Audit Office of Lithuania (NAOL), the country's Supreme Audit Institution (SAI). This will enable NAOL to ensure the transparency and integrity of public management, audit quality, unbiased assessments, and accountability.

The importance of SAI independence is laid out in the Lima and Mexico declarations, and is embedded in United Nations General Assembly Resolutions A/66/209 (2011) and A/69/228 (2014). In 2019, NAOL's peer review team pointed out that the existing national legal framework could affect NAOL's independence and encouraged discussions about amending the law, under which NAOL was part of the national civil service. The Secretary General of INTOSAI also supported NAOL's enhanced independence and autonomy.

The new version of the law will better enable NAOL to align its audits with the International Standards of Supreme Audit Institutions. It will introduce three audit types (compliance,

performance, and financial); mandate that NAOL report on all audit results to the Parliamentary Audit Committee; and require that NAOL submit reports on the implementation of recommendations to the Parliament and publish them. The law will also require a system for following up on audit recommendations and establish a compulsory external evaluation.

In addition, the law will enable NAOL to redefine its organizational structure in a manner that supports its activities and reflects its available resources. This new structure will enable NAOL to respond to external changes with agility, conduct audits on interdisciplinary topics, and meet audit quality requirements.

The adoption of the law is a significant milestone in the history of NAOL, whose legal regulation has not been substantially reviewed since 2002. However, NAOL has taken on additional functions over time. In 2003, NAOL was entrusted with the Audit Authority for European Union Financial Assistance, and since 2015, NAOL has monitored budget policy as an Independent Fiscal Institution.

News from Latvia



ROLANDS IRKLIS APPOINTED AUDITOR GENERAL OF THE REPUBLIC OF LATVIA

On January 14, 2021, Rolands Irklis was appointed Auditor General of the Republic of Latvia by the Saeima (Parliament of Latvia) and was sworn in to begin his four-year term on January 28, 2021.

Mr. Irklis brings rich experience from positions held in both the public and private sectors, including Latvia's Public Utilities Commission, where he served as Chair since February 2016 and as Commissioner from 2011 to 2016.

He has also acted as a sworn advocate and legal advisor at the Bank of Latvia.

His professional versatility includes service in the international arena in such assignments as Presidium Member of the Energy Regulators Regional Association, Vice-President of the Council of European Regulators Board, and Vice-Chair of the Board of the European Union Agency for the Cooperation of Energy Regulators.

Mr. Irklis earned his master's degree in 2005 from the University of Latvia, Faculty of Law, and graduated from the Executive Master of Business Administration program at the Riga Business School in 2020.

Latvia's new Auditor General looks forward to developing a constructive and forward-looking dialogue as well as sharing and implementing common ideas on auditing and public financial management issues of national and international significance.

To learn more about the Auditor General and the State Audit Office of the Republic of Latvia, visit <https://www.lrvk.gov.lv/en>.

SAI LATVIA COLLABORATES WITH INTERNAL AUDITORS ON OVERSIGHT

To ensure public sector institutions are functioning properly and at a reasonable cost, the Supreme Audit Institution (SAI) of Latvia is enhancing its collaboration with the internal auditors of these entities. The SAI is currently working directly with internal auditors from national and local government institutions on a financial and a compliance audit.

International Standard of Supreme Audit Institutions (ISSAI) 100 invites SAs to use the work of internal auditors, and Internal Standard on Auditing (ISA) 610 defines two approaches for doing so: 1) using work that internal auditors have already completed, and 2) obtaining the direct assistance of internal auditors. SAI Latvia has commonly used the first approach, but often encountered situations in which relying on completed work was impossible due to inconsistencies in the internal auditors' approach or to risks during the audited period. For that reason, SAI Latvia has begun to also use the second approach.

SAI Latvia determined that its audit of the consolidated annual financial statement of the state and local governments was an appropriate place to start, as the audit involved many public sector institutions and would benefit from the cooperation of their internal auditors. Moreover, the audit would provide an opportunity to engage internal auditors across institutions in discussions about the audit's progress and the best ways to address challenges.

Over the course of this ongoing audit, SAI Latvia has divided up responsibilities with the internal auditors. SAI Latvia is to develop an understanding of the audited area, perform a risk assessment, elaborate an audit approach, manage the methodologies used, ensure quality control, and summarize the results of the work of internal auditors in the audit report. Internal auditors are to perform audit procedures and prepare reports describing their results and providing recommendations to address identified deficiencies.

The work of internal auditors has significantly contributed to the following areas:

- Administration of state fees
- Research expenditures
- Examination of how to improve the drafting process of the consolidated annual financial statement

Collaborating on audits benefits both internal auditors and the SAI (see figure). For example, during the COVID-19 pandemic, internal auditors may be better able to obtain evidence—such as accounting data—than SAI auditors.



SAI Latvia is also currently working with internal auditors to assess local governments' compliance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, and with the International and Latvian National Sanctions Law. Internal auditors from 15 local governments are auditing these entities' risk assessments and internal control systems.

News from Bhutan



NEW AUDITOR GENERAL APPOINTED TO BHUTAN'S ROYAL AUDIT AUTHORITY

His Majesty Jigme Khesar Namgyel Wangchuck, the King of Bhutan, appointed Dasho Tashi as the new Auditor General

of the Royal Audit Authority—the Supreme Audit Institution (SAI) of Bhutan—on October 14, 2020. Dasho Tashi is the third Auditor General appointed under the Constitution of the Kingdom of Bhutan.

The Auditor General of the Royal Audit Authority is selected by the King from a list of eminent persons recommended jointly by the Prime Minister, the Chief Justice of Bhutan, the Speaker of the National Assembly, the Chairperson of the National Council, and the Leader of the Opposition Party.

Mr. Tashi started his career in 1994 as a Trainee Officer in the Royal Audit Authority and has held various significant posts in the organization, where he was instrumental in establishing the foundations for performance auditing. Prior to his appointment as Auditor General, he also served as Deputy Chamberlain to His Majesty the King of Bhutan from July 2009 to October 2020.

Mr. Tashi has an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants in London and is a certified INTOSAI/INTOSAI Development Initiative Training Specialist.

News from Azerbaijan

VUGAR GULMAMMADOV RE-APPOINTED CHAIRMAN OF SAI AZERBAIJAN



On December 11, 2020, the Parliament of the Republic of Azerbaijan appointed Vugar Gulmammadov to a second seven-year term as Chairman of the Chamber of Accounts, the country's Supreme Audit Institution (SAI).

Mr. Gulmammadov, who has been with SAI Azerbaijan for almost 14 years, has extensive public sector audit experience.

During Mr. Gulmammadov's first Chairmanship, SAI Azerbaijan took steps to strengthen its mandate and adopt the new Law on the Chamber of Accounts, which brings its audit activities more in line with international standards. Mr. Gulmammadov was awarded the Medal for Distinguished Public Service by the President of the Republic of Azerbaijan at the time of SAI Azerbaijan's 10th anniversary.

In addition, the Parliament appointed a new Deputy Chairman and three Auditors to the Chamber of Accounts. (According to law, the Chairman, Deputy Chairman, and five Auditors are the Members of the Chamber of Accounts.) Each of these individuals has ample professional experience to support the continuous development of SAI Azerbaijan.

News from Belarus

VASILY GERASIMOV APPOINTED HEAD OF SAI BELARUS

On January 26, 2021, Vasily Gerasimov was appointed Chairman of the State Control Committee, the Supreme Audit Institution (SAI) of the Republic of Belarus, by the decree of the President.

Mr. Gerasimov indicated that the State Control Committee would focus on ensuring the efficient expenditure of budget funds and compliance with budget legislation, and on monitoring the use of state property. SAI Belarus' priorities will include assessing the reserves in the country's economy, reviewing construction projects that have exceeded their timeframes, and using modern digital technologies.

Mr. Gerasimov was born in 1975 and has been working in the State Control Committee since 2003, except for 2016 to 2017, when he served as the President's Aide-Inspector for the Brest region. Previously, Mr. Gerasimov was Deputy Chairman, First Deputy Chairman, and Acting Chairman of the State Control Committee.



News from Egypt

SAI EGYPT HOSTS CORRUPTION AND MONEY LAUNDERING WORKING GROUP MEETING

The Accountability State Authority (ASA) of Egypt, headed by ASA President and Working Group on Fight Against Corruption and Money Laundering (WGFACML) Chair Hesham Badawy, virtually hosted the 14th WGFACML meeting on November 24, 2020, with the participation of 24 working group member Supreme Audit Institutions (SAIs).

During the meeting, the working group's Secretariat presented the activities it had performed throughout the previous year, and the SAIs of Ecuador, the United States, Austria, and Brazil presented on topics such as standards for the control of public funds and stolen assets recovery.

The working group also approved a new Work Plan for 2020-2022, which includes collaborating with SAIs to finalize a set of professional pronouncements aimed at strengthening the INTOSAI Framework of Professional Pronouncements (IFPP).

The working group welcomed the SAIs of France, Philippines, and Ukraine as new members, bringing the number of SAI members to 34. The working group members selected SAI Thailand to host the 15th WGFACML meeting in 2021.

SAI EGYPT HOSTS SDG TRAINING

On March 22-25, 2021, the ASA of Egypt, in cooperation with the Arab Organization for Supreme Audit Institutions (ARABOSAI), hosted the first virtual training event about "Indicators and Standards of the Sustainable Development Goals (SDGs) Audit from an Environmental Perspective." Participants included 16 ARABOSAI member SAIs and expert speakers from the Egyptian Environmental Affairs Agency, affiliated with Egypt's Ministry of Environment.

The training covered environmental topics related to the SDGs and INTOSAI standards, as well as the INTOSAI Development Initiative's SDGs Audit Model (ISAM), which provides guidance for conducting audits of SDG implementation. Each SAI delegation also presented a case study to share their own experiences.

News from Hungary



SAO HUNGARY HOLDS INTERNATIONAL INTEGRITY SEMINAR

From February 11-26, 2021, SAO held its 8th International Integrity Seminar. Approximately 90 participants from SAIs in nearly 40 countries—the largest number of participants so far—attended the two-week-long knowledge-sharing event. The aim of the masterclass, which was held online due to the COVID-19 pandemic, was to foster a culture of integrity and transparency within government entities through the sharing of both domestic and international best practices. The seminar focused on the potential use of artificial intelligence to prevent corruption, as well as on the scientific requirements for reliably measuring corruption.

The opening conference began with a video message from SAO President László Domokos, in which he discussed the organization's role in disseminating a culture of integrity



and emphasized the heightened importance of preventing corruption during the current crisis. Since the outbreak of the pandemic, the majority of SAO's audits have focused on assessing the integrity of public sector organizations. President Domokos also pointed to the legal requirements for public sector organizations, including defining ethical principles, developing integrated risk management, and using digitization tools. The seminar's opening conference was followed by an e-course and live workshop, each of which lasted a week.

SAO HUNGARY SUPPORTS MUNICIPALITIES IN INTEGRITY EFFORTS

For the first time, Hungary's State Audit Office (SAO), the country's Supreme Audit Institution (SAI), assessed the integrity of all local governments and offices, their protections against corruption, and their regulatory environments. This comprehensive assessment, which involved 3,197 municipalities and 1,284 local municipal offices, encouraged compliance with regulations and facilitated more efficient performance during the COVID-19 pandemic. SAO rated municipalities on their risk of corruption, with 1 representing the highest and 5 the lowest risk.

SAO President László Domokos sent a letter communicating the results of the assessment to the leader of each municipality. He advised municipalities that received a rating of less than 5 of ways in which they could improve their transparency and accountability in the use of public funds. He also described the risks posed by the lack of compliance with regulations and encouraged local leaders to address these issues.

International organizations like the United Nations and the Organization for Economic Cooperation and Development, as well as SAO, have found that the COVID-19 pandemic has heightened the risk of corruption and of non-compliance with regulations. This means that SAO's assessment is providing support to municipalities and their leaders when it is most needed.

News from Brazil

NEW ADMINISTRATION STRESSES GENDER EQUALITY AT SAI BRAZIL

In January 2021, Minister Ana Arraes took over as President of the Federal Court of Accounts of Brazil, the country's Supreme Audit Institution (SAI). She is only the second woman to occupy this position; before her, Minister Elvira Lordello Castelo Branco led the organization in 1994. As head of SAI Brazil, Minister Arraes' priority is to establish policies that promote social and economic inclusion, quality education, and good health for all, in accordance with the organization's constitutional role.

Internally, Minister Arraes is seeking to "walk the talk" by taking concrete steps toward the ambitious Sustainable Development Goal of gender equality and empowering all women and girls. Under her management, women—who currently comprise around 27 percent of permanent staff at SAI Brazil—are encouraged to take on more leadership positions. SAI Brazil's workforce equality and inclusion efforts have increased the percentage of women in management to 32 percent, from only 13 percent in December 2020. Minister Arraes aims for women to occupy half of all leadership positions.

Minister Arraes and SAI Brazil Vice President Bruno Dantas are also developing policies and strategies to promote gender equality in the organization, and planning campaigns to raise public awareness of the positive effects of diversity in its different forms. In addition, they are working on a policy to combat sexual harassment in public administration; as part of that effort, SAI Brazil has created an anonymous channel for reporting

harassment. These important steps aim to ensure SAI Brazil benefits from the capabilities of all of its workforce and leads by example.

SAI BRAZIL LAUNCHES INFORMATION PANEL FOR SUPREME AUDIT INSTITUTIONS

The Federal Court of Accounts of Brazil has launched the Information Panel for Supreme Audit Institutions (InfoSAI), whose purpose is to consolidate information and data from INTOSAI's 195 SAIs. InfoSAI contains information about the structure, operations, leadership, and mandates of SAIs, as well as their external control of government accounts and types of audits performed.

InfoSAI currently includes information about 87 SAIs, with information in Portuguese, Spanish, and English. To gather information for the panel, SAI Brazil reviewed the websites of SAIs and the legislation of their countries. InfoSAI is accessible to the public on the [International Relations](#) page of SAI Brazil's website. SAI Brazil invites all SAIs to use InfoSAI and send feedback on how it could be improved to serint@tcu.gov.br.

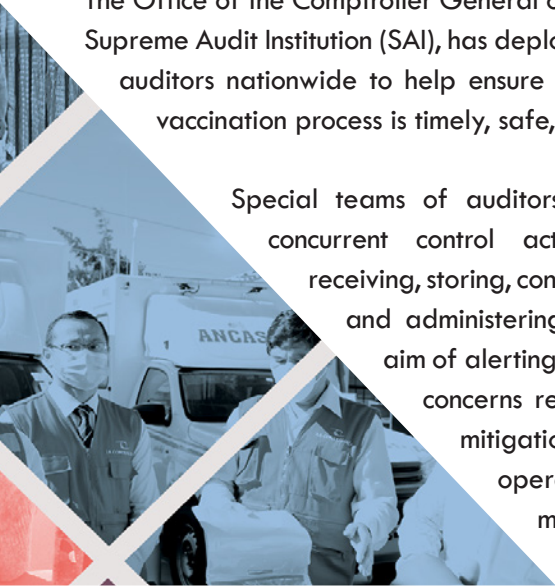


News from Peru

SAI PERU MONITORS THE COVID-19 VACCINATION PROCESS

The Office of the Comptroller General of Peru, the country's Supreme Audit Institution (SAI), has deployed more than 500 auditors nationwide to help ensure that the COVID-19 vaccination process is timely, safe, and effective.

Special teams of auditors are carrying out concurrent control activities related to receiving, storing, conserving, distributing, and administering vaccines, with the aim of alerting public managers of concerns requiring immediate mitigation. As part of this operation, which spans multiple institutions and sectors, SAI



Peru has monitored the arrival of vaccines at warehouses and the administration of vaccines at selected sites.

As of March 10, 2021, SAI Peru had issued 263 reports on the vaccination process, with a total of 572 control activities planned. In addition, SAI Peru plans to conduct ex-post control activities, including compliance audits of vaccine procurement contracts. In the first half of February, SAI Peru began to gather information on the first procurement of 1 million vaccines.

The aim of these activities is to improve decision-making by the public entities involved in the immunization process, with the ultimate goal of delivering vaccines to the greatest number of people in the shortest possible time.

For more information about the concurrent control model, see <http://bit.ly/SAIPeruConcurrentControl>.

News from Myanmar

SAI MYANMAR ENHANCES IT SECTOR

The government of Myanmar has taken important steps toward achieving its vision of digital transformation, including developing a Digital Economy Roadmap (2019), e-Government Master Plan (2016-2020), and Framework for Economic and Social Reform (FESR) (2012-2015). The government is also developing critical enabling legislation on cybersecurity and digital documents, signatures, and payments.

The Office of the Auditor General of the Union (OAG)—the Supreme Audit Institution (SAI) of Myanmar—is contributing to these efforts and has taken steps to enhance its own information technology (IT) infrastructure and training. Some government ministries, including OAG, have installed mini data centers for housing critical applications and data, with financing from the World Bank. OAG is also involved in the process of forming an e-Government system, to more efficiently and effectively deliver government services.

In addition, OAG has developed its own IT Strategic Plan and established an Information and Communication Technology (ICT) Unit, with a national IT expert. To improve business processes, OAG has installed firewalls and access switches for security, a Virtual Private Network (VPN) and software-defined wide-area network (SD-WAN) for interconnectivity between the head office and branch offices, and SharePoint for internal communication.

OAG has also formed a team to maintain the mini data center and developed a strategic roadmap for the ICT Unit that includes email security, Zero-Trust Security, and a data center recovery site.

To strengthen staff's IT skills, OAG has introduced lab-based training on topics including Microsoft Excel and Access, data analysis software, and the IT network. OAG will continue to enhance staff capacity through in-house and international auditing trainings, computer-aided audit tools (CAATs), and an Audit Management System.

News from Guatemala



SAI GUATEMALA DECLARES 2021 THE YEAR OF ETHICS AND PROBITY

The General Comptroller of Accounts, the Supreme Audit Institution (SAI) of Guatemala, has declared 2021 the Year of Ethics and Probity, in accordance with the Institutional Code of Ethics, which seeks to eliminate corruption from public service. This year marks the bicentennial of independence for Guatemala and Central America, and the 76th anniversary of SAI Guatemala.

The year has also been marked by the COVID-19 pandemic and natural disasters due to climate change. Given these challenges, and the country's commitment to work toward achievement of the Sustainable Development Goals, it is more important than ever that government entities make decisions about public spending with absolute transparency and accountability. Doing so will ultimately bolster the rule of law and participatory democracy. However, annual indicators show that improvement is still needed in this area.

His Eminence Álvaro Cardenal Ramazzini, Bishop of the Diocese of Huehuetenango, and Dr. Rebeca Arias, Resident Coordinator of the United Nations Development Programme of

Guatemala, along with members of the diplomatic community, public officials, and other stakeholders, participated in the declaration.



News from Algeria



COA PUBLISHES 2020 ANNUAL REPORT

In December 2020, the Algerian Court of Accounts (COA) published its 2020 annual report, which includes the main findings, observations, and assessments resulting from the Supreme Audit Institution's (SAI) investigative work. The report also includes COA's recommendations and responses from officials, legal representatives, and supervisory authorities. The report is available in [Arabic](#) and [French](#).

COA PRESENTS EVALUATION REPORT ON IMPLEMENTATION OF 2018 STATE BUDGET

On Dec. 14, 2020, COA President Abdelkader Benmarouf presented the SAI's report on the implementation of the 2018 State Budget to Parliament's Budget and Finance Committee. The report is available in [Arabic](#) and [French](#).

COA CHAIRS MEETINGS OF AFRICAN UNION BOARD OF EXTERNAL AUDITORS

Mr. Abdelkader Benmarouf, COA President and Chairman of the African Union Board of External Auditors, chaired meetings of the Board by videoconference on Feb. 9, 23, and 24, 2021. During these meetings, the Board approved the fiscal year 2019 financial statements of the African Union

Commission and six of its organs: the African Parliament, the New Partnership for Africa's Development, the African Court on Human and Peoples' Rights, the African Commission on Human and Peoples' Rights, the Office of the Anti-Corruption Commission, and the African Peer Review Mechanism.

At these meetings, the Board also approved the rules of procedure of the Board and its Audit Operations Committee, elected the Chairman of the Board, and adopted the Audit Operations Committee's audit strategy.

COA CONTRIBUTES TO HIGH-LEVEL EVENTS, REGIONAL AND INTERNATIONAL WEBINARS

A COA delegation chaired by Mr. Abdelkader Benmarouf, COA President, contributed in January 2021 to the webinar on "The Dialogue of SAI Leaders and Stakeholders," held by the INTOSAI Development Initiative (IDI) and the Arab Organization of Supreme Audit Institutions (ARABOSAI). This webinar presented the joint IDI and ARABOSAI initiative on auditing transparency, accountability, and inclusiveness in the use of emergency funds allocated to the COVID-19 crisis. From December 2020 to March 2021, COA also:

- Contributed to the first meeting of the task force for developing the ARABOSAI Strategic Plan 2023-2028.



- Joined a series of webinars on “Cooperative Audit of Resilient and Robust National Public Health Systems Linked to the Sustainable Development Goal (SDG) 3,” presented by IDI, the INTOSAI Knowledge Sharing Committee, and ARABOSAI. COA also participated in a virtual event held by ARABOSAI on “Auditing the SDGs.”
- Participated in a virtual workshop on “SAI-Donor Relations” held by IDI and ARABOSAI.
- Participated in the 20th meeting of the INTOSAI Working Group on Environmental Auditing (WGEA), which focused on circular economy.
- Contributed to a virtual conference on “Big Data and its Impact on Audit Report,” held by the National Audit Chamber of the Republic of Sudan and ARABOSAI.
- Participated in a workshop on biodiversity conservation and geoinformatics, held by SAI India in collaboration with the International Center for Environment Audit and Sustainable Development (iCED) and WGEA.
- Contributed to the first practical workshop held by SAI Hungary and a group of experts from INTOSAI and the UN Office on Drugs and Crime (UNODC), during the 8th International Integrity Seminar.

News from Turkey

SAI TURKEY PROVIDES TRAINING TO BUILD CAPACITY OF PUBLIC ENTITIES

The Turkish Court of Audit (TCA) provides trainings not only to its own staff and international stakeholders, but also to employees of the public entities it audits, in accordance with international standards, TCA's Strategic Plan (2019-2023), and its communication strategy. These trainings have enhanced the ability of public employees to carry out their duties efficiently and effectively.

To determine the training needs of auditees' employees, TCA analyzes their annual requests as well as the issues it has identified in audits. In recent years, TCA has paid special attention to institutional risk management, internal controls, and strategic management issues during its audits. TCA has conducted trainings for the following three types of public employees:

Municipal Employees. TCA provides extensive trainings to municipal managers, technical and administrative personnel, and other staff, in accordance with the cooperation protocol between TCA and the Union of Municipalities of Turkey. The aim of these trainings is to ensure that public resources are

used effectively, efficiently, and in accordance with the law. TCA has organized 22 different online trainings for more than 25,000 municipal employees on subjects such as the Public Financial Management and Control Law, TCA Law, Bidding Legislation, and Municipal Accounting. The first group of trainings took place from Nov. 2020 through Feb. 2021. TCA shares the trainings through its YouTube account.

University Employees. Since late 2017, TCA has organized trainings for approximately 1,615 participants from 103 universities on topics such as Public Financial Management and Control Law, Public Procurement Legislation, Per Diem Legislation, Revolving Fund Entities and Social Facilities, and TCA's Audit Findings. These trainings offer participants a chance to discuss common problems and develop solutions.

Employees of Other Public Administrations. TCA has also organized trainings for employees of other public entities on subjects that fall within TCA's scope, such as Institutional Risk Management, Public Loss and Liability, Bidding Legislation, Progress Payment Preparation, Legal Remedies and Execution of Writs in the TCA Trials, Geographic Information Systems Applications and their Use in Auditing, and State Property Protection and Saving Measures.

News from France



FRENCH COUR DES COMPTES DEVELOPS NEW STRATEGIC PLAN

Soon after his appointment in June 2020 as First President of the Cour des comptes, France’s Supreme Audit Institution (SAI), Pierre Moscovici identified the need for a new strategic plan that would define the SAI’s priorities for the next five years, enhance its impact on citizens’ lives, and boost its international contributions. SAI France values knowledge sharing among members of the public sector audit community and hopes that the methodology and results of its strategic review will be helpful for other SAIs.

Transparency and participation were key elements in the preparation of the strategic plan, called “Financial Jurisdictions 2025 (JF2025).” Mr. Moscovici launched the process in July 2020 with a questionnaire to staff soliciting

their ideas for improving the SAI’s work and strengthening its impact, with more than 1,200 of 1,500 staff responding.

In September 2020, the development of JF2025 continued, with a steering committee; an advisory group of senior and former colleagues; eight working groups; 72 participants drawn from SAI staff, including junior and senior auditors and administrative staff; and six exchange sessions with the presidents of the six chambers of the SAI and the 17 Regional and Territorial Chambers of Accounts (RTCAs). As part of this considerable effort, SAI France published 11 newsletters and 16 position papers, and held seven workshops in which participants provided feedback from brainstorming sessions.

This work would have been incomplete without the input of external stakeholders. Therefore, SAI France consulted nearly 2,500 auditees by means of questionnaires and interviewed more than 200 of them during workshops, as well as members of Parliament, local elected representatives, association leaders, public decision-makers, and journalists. Finally, SAI France’s UK counterpart, the National Audit Office, conducted a peer review from September through December 2020 that strengthened the final product.

Mr. Moscovici presented the strategic plan to the President of the Republic, the Prime Minister, and the press in February 2021. The implementation of the plan will focus on fundamental issues related to resources.

JF2025 lays out three strategic goals, which together comprise 40 key actions for the months and years to come:

Better Serve Citizens through More Diversified, Timely, and Accessible Reports

SAI France currently enjoys the trust of more than 70 percent of French citizens, and over the past year, public engagement with its website and social media networks has increased by 24 percent and 21 percent, respectively. However, SAI France has identified ways to make its links with citizens even stronger, such as by:

- Providing an online platform for citizens to suggest topics for audits.
- Expanding access to the SAI's work, only about 60 percent of which is currently available online. The ongoing crisis underscores the need for the SAI to widely disseminate its messages in more interactive formats.
- Incorporating more efficient audit methods and developing so-called "flash" audits, which provide timely analyses of financial data and costs of public policies.

Strengthen and Update SAI France's Business

SAI France, as a court, needs to maintain its jurisdictional structure to hold public managers personally liable for their mishandling of public funds. But it also must shift toward a simpler, more accountable system better suited to the management challenges of the 21st century, with the SAI and RTCAs serving as a unified judge of public managers. Also, as the Constitution highlights, SAI France should become the primary evaluator of economic, social, and environmental public policies in the country. The RTCAs should also contribute to this evaluation, and regional leaders should be entitled to request them to carry out evaluations of public policies.

In addition, SAI France can make its audits more useful, impactful, and targeted by more frequently using a risk-based approach and adhering to best practices for conducting audits. For example, audits should be more encouraging than penalizing, while not neglecting irregularities, mismanagement, and other concerns. SAI France has made real progress integrating European and international dimensions into its work, but it can go even further in prioritizing these issues.

Promote More Integrated and Agile Governance

SAI France, which is dedicated to the State and to national issues and policies, and the RTCAs, which are dedicated to the regions and territories, are two sides of the same coin and need to function in a more integrated manner. The

governance and strategic planning committees of SAI France and the RTCAs need to work more closely together, and their audit planning will benefit from better coordination.

Together, SAI France and the RTCAs have characteristics—such as a broad perspective, and both independence from and proximity to decision-makers at all levels—that uniquely qualify them to judge, audit, evaluate, and advise. These assets will be key to transformations in the years to come.

The strategic plan, with its three overarching goals and short- and long-term initiatives, provides a roadmap for SAI France's efforts through 2025. To learn more, please refer to the plan in either [French](#) or [English](#).



JF2025

**Building together the future of
financial jurisdictions**

News from the United States



Audit



2021 GAO International Webinar Series

GAO HOSTS WEBINAR ON "REAL-TIME AUDITING"

On April 7, 2021, the U.S. Government Accountability Office (GAO), the Supreme Audit Institution (SAI) of the United States, held the first in a series of free international webinars to promote knowledge sharing and address emerging issues the INTOSAI community is facing during the pandemic. More information about the webinar series can be found [here](#).

The topic of the first webinar was the challenges and lessons learned in conducting real-time audits of COVID-19 activities. The webinar featured Pamela Monroe Ellis, Auditor General of Jamaica; Nicole Clowers, Managing Director of GAO's Health Care team; and Archana Shirsat, Deputy Director General at the INTOSAI Development Initiative (IDI). Michael Hix, International Relations Director at GAO, moderated the conversation, which attracted more than 130 attendees.

The panelists underscored the critical role that real-time auditing—i.e., conducting audits at the same time that government entities are implementing programs—plays in providing oversight during crises like the pandemic. With governments undertaking major recovery efforts, SAIs need to be agile and attuned to the rapidly evolving situation. Ms. Monroe Ellis emphasized that it is far less costly to prevent problems than to correct them later; for example, through real-time auditing, SAI Jamaica was able to prevent \$245 million in payments to persons not entitled to COVID benefits.

The panelists lauded the diverse actions SAIs have taken to respond to the pandemic, but noted that many SAIs have faced challenges in conducting real-time audits. These challenges include poor quality data, limited technology and staff capacity, and questions related to whether SAIs have the mandate to carry out this kind of oversight.

With more crises sure to come in the future, the panelists urged SAIs to shift into more of a foresight role. They described a number of steps SAIs can take to prepare in advance, so that they are poised to respond effectively when a crisis hits.

For example, SAIs can improve their business processes and technology, and ensure their staff have a mix of competencies and skills, including deep program knowledge and strong interpersonal and communications skills. It is also critical that SAIs have the independence necessary to conduct this work.



Some of these steps may be out of reach for SAIs that have limited capacity or face ongoing security challenges. However, Ms. Shirsat emphasized that in times of crisis, SAIs can do impactful, innovative work even within significant constraints. She advised that SAIs reflect on the nature of the work they wish to conduct, break it into manageable pieces, and foster stakeholder coalitions.

Ms. Clowers highlighted the importance of reaching out to stakeholders early when conducting real-time audits. Clearly communicating expectations and priorities helps ensure agencies build accountability and transparency into their programs from the start.

The panelists agreed that knowledge sharing and capacity building is key to helping members of the INTOSAI community prepare for and respond to crises. Ms. Shirsat also described a new [IDI initiative](#) that provides support to SAIs as they exercise oversight of COVID-19 activities.

SAI INDEPENDENCE: EXAMINING THE ROOT OF CONTRADICTION IN ISRAEL

by Dr. Amir Seri, Commissioner of State Audit, Service, Marketing and Regulation Group, Israel Electric Cooperation, and Lecturer at Bar Ilan University-Israel

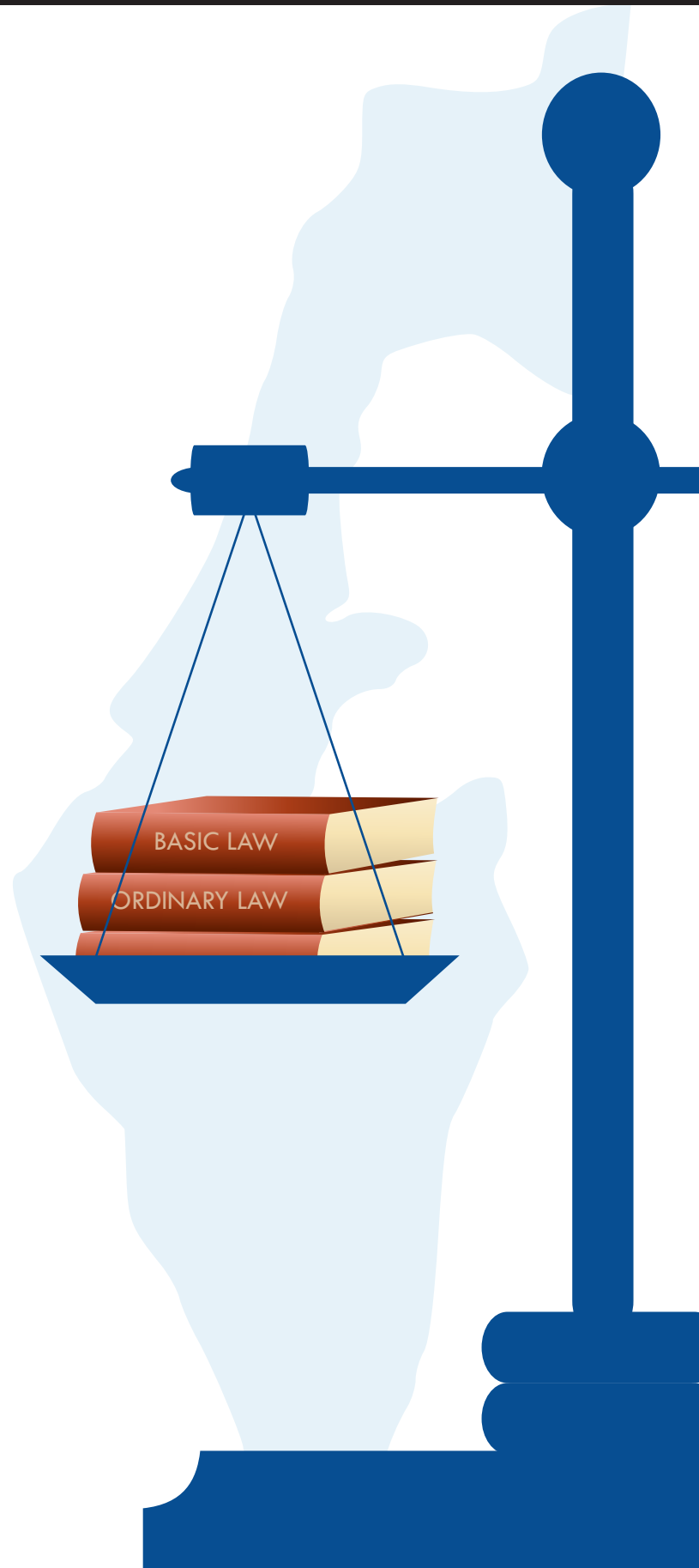
Introduction

In a 1995 case against Israel's State Comptroller, the Israeli Supreme Court stated in its ruling that the "Comptroller has no discretion as to whether it should commit itself to the task of preparing an opinion as required of it; it is a mandatory obligation," and directed the Comptroller to render an opinion on the required subjects.

Nearly a quarter of a century later, the Comptroller's office, the nation's Supreme Audit Institution (SAI), once again faced similar allegations. Two articles published in a December 2018 Israeli newspaper cited Comptroller misconduct by failing to issue 40 percent of the opinions requested—in purported violation of Israeli law and contrary to the Supreme Court's 1995 ruling.

In response, the Comptroller pointed to discrepancies in legal provisions, particularly those regarding independence, a key pillar of impartiality, objectivity, integrity, and credibility.

This article explores SAI independence by investigating the root of the contradiction in Israel, discussing national and international accord as a constitutional principle, identifying potential risks, and offering a worldwide comparison.



Root of the Contradiction in Israel

Israel's constitution is considered to be comprised of chapters established by 11 Basic Laws, one of which relates to the State Comptroller. Hierarchically, basic laws exceed the status of ordinary laws.

State Comptroller Ordinary Law holds that the Comptroller must prepare an opinion on any matter within the scope of duties if so requested by the Knesset (Israel's unicameral national legislature), State Audit Committee, or Government. However, State Comptroller Basic Law notes, in fulfilling the Comptroller role, the Comptroller bears responsibility solely toward the Knesset and is independent of the government.

These statements create a contradiction—if the SAI is obliged (per Ordinary Law) to prepare an opinion, it ostensibly violates the principle of independence (per Basic Law).

A Constitutional Principle

"The value of independence of the State Comptroller has become, due to its enshrining in Basic Law, a constitutional principle," argues Miriam Ben-Porat, former Israeli Supreme Court Executive Vice President and former State Comptroller of Israel.

In her book, "State Comptroller Basic Law," Ben-Porat affirms independence has been established as a constitutional principle by the very words of the Knesset, which maintains the SAI be regarded as the "Audit Authority"—a fourth authority operating alongside the judiciary, legislative, and executive.

Ben-Porat suggests Israeli State Comptroller legal language is contradictory. Several other researchers have similarly documented challenges that such law variances generate in successfully executing institutional independence.

There is broad international consensus that independence is of supreme value and a prerequisite in properly fulfilling SAI functions. Scholars argue independence (as a constitutional

principle) has been emphasized throughout modern auditing via such mechanisms as the Lima and Mexico declarations.

Endorsed and approved at the INTOSAI Congress in 1977, the Lima Declaration underscores the need for absolute independence—as subordinating the Comptroller to other entities can impair the ability to audit state bodies—and proposes:

- SAIs can objectively and effectively perform functions only when not dependent on the audited body and protected from any external influence;
- While no state body can be completely independent (as it forms an integral part of the state), an SAI needs organizational and functional independence to fulfill its role; and
- Establishing an SAI as well as its degree of independence must be enshrined in the constitution.

The Mexico Declaration, adopted at the 2007 INTOSAI Congress, defines the basic principles of independence and emphasizes such aspects as security of tenure and legal immunity in the normal discharge of duties.

The declaration stresses independence is needed from any external factor. This is consistent with the classical definition of independence (as revealed in a 1991 study on personalized parliamentary control in 48 countries), which asserts that having no outside interference is a crucial element.

Potential Risks

Research contends SAI independence is essential to effective auditing, particularly as impartiality and objectivity can lead to more efficient public service delivery and improved public trust.

A 2015 Institute of Internal Auditors article, "Internal Audit in the Crosshairs," presented survey results from about 500 chief internal auditors in the United States. Results demonstrated

very real risks to an organization's independence. Fifty-five percent of the respondents indicated being directed to omit or revise an important audit finding at least once (17 percent stated this happened at least three times). Nearly half revealed being instructed not to conduct audit work in an area assessed as high-risk, and 32 percent of the respondents indicated being directed to conduct audit work primarily in low-risk areas.

Though the article discusses potential risks to independence as related to internal auditors, these same types of risks may be applicable to SAIs, such as requests to provide an opinion on an issue perhaps not favored by the government.

A Worldwide Comparison

SAI Israel responsibilities (as they appear in laws governing national audit activities) include performing inspections of government operations and conducting both regular and performance audits.

In some nations—such as Australia, Canada, Germany, and Norway—audit work includes advising auditees on matters of financial management and operational effectiveness (separately from annual audit reports), and oversight duties in a few, select countries include assisting legislative members in examining various issues.

Some research implies simultaneously providing consulting and auditing services can lead to conflict—a question of SAI self-sufficiency and independence. The auditor seeks to advise on promoting efficiency, but this advisory role may be contrary to auditing and informing the public when waste and ineffectiveness are observed.

Indeed, the SAI walks a thin line: maintaining credibility by issuing difficult reports while proving its relevance and value to government and audited bodies.

Conclusion

A determination on the most recent allegations (that the Comptroller failed to issue 40 percent of the requested opinions) has not been made, and the SAI continues operating as an independent, fourth authority.

Compelling the agency to complete the requested audit work can be problematic, as it is in direct conflict with State

Comptroller Basic Law and may impair the ability to accomplish any currently planned work and priorities.

Further, complying with all legislative, judiciary, and executive requests may result in the need to apply factors of proportionality and reasonableness—additional influencers of the SAI's work.

"The SAI walks a thin line: maintaining credibility by issuing difficult reports while proving its relevance and value to government and audited bodies."

Considering oversight policies, procedures, and provisions on a global scale can help establish best practices, yet one necessity remains in providing effective impartiality, objectivity, integrity, and credibility—SAI independence.

Contact the author via email at amir.seri@iec.co.il for a full list of references or to learn more about SAI independence in Israel.



SAI VIETNAM MOVES TOWARD SUSTAINABLE INDEPENDENCE

by Thanh Hai VU, Director General of Legal Affairs Department, and Duong Tan CAO, Head of Bilateral Division, State Audit Office of Vietnam

Introduction

Supreme Audit Institutions (SAIs) play a vital role in confirming that public spending controls are working properly, and in recommending how public sector organizations can act in a more efficient and transparent manner. They also provide citizens with confidence that governments are using public resources in ways that maximize their value and deliver results. However, SAIs have difficulty instilling that confidence if they are not independent.

Since it was established nearly 30 years ago, the State Audit Office of Vietnam (SAV) has become progressively more independent, in accordance with the principles of the 1977 Lima Declaration, the 2007 Mexico Declaration, and more recently, the United Nations' 2030 Agenda for Sustainable Development. SAV's journey toward independence has involved both legal and practical considerations.

SAV's independence has helped it to play an increasingly important role in the nation's development and international integration, particularly in ensuring transparent and sustainable public finances. SAV has also intensified its efforts to contribute more substantively to the regional and international public audit community. SAV was proud to be one of the co-founders of the Association of Southeast Asian Nations' Supreme Audit Institutions (ASEANSAI) in 2011, and from 2018 to 2021, it has served as chair of the Asian Organization of Supreme Audit Institutions (ASOSAI).

Achieving Legal Independence

The importance of independent government auditing was first recognized in the 1977 Lima Declaration. The core principles outlined in the 2007 Mexico Declaration on SAI Independence included the need for "de jure independence" through a constitutional, statutory, and legal framework.

Like many other SAIs, SAV's legal independence has been an arduous journey (see figure 1). In its first decade, SAV was an executive branch agency under the direct control of the Prime

Minister. SAV became an independent agency when the first State Audit Law was passed in 2005. The law stipulated that SAV was an independent state financial inspection agency established by the National Assembly, and that it was to act strictly in accordance with the law. SAV was charged with conducting financial, compliance, and performance auditing of all departments and organizations in the country that use the public budget, resources, and assets.

In 2013, the legal status of SAV and the Auditor General was enshrined for the first time in the Constitution of Vietnam. Like the State Audit Law, the Constitution stipulated that SAV was an independent agency set up by the National Assembly, to abide solely by the law.

The Constitution also enhanced SAV's independence and operation; specified the legal status, functions, powers, and organization of SAV; and clearly identified the responsibilities of agencies, organizations, units, and individuals associated with SAV. For example, the Constitution specified that the

Auditor General was the head of SAV and responsible to the National Assembly for the agency's operation.

The State Audit Law was amended in 2015 and 2019 to create effective, accountable, and transparent institutions at all levels and in all fields, in compliance with the Constitution; other laws, such as the State Budget Law and Anti-corruption Law; and ASOSAI's 2018 Hanoi Declaration on Environment Auditing for Sustainable Development.

Achieving Practical Independence

While formal constitutional and legal provisions are important, SAs' independence involves much more than a set of rules. It is also essential for SAs to exercise what the Mexico Declaration refers to as "de facto" or practical independence, which has organizational, functional, and financial dimensions.

Organizational Independence. The Auditor General is the head of SAV and is elected by the National Assembly to a

Figure 1: SAV Legal Independence Timeline

Year	International Legal Framework	SAV Legal Framework
1977	Lima Declaration of Guidelines on Auditing Precepts	
1994		SAV established
2005		State Audit Law
2007	Mexico Declaration on Independence of SAs	
2010		Strategic Plan toward 2020
2013		Constitution 2013
2015	UN Agenda 2030 - SDG 16	State Audit Law - Amended
2017	INTOSAI Strategic Plan 2017-22 (supporting SAs' independence)	
2018	Hanoi Declaration on Environment Auditing for Sustainable Development	
2019		State Audit Law - Amended
2020		Strategic Plan toward 2030

five-year term. The Deputy Auditor General is appointed and can be dismissed by a Standing Committee of the National Assembly. Specialized Audit Departments and Regional Audit Offices are led by Directors General, who are appointed and can be dismissed by the Auditor General. Currently, SAV has 32 Departments and Regional Offices, with about 2,500 employees; all auditors have a university degree or higher. Staff competencies, as well as professional training requirements, enhance SAV's operational autonomy.

Functional Independence. SAV develops its audit plan independently, applies audit methods, conducts audits, and reports the results to the National Assembly. SAV's auditors have the right to access information and documents that fall within the scope of audits. SAV maintains good relationships with

legislative, executive, and judicial agencies, and works with the media to communicate with the public about its activities. In 2016, in an effort to standardize national public audit practices, SAV issued a set of 39 public sector audit standards based on the International Standards of Supreme Audit Institutions.

Financial Independence. SAV has the necessary resources for its activities, but these resources are still subject to the intervention of the Ministry of Finance. The State Audit Law stipulates that SAV shall determine its operational costs and send them to the government for synthesis, subject to a decision by the National Assembly. In theory, this requirement could impact SAV's budget, and may be an issue to examine at the time of future revisions to the State Audit and State Budget laws.

In sum, SAV now enjoys both legal and practical independence, and is exercising it to effectively monitor the use of public funds and property. Through its audits, SAV is supporting the National Assembly and People's Councils at all levels and has contributed to combating corruption, loss, and waste;

detecting and preventing violations of the law; and helping government agencies achieve greater efficiency.

The Way Forward: Sustainable Independence & SDG 16

Achieving sustainable independence is a process, not a product, and that process has both milestones and roadblocks. For that reason, it is essential that SAs vigilantly guard their independence by remaining relevant, providing stakeholders with assurances, and adapting to changing conditions. Just as governments adopt new ways of delivering services, SAs

must remain flexible in how they conduct audits. SAs should also be ready to propose new legal powers, when necessary, such as the right to audit the flow of public funds.

Sustainable independence is a key element in efforts to achieve SDG 16,

which calls for "peace, justice, and strong institutions." SDG 16 can be accomplished by eliminating fraud and corruption; establishing efficient, accountable, and transparent structures at all levels; maintaining public access to information; and protecting fundamental freedoms in compliance with national legislation and international agreements.

SDG 16 defines several goals for SAV to achieve by 2030, in line with the core value of sustainable independence. First, SAV aims to enhance its operational capacity and audit quality, efficiency, and effectiveness, to strengthen its ability to monitor the use of public funds and assets. Specifically, SAV aims to enhance its capacity to conduct performance audits, and to strengthen its legal mandate to allow for greater access to information.

Second, SAV plans to develop, in phases, into a highly professional institution, to keep pace with the country's modernization while continuing to adhere to international standards and best practices. SAV will focus on building its digital infrastructure and implementing automation to support its activities.

"While formal constitutional and legal provisions are important, SAs' independence involves much more than a set of rules."

▶ INSIDE INTOSAI



*Mutual Experience
Benefits All*

INTOSAI AND SAI SAUDI ARABIA FUNDS HELP WITH CONTINUITY OF OPERATIONS DURING THE PANDEMIC

by Manal Alduhaymi, General Court of Audit of Saudi Arabia, and Mark Keenan, U.S. Government Accountability Office

In complementary efforts, INTOSAI and the General Court of Audit of the Kingdom of Saudi Arabia, the country's Supreme Audit Institution (SAI), have provided funding to SAIs to help with continuity of operations during the pandemic.

Under the leadership of Dr. Hussam Alangari, Auditor General of Saudi Arabia, and Mr. Gene Dodaro, Comptroller General of the United States, the INTOSAI 'SAI Continuity during COVID-19' grant provides funding for the purchase of information and communications technologies (ICT), as well as personal protective equipment, to respond to needs caused by the pandemic. In this unique effort, INTOSAI made a total of 700,000 euros available starting in October 2020 for a period of three years until expended. Each selected SAI is eligible to receive a maximum of 20,000 euros.

SAI Saudi Arabia and the U.S. Government Accountability Office—the SAI of the United States—have worked closely

with the INTOSAI Development Initiative (IDI) and the INTOSAI General Secretariat in carrying out the program.

From October 2020 through February 2021, INTOSAI awarded 36 SAIs over 400,000 euros for items such as laptops, internet connectivity, and protective equipment. These SAIs represent six of the seven INTOSAI regions. The program has received very positive feedback from the community, and recipients have begun using the funds and reporting on progress.

An Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) awardee used its funding to purchase wireless access points and video conference upgrades, helping “continue our operations...which will guarantee adequate coverage and good quality of the institutional work.”

A European Organization of Supreme Audit Institutions (EUROSAI) awardee used its funding to help “meet the investment costs required in the VPN server and the upgrade of the HR System,” adding that “this investment provided the flexibility demanded by staff to work from home during the COVID-19 pandemic and ensure continuity of operations.”

Funding remains available, and INTOSAI encourages SAIs to apply. Instructions for how to apply can be found [here](#).

In a complementary effort, SAI Saudi Arabia, under the leadership of Dr. Alangari, has established a Saudi Fund for SAI Improved Performance (Saudi FSIP). SAI Saudi Arabia allocated 2 million U.S. dollars for this fund from 2020 to 2022 to assist Asian Organization of Supreme Audit Institutions (ASOSAI) members in enhancing their resilience through improved ICT infrastructure and trainings.



Mr. Gene Dodaro, Comptroller General of the United States

“The grant program demonstrates the INTOSAI community’s commitment to assisting our international colleagues in fulfilling their mandates. Assisting SAIs with continuity of operations during the pandemic is particularly important in light of the multifaceted challenges the pandemic has presented to SAIs across the globe. I would like to thank the INTOSAI Governing Board and the Policy, Finance, and Administration Committee for their support of this program, and am particularly grateful to IDI and the General Secretariat for their collaboration in implementing the program.”



Dr. Hussam Alangari, Auditor General of Saudi Arabia

"The General Court of Audit of Saudi Arabia is always pleased to provide financial and technical support to the SAI community. The COVID-19 pandemic has taught us that no matter how large the globe may seem to be, it is apparent that we live in one world and what affects one individual may certainly affect others. In this respect, members of the SAI community have a responsibility to contribute in assisting one another to form a world that is accountable and transparent."

To further support the INTOSAI community, SAI Saudi Arabia is assisting a number of ASOSAI members that applied for the INTOSAI grant, thereby helping INTOSAI meet the increased need for assistance.

The initial feedback on the Saudi FSIP has been very positive, with SAs finding that the grant bolstered their continuity of operations and enhanced their ICT infrastructure. Funding

for the Saudi FSIP also remains available, and ASOSAI members are encouraged to apply. Instructions for how to apply can be found [here](#).

For both grants, INTOSAI and SAI Saudi Arabia have appreciated the opportunity to successfully collaborate with individual SAs and will continue to look for opportunities to assist the global SAI community.

KSC COMPILES INFORMATION ON RESPONSES TO THE PANDEMIC

The INTOSAI Knowledge Sharing and Knowledge Services Committee (KSC) has created a single consolidated resource document on the efforts undertaken by the INTOSAI community from March 2020 through February 2021 against the COVID-19 pandemic. Along with the Supreme Audit Institution (SAI) of Peru's International Observatory of Government and SAI Initiatives concerning COVID-19, this document will serve as a valuable resource on COVID-19 pandemic oversight work.

The document—"COVID-19 Pandemic - Compilation of Organisational Responses within INTOSAI"—was compiled at the recommendation of the Supervisory Committee on Emerging Issues (SCEI) and built upon the initial document

on SAI responses to the pandemic by SAI Russia. The KSC Secretariat gathered information for the document from various sources, including INTOSAI's Policy, Finance, and Administration Committee (PFAC), SCEI, INTOSAI Development Initiative (IDI), regional INTOSAI organizations, and individual SAs' websites and documents.

This document aims to (a) provide the international community with immediate information on key topics related to the pandemic, such as continuity of operations, working remotely, auditing, and capacity building; (b) preserve institutional memory and provide an online repository of best practices; and (c) serve as a resource to help SAs deal with and maintain continuity of operations during similar crises in the future.

The document can be found in the "Good Practices" section of the INTOSAI Community Portal. KSC intends for it to be a living document, as KSC foresees many more efforts from the INTOSAI community during the ongoing pandemic. KSC welcomes feedback from member SAs and INTOSAI organs on this compilation and will continuously update the document based on information received. Kindly send suggestions or additions to the KSC Secretariat at ir@cag.gov.in.

PSC ANNOUNCES REVISED STANDARDS, ESTABLISHES NETWORKS OF TRANSLATORS AND LIAISON OFFICERS

Revised INTOSAI Pronouncements for Financial Audits Now Available

Two revised INTOSAI pronouncements are available at issai.org for audits of financial statements: ISSAI 200 - Financial Audit Principles, and ISSAI 2000 - Application of the Financial Audit Standards.

ISSAI 200 provides the key principles for the audit of financial statements or other forms of presentation of financial information. It complements the fundamental principles of ISSAI 100 with the specific context of audits of financial statements. Together, they constitute the basis for INTOSAI's complete set of professional pronouncements in this area and should both be complied with.

ISSAI 2000 outlines the special considerations in applying the requirements of the International Standards on Auditing (ISAs) in the context of audits in accordance with the ISSAIs. The ISAs are developed by the International Auditing and Assurance Standards Board (IAASB). INTOSAI has an agreement that allows it to incorporate the ISAs into the INTOSAI Framework of Professional Pronouncements (IFPP).

The main purpose of the ISSAIs on financial audit is to provide INTOSAI members with a comprehensive set of principles and standards for the audit of financial statements of public-sector entities. Both pronouncements are the result of the INTOSAI Professional Standards Committee's (PSC) Financial Audit and Accounting Subcommittee's work and were approved by the Governing Board in 2020.

PSC Secretariat Creates Network of Voluntary Translators for INTOSAI Pronouncements

The PSC Secretariat has created a network of voluntary translators for the INTOSAI pronouncements, with the aim of

Network of Translation



guaranteeing the quality of translations. Having Supreme Audit Institutions (SAIs) complete the translations—rather than commercial translators with no specialized knowledge of audits—is a step towards high-quality translations.

According to the INTOSAI due process for standard-setting, INTOSAI pronouncements should be available in the five official INTOSAI languages: English, Spanish, French, German, and Arabic.

We invite SAIs with translators of the official languages, or with experienced auditors skilled in translation, to participate in the INTOSAI pronouncements' translation network. It is important that the translators know the subject matter and have a good command of English. The current network of voluntary translators includes SAIs from Argentina, Germany, Austria, Qatar, United Arab Emirates, France, and Russia.

SAIs interested in joining the network can get in touch with the PSC Secretariat at psc@tcu.gov.br.

PSC Establishes Network of Standards Liaison Officers

PSC has established a network of INTOSAI standards liaison officers (ISLO), to enhance communication around the standard-setting process and learn more about the application of the framework. The ISLO network provides a single point of contact in SAIs and INTOSAI working bodies.

Liaison officers receive requests from the PSC or other INTOSAI bodies and react as necessary, such as by providing feedback on a particular issue or distributing information at their organizations. Liaison officers also identify problems encountered in applying the standards, and convey this information to the appropriate INTOSAI body.

To join this network, please get in touch with the PSC Vice-Chair at ECA-ISLO@eca.europa.eu.

WORKING GROUP ON FINANCIAL MODERNIZATION AND REGULATORY REFORM SHARES KNOWLEDGE DURING THE PANDEMIC

by Charlene Calhoun, Senior Analyst, U.S. Government Accountability Office

Over the past year, the Working Group on Financial Modernization and Regulatory Reform (WGFMR) has focused primarily on the impact of the COVID-19 pandemic on the financial sector, governments' responses to the crisis, and audit work assessing economic recovery efforts.

The INTOSAI Governing Board established the working group in 2012 to enhance INTOSAI members' expertise in overseeing national financial systems after the 2008 financial crisis. Since 2014, the working group has met annually to share information on audit work and discuss key trends in the financial sector with experts from the International Monetary Fund (IMF), Financial Stability Board (FSB), and other international and domestic organizations.

In conducting knowledge sharing during the pandemic, the working group adjusted its communication practices and focus to better serve the needs of its membership. The working group adopted video conferencing technology to accomplish work originally planned for an in-person annual meeting hosted by the Office of the Auditor General of Canada (OAG). Members also shared responsibility for hosting virtual meetings.

In May 2020, the U.S. Government Accountability Office (GAO) hosted the working group's first virtual forum on the pandemic's impact on the economic and financial sectors. Working group members shared information on their national governments' responses to the pandemic and ongoing audit work to assess COVID-19 recovery efforts. Economists from GAO and OAG provided an overview of global financial conditions, noting the pandemic's significant impact on the financial system and that economic recovery would likely

be prolonged until a vaccine is widely available. Experts from the FSB and Basel Committee on Banking Supervision provided an overview of their ongoing responses and planned activities related to the pandemic, such as efforts to collect and share information with members and other standard-setting bodies.



The working group held two more virtual meetings in 2020. During a July meeting hosted by GAO, members provided updates on audit work related to economic recovery efforts, pandemic preparedness, and disaster management, and discussed the challenges of auditing in a virtual environment. During a September meeting hosted by OAG, members learned about climate risks to financial stability during a presentation by the Chair of the Central Banks and Supervisors Network for Greening the Financial System.

The China National Audit Office hosted the working group's fourth virtual meeting in January 2021. Economists from the IMF, China International Capital Corporation, and the Bank of China discussed the outlook for the global economy and financial system in the aftermath of the pandemic and analyzed the U.S. and China's responses to the pandemic. Five working group members also presented on recent audit work related to COVID-19, banking supervision, and the benefits and costs of anti-money laundering regulations.

The working group plans to host quarterly virtual meetings for the remainder of 2021 to continue sharing information on audit work and responses to the pandemic. The working group also plans to cover other key topics affecting the financial sector, such as climate change, financial technology, and cybersecurity. To facilitate ongoing information sharing and collaboration between meetings, the working group plans to update its new internal website—developed in collaboration with SAI India—with discussion topics, relevant audit reports, and other resources of interest to its members.

INTOSAI WORKING GROUP ON ENVIRONMENTAL AUDIT HOLDS A VIRTUAL ASSEMBLY, LAUNCHES A NEW AWARD



From left to right: President of Sitra Jyrki Katainen, Jocelyn Blériot of Ellen MacArthur Foundation, and Elisa Tonda of UNEP

by Vivi Niemenmaa, Secretary General of INTOSAI WGEA

INTOSAI WGEA Holds a Virtual Assembly, with a Focus on Circular Economy

With the pandemic ongoing, the INTOSAI Working Group on Environmental Auditing (WGEA) held its 20th Assembly in January 2021 as a virtual event. The assembly’s main theme was “circular economy,” which encourages more sustainable consumption and production, and the more efficient use of resources. “We believe that the concept of circular economy will help us rethink in an innovative way how we organize our societies and economies,” Secretary General Vivi Niemenmaa noted from the meeting’s studio in Helsinki.

A summary of keynote presentations and panel discussions on this topic is available [here](#).

Despite some technical mishaps and time zone challenges, feedback from the 300 registered participants from around 70 countries was positive. The hybrid panels combining input from speakers in the studio and experts from other countries over video worked well. The event proved that in the future,

INTOSAI WGEA could potentially hold some of its bigger meetings in a virtual format. INTOSAI WGEA outsourced the technical expertise necessary for this meeting, and it recommends that other organizations that do not have this support in-house do so as well for their virtual events.

From an environmental perspective, organizing a large event in a virtual format has the clear benefit of avoiding the greenhouse gas emissions caused by travel. This format also allows more participants to join, since there is no need for Supreme Audit Institutions (SAIs) to cover travel costs. One challenge was how to engage participants in the virtual meeting. INTOSAI WGEA decided to test an app that enabled participants to send in questions to the panelists, as well as create word clouds and answer different polls.

Among the downsides of the virtual format were reduced personal interaction and the fact that participants from some regions had to sacrifice sleep to join the event in real time. Despite all our digital tools and gadgets, our beautiful planet is still a round one!

INTOSAI WGEA Selects Winners for First Award for Best Visualization

One of the highlights of the virtual assembly was the launch of a new INTOSAI WGEA Award—Inspiration in

Figure 1: Winning entry from SAI Slovenia, on “Groundwater Stress: Important Impacts”



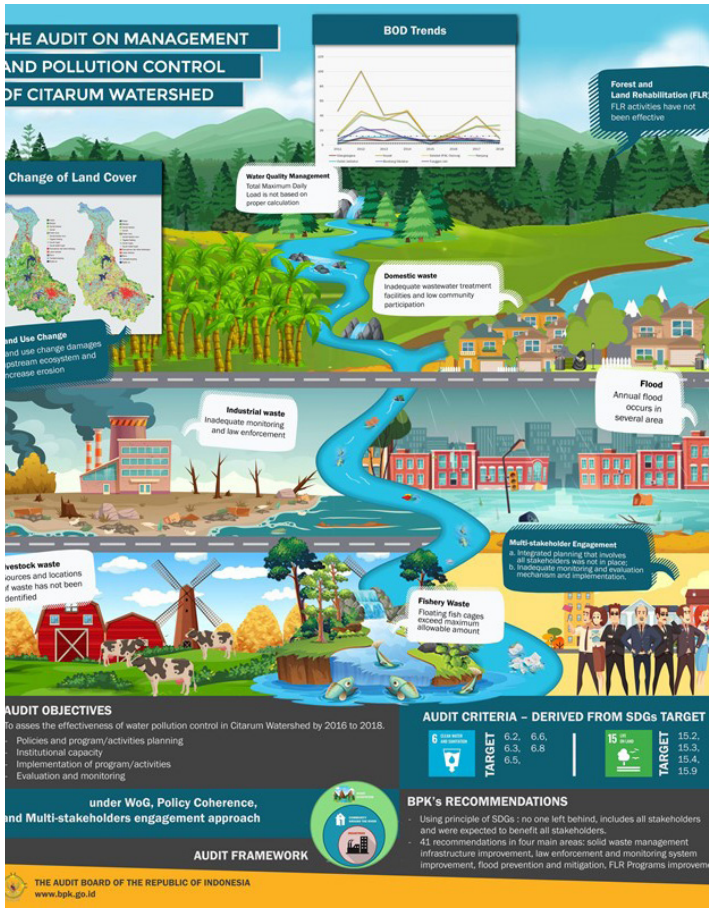


Figure 2: Winning entry from SAI Indonesia, on "The Audit on Management and Pollution Control of Citarum Watershed"

Environmental Auditing—to be handed out at the assembly every second year. The award’s theme will be different each time and reflect the latest developments in environmental auditing.

INTOSAI WGEA chose the award’s first theme—visualization—to encourage SAIs around the world to communicate their audit results in a clear and engaging manner.

INTOSAI WGEA’s selection of this theme was informed by the research it conducted in 2019 on the visibility of environmental auditing. The research project identified several key trends: that SAIs are communicating audit results through social media, increasingly considering all staff members as communications resources, and using infographics, visualizations, and illustrations to clearly disseminate messages.

INTOSAI WGEA received award submissions from 12 SAIs around the world. The Award Jury members—from the European Court of Auditors and SAIs of New Zealand, Russia, and the United States—judged submissions based on richness of content, visual appeal, sophistication of execution, and clarity.

The chair of the Award Jury, Director Peter Welch from the European Court of Auditors, complimented all of the submissions and declared a joint award for the SAIs of Slovenia and Indonesia, both of which visualized audits on water quality.

Slovenia produced a brochure with a clear and informative map (see figure 1), and Indonesia created a poster that presents an abundance of information in a visually appealing format (see figure 2).

INTOSAI WGEA “Visualizes” Sessions

In the spirit of practicing what it preaches, INTOSAI WGEA applied visualizations to several assembly sessions, including a panel discussion featuring speakers from the SAIs of India, Indonesia, and the United States. WGEA’s visual storyteller created an illustration of the discussion exploring interlinkages among the SDGs and plastic waste, sustainable transport, and climate finance (see figure 3).

Figure 3: Visualization of panel discussion on SDGs.



23rd PASAI CONGRESS



OFFICE OF THE AUDITOR-GENERAL
Te Mana Arotake



The New Zealand Office of the Controller and Auditor-General is delighted to announce that it will host the 23rd PASAI Congress from June 22-24, 2021.

The theme for this year's Congress is "Impact Through Leadership." SAI New Zealand and the PASAI Secretariat look forward to connecting with their Pacific audit colleagues later this year.

OLACEFS OFFERS FREE ONLINE COURSE ON PERFORMANCE AUDITS

Access to a Massive Open Online Course (MOOC) on Performance Audit—promoted by the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) Capacity Building Committee, currently under the presidency of Brazil's Federal Court of Accounts—was made available in October 2020.

This free course provides information about the main characteristics of performance audits and their development cycle, including how to apply various techniques in the planning and execution phases. It also discusses how to prepare audit reports and monitor the implementation of recommendations. The interactive platform includes videos, exercises, games, practical cases, and other materials.

The course, produced in collaboration with the German Cooperation Agency (GIZ), is available in Spanish, English, and Portuguese, and can be completed in multiple sessions based on the student's availability.

Please see the informational video in [Spanish](#), [Portuguese](#), or [English](#) to learn more. To access the course, please visit the Federal Court of Accounts' web page in [Spanish](#), [Portuguese](#), or [English](#).

PERFORMANCE AUDITING We improve audit public management

Enter the Massive Open Online Course on Performance Auditing of the OLACEFS and help us audit public management.

It's already available!
SPANISH, PORTUGUESE AND ENGLISH



Implementada por
giz giz





SAI SOMALIA'S REMARKABLE STRATEGIC JOURNEY, 2017-2020

by Mohamed Omer, Public Relations Manager, OAG Somalia;
Jostein F. Tellnes, Senior Manager, IDI; and Stephen Emasu,
Consultant, Adam Smith International

Many Supreme Audit Institutions (SAIs) in challenging contexts have vast potential for improvements to deliver expected audits, yet capacity development and change often turn out to be difficult. Is it possible for an SAI in such circumstances to make substantial leaps forward in a few years' time?

In a post-conflict Somalia, strong Auditor General leadership and peer-to-peer cooperation with international partners have been key to improving the performance of the country's SAI. In the span of about three years, the Office of the Auditor General of the Federal Republic of Somalia (OAGS) has transformed itself into an organization that provides timely, quality audit services and contributes to good governance and service delivery.

International partners have individually and collaboratively supported OAGS in this effort. Through the Royal Norwegian Embassy, the INTOSAI Development Institute (IDI) and Organization of Supreme Audit Institutions of English-speaking African Countries (AFROSAI-E) have been providing support since 2017. The World Bank has supported OAGS as well through its Domestic Revenue Mobilization and Public Financial Management (DRM & PFM) Project. And the European Union has provided Budget Support Technical Assistance and other support through Adam Smith International.

Immense Challenges

In 2017, the Federal Government of Somalia introduced broad economic and institutional reforms to make it eligible for debt relief under the World Bank and International Monetary Fund's Enhanced Heavily Indebted Poor Country (HIPC) Initiative. This support would allow the country to reintegrate into the global economy for the first time in decades. OAGS was called on at that time to deploy robust accountability frameworks to ensure the government used public resources in an efficient manner.

However, OAGS faced daunting challenges. In late 2017, H.E. Mohamed M. Ali was appointed Auditor General and took the helm of an organization with:

An outdated legal framework. OAGS operated according to mandates set by a 1972 law that made it a Magistrate of

Accounts—an arrangement incompatible with International Standards of Supreme Audit Institutions (ISSAIs).

An outdated audit framework. OAGS had low audit coverage and quality, and lacked key audit manuals based on ISSAIs.

Severely limited financial support and staffing. Without an adequate budget or financial support, OAGS had been unable to hire a sufficient number of staff to execute audit mandates in a manner consistent with ISSAIs.

Limited security in a high-risk environment. OAGS works in a very fragile environment in Mogadishu, where physical security cannot be taken for granted. Both staff and advisors on the ground face a range of threats. OAGS conducts security reviews and briefs audit teams on a daily basis, so that they can take safety precautions prior to being dispatched. The briefings contain updates on road closures, explosions, and warnings related to frequently targeted areas, including federal departments and agencies.

Key Steps to Address Challenges

Under the new Auditor General's leadership, OAGS took immediate steps to address these challenges:

Developing the first ever 4-Year Strategic Plan (2017-2020). The plan identified six Strategic Goals—including production of timely, high-quality audit reports in line with ISSAIs—and over 30 strategic objectives designed to modernize OAGS.

Developing a new audit bill in 2018. In 2012, Somalia's Transitional Constitution established the principle of an independent OAGS. If enacted, the new audit law would enhance OAGS's mandate and independence, in line with international best practices and the Westminster model, which is commonly used by many AFROSAI-E members. The bill has been approved by Parliament's Lower House and is awaiting the signature of the President.

Enlisting the support of the federal government and international community. The Federal Government of Somalia increased its budgetary allocation to OAGS, limited resources permitting. The international community also provided key financial

resources, expertise, and logistical support, including refurbishing OAGS's premises into a modern office.

Enhancing staff capacity to carry out audits using ISSAIs. AFROSAI-E and IDI signed a cooperation agreement to help OAGS build capacity from 2018 to 2020, with funding from the Norwegian government. As part of this effort, IDI and AFROSAI-E trained audit staff and provided hands-on technical support, greatly improving the quality of audit reports. OAGS customized and translated Financial Audit and Compliance Audit manuals, based on ISSAIs, for use by audit staff.

Increasing collaboration. OAGS obtained the support of advisors on the ground to improve the quality of audit reports, raised the visibility of OAGS activities, and enhanced its engagement with stakeholders and collaboration with Somalia's Federal Member States.

Historic Progress

In 2019, OAGS issued three historic audit reports for the first time: (1) an audit report on the financial statements of the federal government; (2) a consolidated compliance audit report for all security sector entities; and (3) a consolidated compliance audit report for 20 non-security sector entities. The reports can be accessed [here](#).

These reports were a significant achievement for the country and for OAGS, which delivered on its mandate. OAGS submitted the reports to the Parliament and sent copies to the offices of the President and Prime Minister. The reports also attracted significant attention from a public and press increasingly eager to scrutinize the federal government. And in a true historic milestone, AFROSAI-E recognized OAGS for conducting the audits in accordance with ISSAIs.

OAGS issued audit reports again in 2020, a second year of progress. OAGS found that the financial statements of the federal government were much better than the previous year, as the government had made progress complying with the Cash Basis International Public Sector Accounting Standard (IPSAS). Also, the number of federal government entities for which OAGS conducted a compliance audit

"The Auditor General's strong, high visibility leadership, engagement with relevant authorities, and decision to publish audit reports since 2019 has enhanced the standing of the SAI."



Mr. Mohamed M. Ali, Auditor General of the Federal Republic of Somalia, at the press release of OAGS's 2019 annual audit reports.

increased to 35, compared to 25 the previous year. And for the first time, several federal government entities submitted annual financial statements for audit as required by law.

Ingredients for Success

A number of factors have contributed to OAGS's success:

Becoming a model institution. OAGS strictly adheres to its core values, mission, and mandates. Earning the respect and trust of key stakeholders has been critical to ensuring the smooth discharge of the SAI's duties. The Auditor General's strong, high-visibility leadership, engagement with relevant authorities, and decision to publish audit reports since 2019 has enhanced the standing of the SAI.

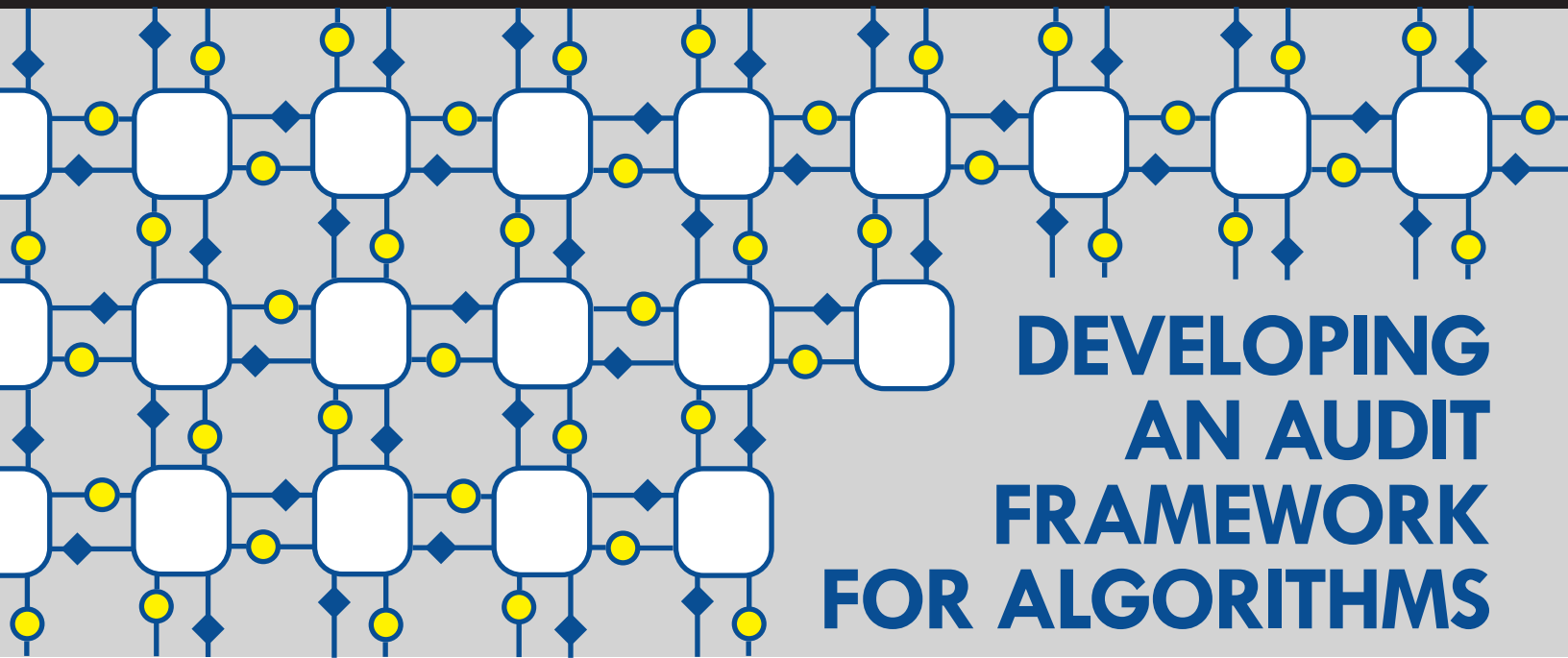
Management focused on the strategic plan and delivering core audits. Developing the strategic plan was critical, as it guided OAGS through challenges and helped with tracking performance and fostering stronger relationships with key stakeholders. Management and staff showed dedication in ensuring OAGS achieved its goals and objectives. This involved ensuring staff members dedicated their time to the most important ongoing audits. For instance, OAGS decided not to plan any trainings or out-of-country visits in the first half of each year, when the main audit work had to be done.

Nurturing positive communication. Enhancing communication with key stakeholders facilitated cooperation and created

an environment in which accountability and transparency frameworks could take hold, increasing audit impact. Annual seminars for all of the main stakeholders in Mogadishu were conducted, including key government entities, Parliament, civil society organizations, elderly representatives, and media. OAGS also engaged in a constructive dialogue with the Accountant General on how to finalize accounts and prepare them for audit.

Creating synergies between partners. In implementing the strategic plan, OAGS has placed great importance on engaging various partners in a productive and transparent manner. OAGS holds semi-annual meetings for all partners, in which it provides updates on progress, challenges, and plans. These meetings ensure openness, trust, and collaboration, and help prevent overlapping efforts. The support of partners has been critical to enabling the evolving institution to gain confidence and strive toward higher goals.

OAGS has taken important steps to strengthen its role in improving the financial management of Somalia's federal government, and looks forward to continued progress.



DEVELOPING AN AUDIT FRAMEWORK FOR ALGORITHMS

by Esther Meijer-van Leijsen PhD, Justin Verhulst MSc, Pieter Oosterwijk PhD, and Miranda Pirkovski MSc RA EMITA, of The Netherlands Court of Audit

The steady increase in the Dutch public sector’s use of algorithms—sets of rules and instructions that a computer follows to solve problems or answer questions—has generated a corresponding demand for oversight. Public debate, media coverage, and discussions in parliament have intensified, especially after a district court in The Hague agreed with several non-governmental organizations (NGOs) that SyRI (an algorithm-based fraud detection instrument) was in breach of provisions of European law.

The growing use of algorithms for managing operations and delivering services within government poses challenges for Supreme Audit Institutions (SAIs) around the world. Algorithms can make government operations opaque, or a “black box.” With limited guidelines available, how can SAIs assess whether governments are using algorithms in a responsible and lawful manner?

With its January 2021 [report](#) “Understanding Algorithms,” The Netherlands Court of Audit (NCA) made a practical contribution to the debate about the opportunities and risks associated with the use of algorithms by government. The report: 1) provided insights into the extent to which Dutch government entities were aware and in control of the use of algorithms within their departments; 2) presented an audit

framework that can be used to assess concrete risks; and 3) tested the usefulness of the audit framework.

The ultimate aim of NCA’s project was to lay the groundwork for the responsible use of algorithms by government. This article describes the report’s findings and impact.

Mostly Simple Algorithms Currently in Use

NCA found that the predictive and prescriptive algorithms the Dutch government currently uses to make decisions affecting citizens and businesses are relatively simple. The government uses these algorithms to manage operations and provide services, such as automated mass mailings and the initial selection of benefit applications. Some of the algorithms, however, are more innovative and involve artificial intelligence. On request, ministries and implementing organizations such as the Employee Insurance Agency and the Social Insurance Bank provided NCA with dozens of algorithms for its audit. Among these, NCA did not find any fully self-learning algorithms, i.e., algorithms that implement policy without human intervention.

One challenge NCA faced in conducting this audit was to clearly define terms and definitions. Terms like “black box,” “bias,” and even “algorithm” can be defined in substantially different ways by individuals with a background in law, governance, information technology (IT), or data science. NCA did not wish to delve too deeply into academic debates about definitions. However, it was important to have a clear

and concrete understanding of what was being audited and what the quality standards were. To that end, NCA organized brainstorming sessions in which professionals from all levels of government, as well as academia and audit organizations, reached a shared understanding of terms.

Audit Framework for Algorithms

NCA has developed an audit framework that government and private-sector organizations can use to assess whether their algorithms meet specified quality criteria, and whether or not the attendant risks have been properly identified and mitigated. NCA intends for the audit framework to serve as a practical tool and starting point for the challenges auditors face in assessing algorithms. The framework is described in the report and available in [Excel format](#), allowing users to filter for questions that relate to specific categories and principles, such as fairness and accountability.

To develop the framework, NCA incorporated input from experts, as well as other audit frameworks. For example, the General Data Protection Regulation (GDPR)—a European Union (EU) law—already provides a framework to handle sensitive personal data, and governance and IT general control (ITGC) frameworks are also available. The framework assesses an algorithm on the following “pillars”:

- Governance and accountability
- Model and data
- Privacy
- Quality of ITGC, such as access rights and back-up controls
- Ethics

Developing the “model and data” pillar proved to be the most difficult task, as most of the innovations in the use of algorithms fall within this category. The model and data criteria deal with questions about data quality and the development, use, and maintenance of the model underlying the algorithm.

There is legitimate public concern about the unethical use of algorithms—such as biased autonomous decision-making—but this issue is often discussed in a theoretical manner. For its framework, NCA drew on the European Commission’s [Ethics Guidelines for Trustworthy AI](#), formulated by the High-Level Expert Group on Artificial Intelligence. NCA linked these guidelines to the concrete risks articulated in the other pillars.

Practical Test on Three Algorithms

To determine the usefulness of its new audit framework, NCA tested it out on three algorithms the government was currently using. For this exercise, NCA selected algorithms that had a substantial impact on citizens, ethical implications, and varying levels of technical complexity, from relatively simple (decision trees) to complex (neural networks for facial recognition). Although the algorithms were all quite different, NCA was able to assess their risks using the audit framework. One valuable lesson NCA learned was that an algorithm is not isolated from other IT processes within government entities; rather, a collection of algorithms is used by different people at various stages of the process. NCA therefore recommends that teams auditing algorithms be multidisciplinary, to enable them to divide up tasks and obtain a complete picture.

Impact of the Report

NCA was surprised by the national and international publicity its report garnered. Two days after publishing the report, NCA organized a webinar to present the audit’s main findings and start a discussion on the responsible use of algorithms by government. The webinar, whose speakers included the National Ombudsman and representatives from the Council of State, Radiocommunications Agency, and Central Government Audit Service (ADR), attracted over 300 participants.

NCA is now leading discussions on creating checks and balances for algorithms. NCA is working with other audit organizations—such as ADR, the Royal Netherlands Institute of Chartered Accountants (NBA), and NOREA, the professional association for IT auditors in the Netherlands—that are eager to start auditing algorithms but have struggled with the lack of methodologies and guidelines. NCA’s framework has been well received by these organizations as a valuable starting point. NCA has also been invited by government ministries and policy organizations to discuss checks and balances for the responsible use of algorithms, and has presented its research to auditors from other SAIs. NCA is looking forward to continuing these valuable discussions.

Feedback

NCA invites other SAIs to use the framework to audit algorithms and share their experiences and feedback with the authors at algoritmes@rekenkamer.nl.



INTERNATIONAL JOURNAL

— OF GOVERNMENT AUDITING —

