

CAPACITY DEVELOPMENT OF SUPREME AUDIT INSTITUTIONS

STATUS, NEEDS AND GOOD PRACTICES

INTOSAI-DONOR COOPERATION



STOCKTAKING REPORT 2010

Table of Contents

List of Figures, Tables and Text boxes	3
Annexes	4
Acronyms	5
1. Executive Summary	6
2. Introduction.....	13
2.1 Background.....	13
2.2 Methodology.....	14
2.3 Respondent Analysis	14
2.3.1 Deviation Analysis	15
3. Status on SAI Performance, Strategic Plans and Support.....	17
3.1 SAI Performance.....	17
3.1.1 Audit Coverage	17
3.1.2 Timeliness of Annual Audit Report.....	19
3.1.3 PEFA Indicator 26: Scope, nature and follow-up of external audit.....	23
3.2 Strategic and Development Action Plans	24
3.2.1 SAIs in Need of Assistance for Developing Strategic and Development Action Plans..	26
3.2.2 INTOSAI Regional Strategic and Development Action Plans	26
3.3 Capacity Development Support	27
3.3.1 Overview of Receipt of Capacity Development Support	27
3.3.2 Overview of Provision of Capacity Development Support.....	29
3.4 Summary	31
4. Needs Assessment and Indicative Funding Gaps	35
4.1 Overall SAI Needs Assessment and Indicative Funding Gaps.....	35
4.1.1 Identified Capacity Development Needs for SAIs.....	35
4.1.2 SAI Prioritization of Support Categories	41
4.2 Overall Needs Assessment for INTOSAI Regional Secretariats	43
4.2.1 Identified Capacity Development Needs for Regional Secretariats	43
4.3 Summary.....	44
5. Strengthening the Provision of Capacity Development Support.....	45
5.1 Modality of Capacity Development Support	45
5.1.1 Preferred Provider of Capacity Development Support.....	45
5.1.2 Preferred Form of Capacity Development Support.....	47
5.2 Measures to Increase Provision of SAI Capacity Development Support.....	48
5.2.1 Factors Preventing Non-Provider SAIs from giving Support.....	48
5.2.2 Plans for Non-Provider SAIs to Address Identified Constraints	49
5.2.3 Plans for Provider SAIs to Increase Provision of Support.....	49
5.2.4 Factors that Can Facilitate Increases in Provision of Support	50

5.3	Summary	51
6.	Good Practices in SAI Capacity Development Support.....	52
6.1	Evaluations of Capacity Development Support.....	52
6.2	Perceived Success of Capacity Development Support Projects.....	53
6.3	Key Factors for Achieving Successful Capacity Development Support.....	54
6.3.1	Needs Based Capacity Development Support.....	54
6.3.2	Clearly Defined Objectives and Incremental Changes.....	54
6.3.3	Leadership and Management Commitment.....	55
6.3.4	Predictable and Long Term Support.....	55
6.3.5	Holistic Approach to SAI Capacity Development.....	56
6.3.6	Peer to Peer Cooperation and Use of IDI and INTOSAI Regions	56
6.3.7	Mode of Capacity Development Support and Quality of Staff.....	57
6.3.8	Donor Coordination	57
6.4	Summary	57

List of Figures, Tables and Text boxes

Figure 1: SAI response rate per INTOSAI Region	15
Figure 2: Progress on PFM high level performance indicator 26 (ii), <i>Timeliness of submission of audit reports to legislature</i> , among Low Income and Low Middle Income listed countries monitored two or more times in the period 2005-2010	22
Figure 3: Progress on PFM high level performance indicator 26, <i>Scope, nature and follow-up of external audit</i> , among Low Income and Low Middle Income listed countries monitored two or more times in the period 2005-2010	23
Figure 4: SAIs in need of assistance for developing Strategic- and Development Action Plan, per INTOSAI Region	26
Table 1: Number of non-responding SAIs, total and per INTOSAI Region	16
Table 2: Percentage of Financial Audit carried out last financial year.....	17
Table 3: Percentage of Compliance audit carried out last financial year	18
Table 4: Percentage in terms of meeting demands, expectations and plans for Performance Audit.....	19
Table 5: Timeliness of annual audit report from SAI, total and per INTOSAI Region	20
Table 6: Summary of PFM high level performance indicator 26 (ii), <i>Timeliness of submission of audit reports to legislature</i> , among countries listed as LI and LMI, total and per INTOSAI Region	21
Table 7: Number of SAIs with Strategic Plan, total and per INTOSAI Region.....	25
Table 8: Number of SAI recipients of capacity development support	27
Table 9: Number of SAI recipients of capacity development support, per INTOSAI Region.....	28
Table 10: Receipt of capacity development support, distributed by World Bank WDI-classification	28
Table 11: Number of Regional Secretariats recipients of capacity development support	29
Table 12: Number of SAIs that provide capacity development support.....	30
Table 13: Number of SAI providers of capacity development support, per INTOSAI Region	30
Table 14: Number of Regional Secretariats that provide capacity development support	31
Table 15: Summary of SAIs with identified needs for capacity development support.....	36

Table 16: Summary of identified needs for capacity development support, per INTOSAI Region	39
Table 17: Summary of indicative funding needs for Low Income countries, Low Middle Income countries and Upper Middle – and High Income countries respectively, total and per support category	40
Table 18: Summary of indicative funding needs for Low Income countries, Low Middle Income countries and Upper Middle – and High Income countries respectively, total and per INTOSAI Region	41
Table 19: Prioritization of support categories, total and per INTOSAI Region.....	42
Table 20: Summary of Regional Secretariats identified needs of capacity development support	43
Table 21: Percentage of recipients that are of the view that capacity development support is best provided by SAIs, INTOSAI or IDI, total and per INTOSAI Region	46
Table 22: Preferred form of capacity development support, total and per INTOSAI Region	47
Table 23: Factors preventing non-provider SAIs provision of capacity development support, total and per INTOSAI Region.....	48
Table 24: Number of non-provider SAIs that plan to address constraints and become a provider of capacity development support, total and per INTOSAI Region.....	49
Table 25: Number of provider SAIs that consider increasing their provision of capacity development support, total and per INTOSAI Region.....	50
Table 26: Number of projects/programmes evaluated	52
Table 27: Number of projects/programmes perceived to be successful.....	53

Annexes

Annex A: List of SAI population, Secretariats responsible for distribution of the questionnaires, and World Bank WDI-classification of countries
Annex B: SAI questionnaire
Annex C: INTOSAI Regional Questionnaire
Annex D: Background and Methodology
Annex E: SAI Characteristics
Annex F: Receipt of Development Support
Annex G: Provision of Development Support
Annex H: Needs Assessment and Indicative Funding Gaps per Support Category
Annex I: Case Study Examples of Good Practices

Acronyms

AFROSAI	African Organization of Supreme Audit Institutions
AFROSAI E	African Organization of English speaking Supreme Audit Institutions
ARABOSAI	Arab Organization of Supreme Audit Institutions
ASOSAI	Asian Organization of Supreme Audit Institutions
CAROSAI	Caribbean Organization of Supreme Audit Institutions
CBC	INTOSAI Capacity Building Committee
CREFIAF	African Organization of French speaking Supreme Audit Institutions
EUROSAI	European Organization of Supreme Audit Institutions
HI	High Income countries
IDI	INTOSAI Development Initiative
ISSAI	INTOSAI Standards of Supreme Audit Institutions
INTOSAI	International Organization of Supreme Audit Institutions
LI	Low Income countries
LMI	Lower Middle Income countries
MOU	INTOSAI-Donor Memorandum of Understanding
MNAO	Mongolian National Audit Office
N=	Number of units (e.g. respondents or projects) on survey item
OAGN	Office of the Auditor General of Norway
OAGZ	Office of the Auditor General of Zambia
OLACEFS	Organization of Latin American and Caribbean Supreme Audit Institutions
PAC	Public Accounts Committee
PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability Assessment
PFM	Public Financial Management
PI	PEFA Performance Indicator
PRAI	Pacific Regional Audit Initiative
SAI	Supreme Audit Institution
SC	INTOSAI-Donor Steering Committee
SECRETARIAT	INTOSAI-Donor Secretariat
WDI	World Development Indicators
UMI	Upper Middle Income countries

1. Executive Summary

Overview

The International Organization of Supreme Audit Institutions (INTOSAI) and 15 Donors have signed a Memorandum of Understanding (MOU) with the objective of providing a common approach towards increased strategic focus and coordination for Donors and the SAI community in strengthening SAI capacity in partner countries. This stocktaking was designed to identify, at a high level, the needs and indicative funding gaps of SAIs in partner countries.

The stocktaking instrument was distributed to 204 SAIs¹ globally and eight INTOSAI Regions and Sub regions, achieving an overall response rate of above 90 percent. This encouraging response rate is attributable to the valuable efforts of the INTOSAI Regional Secretariats in mobilizing their members to respond to the stocktaking survey.

The basic objective of the stocktaking questionnaire was to obtain a broad understanding of the nature and extent of needs across the SAI community and identify funding gaps. While there is demonstrated considerable ongoing support of SAIs, the aggregate funding gap estimated for SAIs is estimated at 269 million US\$, where approximately 228 million US\$ refer to SAIs from Low Income (LI) and Lower Middle Income (LMI) countries. This entails an average funding gap of 2.1 million US\$ per SAI with a high or medium defined need for capacity development support.

Based on the needs assessment, and the other data gathered as part of the stocktaking exercise summarized in the following paragraphs and detailed in this report, there is a need for an Action Plan to outline the way forward based on opportunities for better donor coordination for SAIs to include:

- Determining what can be done in the short term to provide a strategic focus to effective SAI support that renders demonstrable outcomes.
- Developing a practical framework for effective SAI support in the medium to longer term range, that is also consistent with the principles of the MOU.

SAI Audit Coverage and Timeliness

The stocktaking began with a section gathering some basic institutional facts from the participating SAIs, and those responses are summarized in detail in Annex E. In terms of audit coverage, the data shows substantial variations among SAIs in the different INTOSAI Regions and across World Development Indicator (WDI) classifications. While financial audit coverage appears high among SAIs in AFROSAI-E and ARABOSAI, the corresponding figures for SAIs in CAROSAI and CREFIAF are much lower. Addressing challenges in financial auditing also constitutes a priority among SAIs in CAROSAI and CREFIAF as expressed in their needs assessments. 59 percent of SAIs from Low Income (LI) or Lower Middle Income

¹This includes, in addition to the INTOSAI members, those SAIs that are members of an INTOSAI Region but not INTOSAI, as well as SAIs that are not members of INTOSAI or any of the INTOSAI Regions.

(LMI) countries report a financial audit coverage above 50 percent, while 16,5 percent have a financial audit coverage below 10 percent.

Compliance audit coverage appears to be slightly lower than for financial auditing, with the exception of SAIs in the OLACEFS Region. For SAIs in LI and LMI countries, 53 percent report compliance audit coverage in excess of 50 percent, while 14 percent have a reported coverage of less than 10 percent.

While 91 percent of the respondents have the mandate to carry out performance auditing, the data suggests that many SAIs are of the view that they do not adequately meet demands, expectations and their own plans in terms of performance auditing. Performance auditing appears to be a particular challenge among SAIs in CREFIAF, but the reported figures are also low for SAIs in OLACEFS, ASOSAI and CAROSAI. The challenges in performance audit capacity are correlated to the SAI needs assessments, where the number of identified performance auditing activities is higher than for any other audit discipline. The mapping of SAI capacity development support also shows increased levels of support targeting performance audit capacity when comparing ongoing and completed support. In terms of SAIs in LI and LMI countries, 25 percent have reported figures above 50 percent, while eight SAIs have responded that they in the last fiscal year did not meet any of their demands, expectations or plans within performance auditing.

The stocktaking also gathered data on audit timeliness, in terms of whether the SAI's consolidated annual report was issued within the legal time limit. 75 percent of the respondents, or 130 SAIs, indicated that their annual reports were issued to the legislature or other designated recipients in a timely fashion. Timeliness appears particularly high among SAIs in ASOSAI and EUROSAI where no SAIs have reported delays. More than 50 percent of the SAIs that did not report within the legal time limit are located in LI and LMI Countries, and SAIs in CREFIAF and CAROSAI report the highest number of delayed submissions. For SAIs in CREFIAF, there is a clear correlation between the reported delays in the stocktaking, and results on the Public Expenditure and Financial Accountability (PEFA) Performance Indicator 26 (ii) that relates to timeliness of submission of audit reports. When analysing those LI and LMI countries that form part of the stocktaking population, and have undergone a PEFA Assessment twice or more between 2005 and 2010, the data suggests a slight average improvement in audit report timeliness.

The PEFA indicators may be considered as a possibility for a high level evaluation of current SAI performance and any changes therein, as the PEFA Public Financial Management (PFM) Performance Measurement Framework, includes a SAI related high level indicator on the Scope, Nature and Follow-Up of External Audit. The overall analysis of PEFA Indicator 26 for the 14 LI and LMI countries that have been assessed twice or more in 2005-2010 shows improvements for five SAIs. The results are however varied, and for six countries the results have remained identical, while three countries have had their scores reduced. Taking into consideration that the SAIs in all these countries have been recipients of capacity development support during this period, this raises questions about the impact and sustainability of the support. These results are also in contrast to the perceived success of capacity development support as

reported by both providers and recipient SAIs in the stocktaking, where around 92 percent of projects are categorized as successful. It should however be kept in mind that the PEFA sample used is limited, and that the time aspect needs to be factored in. As pointed out in the identified good practices for SAI capacity development, support needs to be long term and predictable, and it may take more than 10 years to see any real impact of capacity development interventions.

Receipt of Capacity Development Support

More than half of the SAI respondents are current recipients of external capacity development support. Of the 98 SAIs benefiting from support at the moment, 28 are based in LI countries, and 32 are based in LMI countries. The number of SAIs that currently receive capacity development support appears to have grown when compared to reported support delivered over the past five year period. In particular, support has increased sharply for SAIs in LI countries, where the number of recipients has doubled. SAIs in AFROSAI-E report the highest figures in term of both completed and current support, and together with SAIs in EUROSAI, the highest number of planned future support programmes. While there has been a considerable increase in the number of SAI recipients in PASAI and CREFIAF, SAIs in other regions have reported a decline in support. This is in particular the case for SAIs in CAROSAI where the number of SAI recipients has declined from 81 to 56 percent of members.

The most frequent categories where SAIs receive support are organizational capacity, performance and financial audit. Frequent support activities regarding organizational capacity include the development of Strategic and Development Action Plans, update of legal framework, development of quality control systems, managerial training and various forms of professional staff development. Within the audit disciplines, support frequently encompasses development of audit manuals and guidelines, training of staff, peer reviews etc. The data indicates significant increases in the proportion of performance audit support, which may indicate that the support is responsive to the needs expressed by SAIs within this domain. There has also been an increase in the number of INTOSAI Regional Secretariats that receive capacity development support, where the number of recipients has increased from four to six.

Needs Assessment and Indicative Funding Gaps

The needs assessments have identified a considerable demand for external support in developing SAI capacity. A total of 129 SAIs, representing 72 percent of the respondents, have defined their needs for capacity development support as high or medium for one or more support categories. Respondents have identified over 1,300 capacity building activities, with 76 percent requiring external funding. The highest volume of identified activities falls within the spheres of organizational capacity, followed by performance, IT, financial and other specialized audits capacity. The total estimated funding needs are US\$ 269 million; excluding any major capital costs needs or other data outliers. The aggregate funding gap for SAIs from LI and LMI countries is approximately US\$ 228 million, which amounts to close to 85 percent of the overall funding gap. This entails an average funding gap of US\$ 2,1 million per SAI with a

high or medium defined need for capacity development support. With regards to the range of identified funding gaps, the largest aggregate funding gap for a SAI is US\$ 20 million, while the lowest is US\$ 1000.

SAIs in AFROSAI-E, CREFIAF, ASOSAI, OLACEFS and PASAI have indicated the highest numbers of activities in need of funding. Overall, the respondents have prioritized support within organizational capacity highest, followed by support in performance, financial, IT and compliance audit. Significant regional variations to those priorities exist. For example, IT audit capacity is the highest priority for SAIs in OLACEFS and ARABOSAI, and financial audit support the number one priority within AFROSAI-E. It is noteworthy that the average estimated funding needs per SAI are comparatively low for SAIs in CAROSAI and CREFIAF where a considerable proportion of the SAIs report that they do not have Strategic and Development Action Plans in place. While there might be other explanations, it is possible that the absence of a fully fledged needs assessment and strategic planning process that identifies actual costs of development activities, may lead to artificially low cost estimates.

All Regional Secretariats with the exception of ASOSAI and EUROSAI have identified high or medium needs for capacity development needs. In total 50 activities have been identified, where 94 percent is dependent on external funding, with a combined funding gap of US\$ 16,6 million.

Strategic and Development Action Plans

73 percent of the respondents have reported that they have Strategic Plans in place, while 45 percent have both a Strategic and Action Development Plan. All INTOSAI Regions have, or are in the process of developing Strategic Plans. The SAI needs assessments also shows that an average of around 75 percent of the identified activities in need of support, are based on SAI Strategic Plans. While bilateral and regional programmes over the last years seems to have increased the volume of plans, 63 SAIs have expressed a need or intention to develop a Strategic or Development Action Plan within the next three year period, of which 84 percent require external support. 35 SAIs from LI or LMI countries are in need of such assistance.

The demand for support appears particularly high among SAIs in CREFIAF, where 15 SAIs request support. Two INTOSAI Regions have also requested assistance to update their Strategic and Development Action Plans.

Strengthening the Provision of Capacity Development Support

This stocktaking also aimed at identifying the status of SAIs that currently participate in providing capacity development support. 48 SAIs reported that they currently provide assistance to their peers. Most provider SAIs are located in EUROSAI, where several SAIs are involved in a range of capacity development projects within and outside their Region. A substantial number of SAIs in OLACEFS provide support within that Region. While there are ongoing capacity development programmes in all INTOSAI Regions, only seven of the Regional Secretariats have responded that they are actively involved in

providing capacity development support to their members. The CAROSAI Secretariat has responded that severe capacity constraints entail that they currently only have an administrative function.

The stocktaking found that SAI recipients of capacity development support favours support provided by peers when compared to other service providers. This is applicable to all support categories with the exception of administrative service capacity. Preference for support from peers is particularly strong within the audit disciplines.

In terms of mode of support, the majority of SAIs and INTOSAI Regional Secretariats have expressed a clear preference for stand-alone projects with the SAI, rather than the support forming part of a wider PFM reform project. The key rationale for stand-alone projects is that this is a necessity for preserving SAI independence, but a number of SAIs also point out that their experience is that stand-alone projects are more effective.

44 SAIs that currently do not provide capacity development support indicate that they plan to become providers in due course. In addition, 27 current providers, and all the INTOSAI Regions, have indicated that they consider increasing the volume of support. The stocktaking data thus suggests that there is potential for significantly increasing the volume of provision of capacity development support. The key barrier to providing support appears to be capacity constraints, and in particular funding constraints. Several SAIs have stated that they are dependent on full cost recovery for capacity support provision, and that funding so far has not been forthcoming. The INTOSAI Regional Secretariats have also identified a clear need for scaling up the regional programmes, particularly bearing in mind the challenge that SAIs face in implementing the ISSAI framework.

Identified Good Practices on SAI Capacity Development

Respondents identified a number of good practices for SAI capacity development, and many of those may help to inform the criteria for identifying and prioritizing capacity development under this INTOSAI-Donor Cooperation. These include *needs based capacity development support*, emphasising appropriate SAI ownership and comprehensive needs assessment processes. The identified needs should then be transformed into comprehensive and realistic Strategic and Development Action plans that form the basis for the goals and activities of the capacity development programmes.

The need to have *clearly defined objectives and to advocate for incremental changes* constitutes an important success criterion. There is a need for a clear assignment of roles, and proposals for interventions must be well thought through, focused and concrete. Bearing in mind the limited institutional absorption capacity in many SAIs and challenges in changing corporate cultures, development processes should be carried out in a gradual manner.

Respondents regard *Leadership and management commitment* as pivotal to successful capacity development. This entails that the development programme must be deeply rooted in the SAIs management, and that there must be high quality and capable leadership in the recipient SAI.

Predictable and long term support constitutes another key success factor. Working with the same development partners over long periods of time fosters trust, cooperation and understanding, and reduces transaction costs. Ensuring sustainable capacity that results in real and lasting impact is time consuming, and it has been highlighted that it could take 10 or more years to see the impact clearly. Predictable graduation/exit strategies should also be integrated as part of the capacity development programme.

The use of a *holistic approach to SAI capacity development* has also been highlighted. This comprises focus on individual training, organizational development and attention to institutional frameworks. Due attention must be given to addressing the wider accountability chain, and winning the support of governments. Support should encompass all areas of the SAI if sustainable development is to be achieved.

Peer to peer cooperation and the use of the INTOSAI Regions and IDI has also been emphasised as a good practice. This is in line with the survey results on preferred capacity development providers, and respondents highlight the value of sharing experiences and skills with peers as an effective tool for knowledge and skills enhancement.

The *mode of capacity development support and quality of staff* are other factors that are frequently cited as success factors. Respondents highlight the value of approaches that combine classroom teaching and the practical application of the acquired skills, and the importance of high quality trainers, advisors and consultants that have communication abilities, cross-cultural competence, and in depth knowledge of public sector auditing.

Another identified success factor is to ensure appropriate *Donor coordination*. There are considerable transaction costs from soliciting support from several Donors and partner SAIs, and fewer but bigger projects is thus considered an advantage. A good example is in the case of Norway and the Netherlands providing bilateral coordinated support to the OAG Zambia from 1997 to the current date, facilitated by a combination of increased support from the Government and other multi-donor efforts through the Public Expenditure Management and Financial Accountability Program. During that time period, there were clear improvements in different indicators, including

- Submission of audit reports to parliament within 12 months of fiscal year-end, as compared to prior times frames of two to three years.
- Increase in audit coverage to 75 percent of expenditures after previously achieving 20 to 30 percent expenditure coverage.
- Reduction in related observed mismanagement of public funds equivalent to 2 percent of GDP per year.

Conclusion

While there is considerable ongoing support to SAIs in partner countries, the stocktaking needs assessment clearly demonstrates that there is a substantial demand for increased levels of support to SAIs in all the INTOSAI Regions and within all the support categories. Also, there is clearly a substantial need to identify opportunities to achieve effective capacity building through greater coordination.

Based on the underlying premise of enhanced donor coordination with a strategic focus to strengthen the SAI capacity, next steps will be elaborated and addressed in more detail in the INTOSAI-Donor Steering Committee Action Plan. Given the data collected in this stocktaking exercise, the following considerations will impact the short term and long term implementation under this cooperation:

- The primary focus will be on supporting SAIs in LI and LMI countries, but due attention should also be given to strengthen SAIs in other partner countries that require assistance in institutional strengthening. Support should be based on SAI owned strategic and development action plans, and may encompass support within all the eight support categories. The support will seek to strengthen SAI performance, through amongst others improved timeliness of audit reports, increased audit coverage, and strengthened SAI independence.
- Strategic and Development Action Plans serve as a basis for support under the INTOSAI-Donor Cooperation. Assistance to SAIs in need of developing such plans should be given priority. The development of Strategic and Development Action Plans and support based thereon, is also highlighted by responding SAIs as one of the critical success factors for effective capacity development support.
- Peer to peer capacity development constitutes the preferred mode of support for SAI recipients. Development partners should therefore look into ways of increasingly utilizing the SAI community in providing support to their peers.
- The INTOSAI Regions provide a highly valued and effective tool for SAI capacity development. Development partners should consider scaling up support to the INTOSAI Regions and regional programmes as a mechanism for increasing the level of capacity development support.

2. Introduction

Chapter two provides an introduction to the report with background information, methodology, and a respondent and deviation analysis. This is followed by a status chapter that outlines the results of the stocktaking in terms of SAI performance, Strategic and Development Action Plans in use, and an overview of receipt and provision of capacity development support. Chapter four covers the overall results of the needs assessments and indicative funding gaps related to SAIs and the INTOSAI Regions. Chapter five contains an analysis of the supply side of SAI capacity development support, including a discussion on preferred modes of support and measures that can be used to strengthen the supply side. In chapter six, there is a discussion on identified good practices on SAI capacity development and the perceived success of capacity development support to the SAI community. Additional data collected in the stocktaking, such as SAI characteristics, needs assessment and funding gaps per support category and case studies reflecting good practices in terms of capacity building of SAIs, are analysed and presented in the annexes.

2.1 Background

SAIs play a key role in strengthening accountability and governance. While many Donors provide support to SAIs in partner countries, and the results of the stocktaking indicates that the volume of support to SAIs has grown, PEFA assessments and other diagnostics have revealed the need for strengthening SAIs in many countries. Too frequently efforts to strengthen SAIs appear less effective because of fragmentation and lack of coordination. Recognizing the importance of well functioning and independent SAIs, and that progress with donor support to SAIs so far has been varied, a MoU between INTOSAI and 15 Donors was signed in October 2009. The MoU brings together the INTOSAI and Donor Communities with the objective of providing a common approach towards increased strategic focus and coordination in strengthening SAI capacity in partner countries, and a variety of mechanisms for facilitating donor funding and support in line with donor mandates, priorities and requirements. SAIs of developing countries constitute the target group, and support will be provided through a hierarchy of activities, principally at the country, and then at the regional and INTOSAI global levels. Within the framework of the MoU, donors will endeavour to mobilise additional funding to complement existing capacity building efforts, and to provide support in a more strategic, coordinated and harmonized manner.

An interim Work Programme was adopted at the inaugural Steering Committee (SC) meeting in February 2010. A key tasks under the approved work programme is a global SAI stocktaking including: i) inventory of country owned Strategic and Development Action Plans, ii) overview of capacity building projects undertaken with and without donor support, iii) identified needs and funding gaps with indications of amounts needed, iv) assembling of information and examples of good practices of capacity building of the SAI community. Further information on the background to the stocktaking is included in Annex D.

2.2 Methodology

The survey population encompasses all SAIs that are members of INTOSAI and/or the INTOSAI Regions, other identified SAIs, as well as the INTOSAI Regional and Sub Regional Secretariats (hereafter termed Regional Secretariats). In total, the survey population encompassed 204 SAIs² and eight Regional Secretariats. Priority was given to gather responses from SAIs in regions where a high proportion of countries fall within the LI or LMI categories of the WDI Database of the World Bank.³

Given the areas to be covered by the stocktaking, it was decided that a survey questionnaire would serve as the most effective tool for data collection. Separate questionnaires were developed regarding SAIs and the Regional Secretariats⁴. To facilitate a high response rate, questionnaires were distributed in Arabic, English, French, Spanish and Russian.

The Secretariat distributed the questionnaire electronically to the INTOSAI Regional Secretariats and SAIs who are not members of an INTOSAI Region. The Regional Secretariats forwarded the questionnaire to their membership, and respondents were requested to return their completed answers electronically through their Regional Secretariats. For more information on methodology, including data validity, see Annex D.

2.3 Respondent Analysis

All eight INTOSAI Regional Secretariats⁵ have completed the survey. The stocktaking survey was distributed to all 189 INTOSAI members. 172 SAIs have responded, with a response rate of 92,1 percent.

The total number of SAIs that formed part of the population is 204. This includes those SAIs that are members of an INTOSAI Region but not INTOSAI, as well as SAIs that are not members of INTOSAI or a INTOSAI Region. A total of 183 completed surveys have been received with a corresponding response rate of 90,2 percent. The responses include ten SAIs that are members of an INTOSAI Region but not INTOSAI, and one SAI that has no INTOSAI or INTOSAI Regional affiliation.

82 responding SAIs are based in countries classified as LI or LMI in the WDI Database.

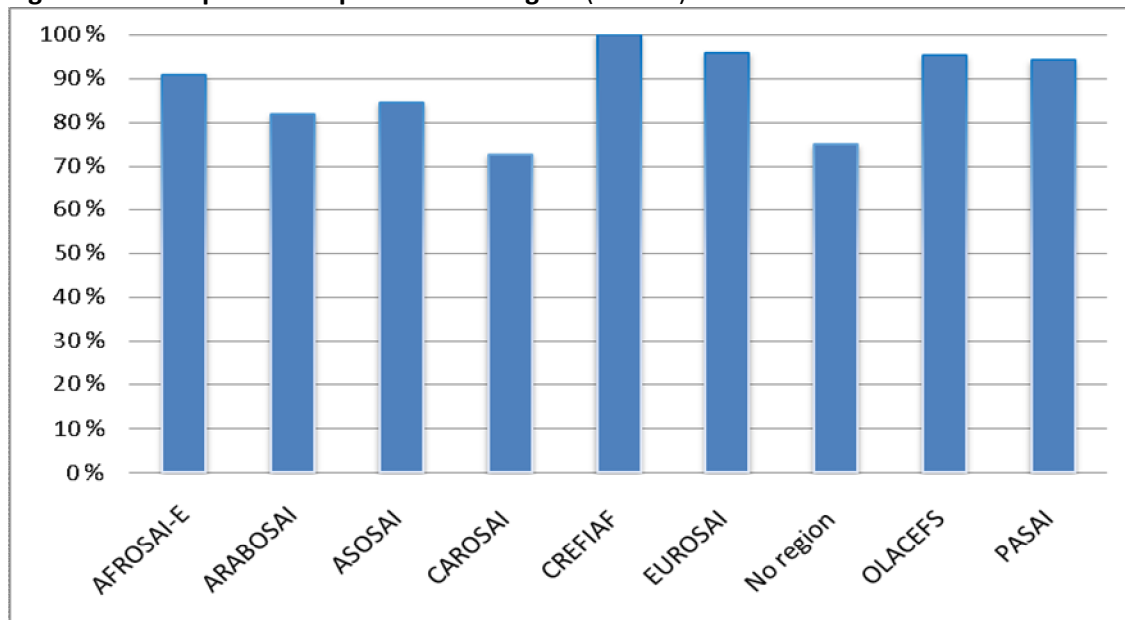
² An overview of the SAI Survey Population is included in Annex C

³ <http://databank.worldbank.org/ddp/home.do>

⁴ The SAI and Regional Questionnaires are included as Annex B and C

⁵ AFROSAI E, ARABOSAI, ASOSAI, CAROSAI, CREFIAF, EUROSAI, OLACEFS, PASAI

Figure 1: SAI response rate per INTOSAI Region (N =183)⁶



The response rate per INTOSAI Region is displayed in figure 1 above. SAIs in CREFIAF have a response rate of 100 percent, while SAIs in AFROSAI-E, EUROSAI, OLACEFS and PASAI have response rates of 90 percent or above. SAIs in CAROSAI have the lowest response rate at 73 percent.

2.3.1 Deviation Analysis

21 SAIs have not responded to the survey, where 17 are INTOSAI members. Table 1 displays how these are distributed across the INTOSAI Regions.

Based on the *proportion of countries* in each INTOSAI Region that fall within the LI or LMI definitions, the attainment of responses was prioritized as follows: 1) AFROSAI (encompassing AFROSAI E, CREFIAF and parts of ARABOSAI), 2) PASAI, 3) ASOSAI, 4) ARABOSAI, 5) OLACEFS, 6) CAROSAI and 7) EUROSAI. Nine non-responding SAIs fall within the top three prioritized INTOSAI Regions.

11, or 44 percent, of the non-responding SAIs belong to LI or LMI countries. Six are listed as LI countries, and four are located within AFROSAI. Three non-responding SAIs are not included in the WDI-database.

⁶ The “No region”-category encompasses four SAIs that are not members of any INTOSAI Region. Three of these completed the survey.

Table 1: Number of non-responding SAIs, total and per INTOSAI Region (N=204)

INTOSAI Region	Non-responding SAIs
AFROSAI-E	2
ARABOSAI	4
ASOSAI	4
CAROSAI	6
EUROSAI	2
OLACEFS	1
PASAI	1
No regional membership	1
Total	21

In terms of population size, 10 SAIs or 45 percent, of the non-respondents belong to countries with a population below one million. Five of these are members of CAROSAI. The SAIs of these countries are often small with limited staffing levels, a factor that most likely contributes to the high prevalence of non-respondents. Five non-responding SAIs are located in countries with populations that exceed 10 million. The largest non-responding country has 170 million inhabitants, while the second largest has a population of 23 million. These five SAIs are members of three different INTOSAI Regions.

Despite considerable efforts, the Secretariat was unable to verify whether there are SAIs in the Democratic Republic of Korea, Tajikistan⁷, Turkmenistan and Uzbekistan. These are LI countries. While the SAIs of the Comoros, Haiti and Somalia are listed as INTOSAI members, and form part of the survey population, the Secretariat and INTOSAI Regions have been unsuccessful in establishing contact with them. It is likely that these SAIs currently are not operational. The Comoros, Haiti and Somalia are classified as LI countries and as *fragile states*.

⁷ The Secretariat has been informed that there are ongoing efforts to establish a SAI in Tajikistan.

3. Status on SAI Performance, Strategic Plans and Support⁸

3.1 SAI Performance

3.1.1 Audit Coverage

Financial audit coverage

The SAIs were asked what *percentage of the SAIs audit clients that in the last financial year was subject to financial audit by the SAI within the stipulated legal timeframe*. Table 2 displays the situation within each INTOSAI Region based on responses from 156 SAIs. The results illustrate considerable variances between the INTOSAI Regions. In both AFROSAI E and ARABOSAI, 90 percent of SAIs report that more than 50 percent of their audit clients were subject to a financial audit in the last financial year. The corresponding figures for SAIs in EUROSAI and ASOSAI were 67 percent and 53 percent for PASAI members. In OLACEFS, 35 percent of SAIs report a financial audit coverage exceeding 50 percent of clients. The lowest financial audit coverage appears to be in CREFIAF and CAROSAI where only 33 and 27 percent of SAIs respectively report that more than 50 percent of audit clients were subject to a financial audit in the last financial year.

Table 2: Percentage of Financial Audit carried out last financial year (N=156)

INTOSAI Region/ Sub-Region	0 %	1-10%	11-30%	31-50%	51-70%	71-90%	91-100%	Total
AFROSAI-E	-	-	-	2	6	7	5	20
ARABOSAI	-	2	2	2	-	3	6	15
ASOSAI	-	2	3	1	2	1	9	18
CAROSAI	2	3	3	3	1	2	1	15
CREFIAF	-	4	2	4	2	1	2	15
EUROSAI	-	5	3	3	6	4	17	38
OLACEFS	2	3	1	5	1	1	4	17
PASAI	1	1	-	3	3	2	5	15
No regional membership	-	1	1	-	-	-	1	3
Total	5	21	15	23	21	21	49	156

⁸ Information on SAI characteristics, including SAI Models, Legal frameworks, mandate to audit different governmental levels, mandate to carry out different audit disciplines , outsourcing and staffing and gender are included in Annex E.

73 SAIs from LI or LMI countries has reported their financial audit coverage. 43 of these SAIs (59 percent) have an audit coverage above 50 percent of clients, while 12 SAIs (16,5 percent) report figures below 10 percent.

While audit coverage represents an important baseline for measuring SAI performance, analysis of the data suggests that SAIs may have understood this question differently. The validity of the data may also be impaired by the fact that there are considerable variations in terms of mandates⁹ and the environment in which the SAIs operate. The results should therefore be interpreted with caution.

Compliance audit coverage

A total of 139 SAIs answered the question related to compliance audit coverage. The results are displayed in table 3.

Table 3: Percentage of Compliance audit carried out last financial year (N=139)

INTOSAI Region/ Sub-Region	0 %	1-10%	11-30%	31-50%	51-70%	71-90%	91-100%	Total
AFROSAI-E	-	1	-	3	3	8	4	19
ARABOSAI	-	2	2	1	2	3	5	15
ASOSAI	2	-	4	2	-	4	6	18
CAROSAI	1	-	2	2	2	4	1	12
CREFIAF	-	2	2	6	1	1	1	13
EUROSAI	-	5	6	3	2	3	15	34
OLACEFS	1	1	1	1	1	2	6	13
PASAI	1	2	2	3	2	2	3	15
No regional membership	-	-	-	-	-	-	-	0
Total	5	13	19	21	13	27	41	139

70 SAIs from LI or LMI countries have reported their compliance audit coverage. 37 of these SAIs (53 percent) state that they have an audit coverage above 50 percent of clients, while 10 SAIs (14,3 percent) report figures below 10 percent.

In general the compliance audit coverage appears to be slightly lower than for financial audit, with only SAIs in CAROSAI and OLACEFS reporting higher audit coverage for compliance audit. Members of AFROSAI-E and OLACEFS report the highest figures on compliance audit coverage, while the lowest coverage appears to be in among SAIs in PASAI and CREFIAF.

⁹ In some countries for instance, SAIs only carry out performance audit and all financial audits are carried out by private sector auditing firms.

Performance audit coverage

SAIs were asked to define the degree to which the *SAI met demands, expectations and its own plans in terms of conducting and reporting on performance auditing during the most recent fiscal year*¹⁰, to which 128 SAIs responded. The results are displayed in Table 4.

The reported results are considerably lower than for financial and compliance auditing. Bearing in mind the resource demands necessary to carry out performance auditing, it is not surprising that SAIs in EUROSAI report the highest figures. In CREFIAF no SAIs have reported a figure above 30 percent, and the numbers are also low among SAIs in OLACEFS, ASOSAI and CAROSAI. The findings correspond to the high reported needs for support in strengthening performance auditing as discussed in Annex H.

Table 4: Percentage in terms of meeting demands, expectations and plans for Performance Audit (N=128)

INTOSAI Region/ Sub-Region	0 %	1-10%	11-30%	31-50%	51-70%	71-90%	90-100%	Total
AFROSAI-E	1	3	4	2	-	3	2	15
ARABOSAI	-	3	4	2	2	1	2	14
ASOSAI	-	6	2	4	-	1	4	17
CAROSAI	1	3	3	2	1	1	1	12
CREFIAF	5	2	2	-	-	-	-	9
EUROSAI	-	7	4	3	1	6	10	31
OLACEFS	3	5	2	3	-	-	1	14
PASAI	3	4	1	-	3	-	3	14
No regional membership	-	-	-	-	-	1	1	2
Total	13	33	22	16	7	13	24	128

61 SAIs from LI or LMI countries have responded to the question. 15 SAIs (25 percent) have indicated a figure exceeding 50 percent. Eight SAIs have responded that they during the recent fiscal year did not meet any of their demands, expectations or plans for performance auditing.

3.1.2 Timeliness of Annual Audit Report

Timeliness of consolidated annual audit reports represents another key baseline for measuring SAI progress. Of the 175 SAIs that responded to the question regarding when their latest consolidated annual audit report was issued to Parliament, 130 (75 percent) indicated that it was issued within the

¹⁰ The question was phrased differently than for financial and compliance audit coverage, as most SAIs are not obliged to, or actually carry out, performance audits of all clients annually.

legal time limit. 50 of these SAIs are from LI or LMI countries. Timeliness appears particularly high among SAIs in EUROSAI and ASOSAI, where no SAIs report any delays.

Of the 45 SAIs¹¹ that did not submit the report within the legal time limit, 25 are based in LI or LMI countries. SAIs in CAROSAI and CREFIAF report the highest numbers in terms of delayed submissions, both for delays below and above one year. Timeliness of annual audit reports is a challenge for several SAIs, and one SAI from AFROSAI-E states that their latest submitted report to Parliament was for the financial year 2006. In CAROSAI, one SAI responded that their latest annual report was for the financial year 2004, but that it since twice has issued an update report on the state of financial accountability reporting. The reported figures on timeliness of annual audit reports are displayed in Table 5. The “Other” category encompasses SAIs that indicated that their annual report is to be issued soon, as well as some SAIs that responded as being without an operational Parliament to issue their annual reports.

Table 5: Timeliness of annual audit report from SAI, total and per INTOSAI Region (N=175)

INTOSAI Region/ Sub-Region	Within stipulated legal time limit	Within one year after stipulated legal time limit	More than one year after stipulated legal time limit	Other	Total
AFROSAI-E	12	3	2	2	19
ARABOSAI	15	1	2	-	18
ASOSAI	19	-	-	2	21
CAROSAI	4	4	6	1	15
CREFIAF	5	5	3	4	17
EUROSAI	44	-	-	3	47
OLACEFS	18	-	1	1	20
PASAI	11	2	1	2	16
No regional membership	2	-	-	-	2
Total	130	15	15	15	175

Comparison of survey data and PEFA results regarding timeliness of audit reports

PEFA Performance Indicator (PI) 26 (ii) relates to *Timeliness of submission of audit reports to the legislature*. Of the SAIs that completed the stocktaking, 76 belong to countries that have been monitored according to the PEFA Performance Measurement Framework in the period 2007-2009¹², and 56 are located in LI or LMI countries. As can be seen in Table 6, 19 countries (86 percent) in the CREFIAF Region have undergone a PEFA monitoring in 2007-2009.

¹¹ It should be borne in mind that delays could be caused by late or non-submission of consolidated financial statements, which may be outside the control of the SAI.

¹² This includes 16 monitoring reports that are at the draft stage and also a number of reports that have not been made official.

When results on performance indicator (PI) 26 (ii) are used to assess the 56 LI and LMI respondents, 17 (30 percent) fall within the two top score categories of A¹³ and B¹⁴. Of the African SAIs, five SAIs (one from ARABOSAI and four from AFROSAI-E) have received a score of B. 25 SAIs (45 percent) have received the lowest score of D¹⁵ while four SAIs have received 0¹⁶ (zero). For CREFIAF, almost 80 percent have received a score of D or 0.

Table 6: Summary of PFM high level performance indicator 26 (ii), *Timeliness of submission of audit reports to legislature*, among countries listed as LI and LMI, total and per INTOSAI Region (N=56)

INTOSAI Region/ Sub-Region	A	B	C	D	0	Total
AFROSAI-E	-	4	1	2	1	8
ARABOSAI	1	1	1	5	-	8
ASOSAI	1	3	1	2	-	7
CAROSAI	-	-	1	1	-	2
CREFIAF	-	-	4	13	2	19
EUROSAI	3	-	-	1	1	5
OLACEFS	-	1	1	-	-	2
PASAI	-	2	1	1	-	4
No regional membership	-	1	-	-	-	1
Total	5	12	10	25	4	56

A representative comparison between PEFA-monitoring results for PI 26 (ii) and the information gathered through the stocktaking can only be carried out for SAIs from CREFIAF. For SAIs in the other regions, the PEFA-material encompasses too few countries to make any meaningful comparison. For SAIs in CREFIAF however, there appears to be a strong correlation between the considerable delays reported in the stocktaking and the assessment of timeliness established by the PEFA studies. It should however be noted that five SAIs in CREFIAF reported that their last annual report was submitted within the legal timeframe. Four of these also form part of the PEFA-material that Table 6 is based upon. This may indicate a recent improvement in terms of audit report timeliness within the CREFIAF Region.

14 SAI respondents to the stocktaking that belong to LI or LMI countries, have undergone PEFA monitoring twice or more in the period 2005-2010¹⁷. Seven are in AFROSAI-E and three in CREFIAF. As

¹³ Score A - audit reports submitted to the legislature within 4 months of the end of the period covered and in the case of financial statements from their receipt by the SAI.

¹⁴ Score B - audit reports submitted to the legislature within 8 months of the end of the period covered and in the case of financial statements from their receipt by the SAI.

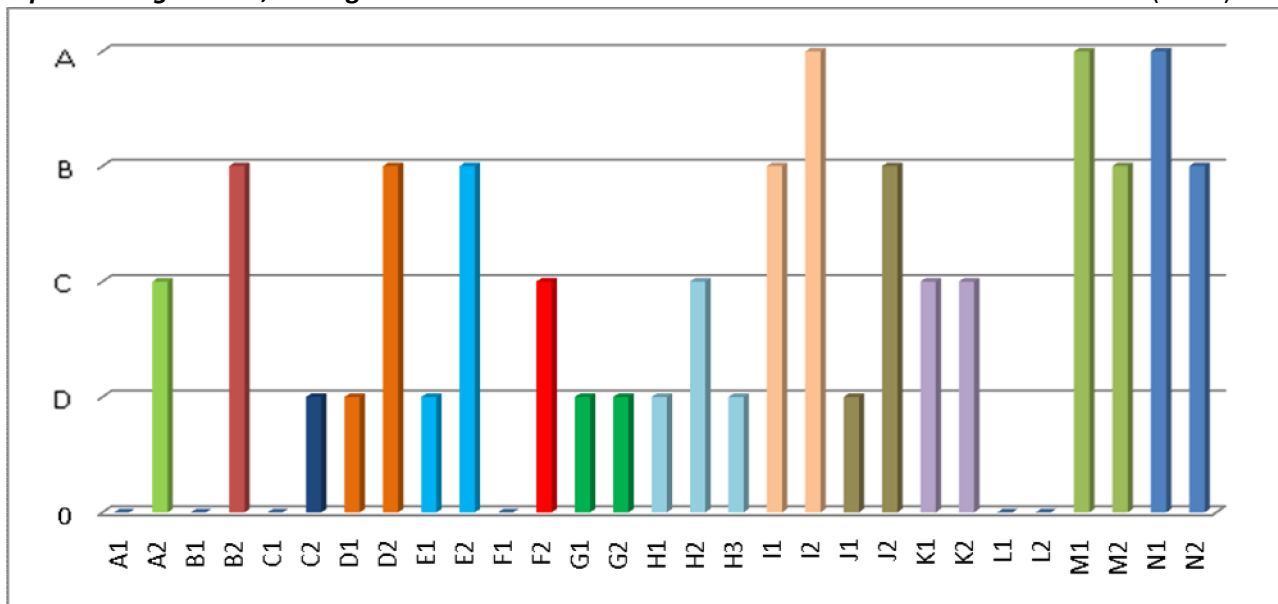
¹⁵ Score D - audit reports submitted to the legislature more than 12 months from the end of the period covered.

¹⁶ Zero means not rated, either because of insufficient information available, the indicator is not used in the country in question, or that the indicator is not assessed for other reasons.

¹⁷ Two of the monitoring reports are still at the draft stages.

displayed in Figure 2, there appears to be a slight average improvement in the scores on audit timeliness for the SAIs in question. There is however no clear pattern, and while there seems to have been progresses made in several SAIs, others have remained at a standstill or experienced a reduction in score. No correlation can be found between capacity development support and the score on audit timeliness, as all but one of the SAIs have reported receipt of several capacity development support projects during the relevant period (discussed in chapter 3.3 and Annex F).

Figure 2: Progress on PFM high level performance indicator 26 (ii), *Timeliness of submission of audit reports to legislature*, among LI and LMI countries monitored two or more times in 2005-2010 (N=14)



When assessing the results of PI 28 (i), *timeliness of examination of audit reports by the legislature*¹⁸ for the 56 countries, eight of them have been graded in category A. Among the countries in the CREFIAF Region, three countries are located in the top two categories. In total however, it seems that the *examination of audit reports by the legislature usually takes more than 12 months to complete*, since 33 countries (59 percent) is scored in categories D and 0. While there could be a host of explanations for this, it may also indicate a need for increased focus on the development of relations and communication between SAIs and their respective Parliaments as discussed in chapter 4.1.1.

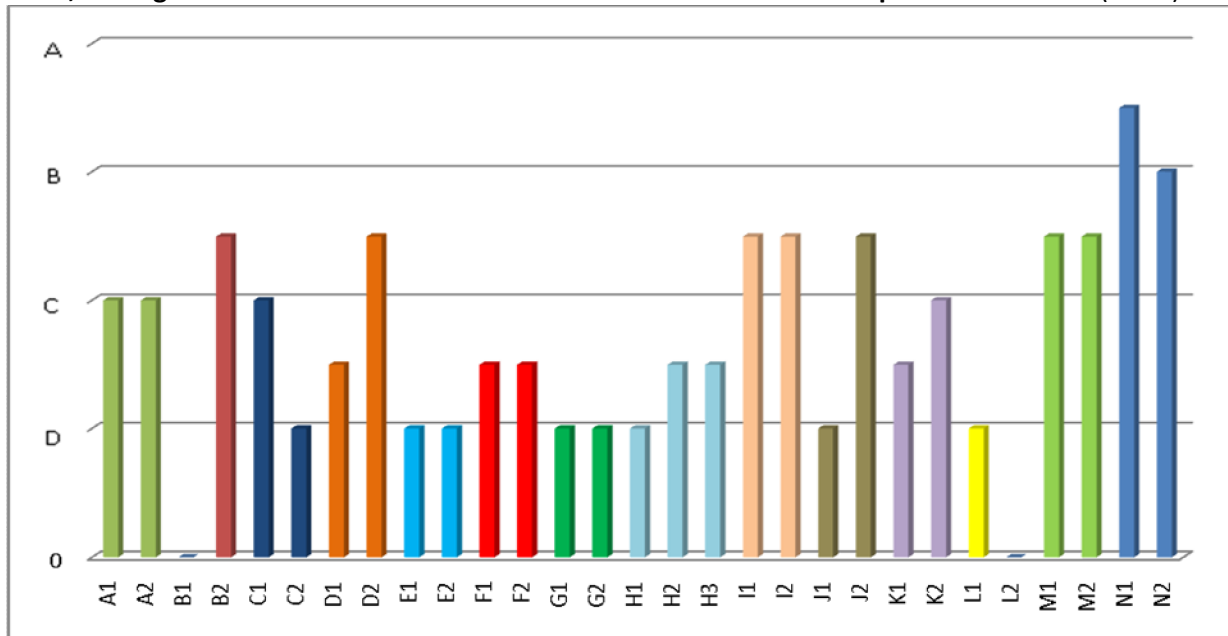
¹⁸ For reports received within the last three years

3.1.3 PEFA Indicator 26: Scope, nature and follow-up of external audit

Figure 3 illustrates the overall results regarding PEFA Performance Indicator PI 26, *Scope, nature and follow-up of external audit*¹⁹ for the 14 LI and LMI countries that have been assessed two or more times in the period 2005-2010, and also have SAIs that responded to this stocktaking. 13 of the respective SAIs have reported receipt of support within several capacity development support categories, while the last SAI have reported receipt of support exclusively within the organizational capacity domain.

Five countries (36 percent) have improved their overall scores on PI 26 during the period, and there appears to be a marginal overall improvement. The results displayed in Figure 3 do however indicate that efforts to strengthen SAIs so far have yielded varied results. For a majority of the countries in question, there has been a standstill (six countries) or a decline (three countries) in terms of grading for PI 26.

Figure 3 Progress on PFM high level performance indicator 26, *Scope, nature and follow-up of external audit*, among LI and LMI countries monitored two or more times in the period 2005-2010 (N=14)



While the sample of countries displayed in Figure 3 is small, it raises questions concerning the effectiveness, impact and sustainability of capacity development support to SAIs in partner countries. The results of PI 26 of the PEFA Framework also appear to contradict the high perceived success rate reported by the SAI stocktaking population on capacity development support which is discussed in

¹⁹ PI 26 sum up assessments of the following dimensions: (i) Scope/nature of audit performed (incl. adherence to auditing standards), (ii) Timeliness of submission of audit reports to legislature, (iii) Evidence of follow up on audit recommendations.

chapter 6.2. While the results raise concerns about the impact of SAI capacity development support, one should keep in mind, as discussed in chapter 6.3.4, that long term and predictable capacity development support is regarded as a key factor for ensuring SAI development. As illustrated by the case study on Zambia, it may take ten years or longer to see the impact of capacity development support clearly²⁰. The timeframe of support should therefore also be factored in before drawing conclusions regarding the success of capacity development support to SAIs in partner countries.

3.2 Strategic and Development Action Plans

The MoU states that the SAI community will endeavour to develop individual country-led Strategic²¹ and Development Action Plans that are comprehensive, realistic and prioritized. It states further that the Donor Community will endeavour to mobilize additional resources to support in the development and implementation of such plans. Recognizing the importance of needs based and demand driven support, one of the goals of the stocktaking is to develop an inventory of SAI owned Strategic and Development Action Plans in use. The development of such plans, and support based thereon, is also highlighted by responding SAIs as one of the critical success factors for effective capacity development support.

The stocktaking shows that 130 SAIs (73 percent of respondent) have Strategic Plans in place. Table 7 displays the distribution across the INTOSAI Regions. A total of 81 SAIs (45 percent) have responded that they have both a Strategic and a Development Action Plan in use. 28 percent (23 SAIs) are members of EUROSAI, 19 percent (15 SAIs) of ASOSAI and 15 percent (12 SAIs) belong to OLACEFS.

49 (27 percent) respondents report that they do not have a Strategic Plan, and 41 SAIs neither have a Strategic or a Development Action Plan. 12 of these are members of CREFIAF, and seven are members of CAROSAI.

²⁰ Reference is made to the case study of support to the SAI of Zambia in Annex I.

²¹ A Strategic Plan sets out the strategy for developing the SAI over the longer term. A Development Action Plan is about how the Strategic Plan will be implemented. It will have a shorter time horizon and is likely to be subject to fairly frequent change. Both these plans should be distinguished from the SAI's operational plan, which is about carrying out its operational responsibilities (e.g. audits to be conducted over the coming year).

Table 7: Number of SAIs with Strategic Plan, total and per INTOSAI Region (N=179)

INTOSAI Region	SAIs with Strategic Plan
AFROSAI-E	19
ARABOSAI	14
ASOSAI	18
CAROSAI	7
CREFIAF	6
EUROSAI	36
OLACEFS	15
PASAI	13
No regional membership	2
Total	130

There have been ongoing efforts within the INTOSAI Community over the last years to excel the development of SAI Capacity Building Needs Assessments and corresponding Strategic and Development Action Plans. This includes bilateral efforts, and regional programmes carried out in cooperation with the IDI. The Regional programmes encompass Capacity Building Needs Assessment Programmes for SAIs in ARABOSAI, ASOSAI, AFROSAI-E, CREFIAF, OLACEFS²², and PASAI. Strategic Planning Programmes²³ have been conducted in AFROSAI-E and CAROSAI²⁴, and are ongoing in the ARABOSAI Region. A Strategic Planning Programme for SAIs in CREFIAF, which has the highest number of SAIs without Strategic Plans, will be launched in 2010/2011, and a Strategic Planning Programme for ASOSAI will also be initiated in the near future. Based on the experiences made from these programmes, guides have been developed on Capacity Building Needs Assessments and Strategic Planning which are available to all SAIs²⁵.

The stocktaking responses do not provide sufficient data for conducting any meaningful analysis of the quality of SAI Strategic and Development Action Plans. Only 17 SAIs attached their Strategic Plans to their responses, and a comprehensive assessment of the quality of plans would also have to entail analysis of the development process and implementation of the Strategic and Development Action Plans.

²² Two programmes in OLACEFS

²³ Which also includes the development and implementation of Development Action Plans

²⁴ For 10 SAIs in AFROSAI E and the CAROSAI Secretariat

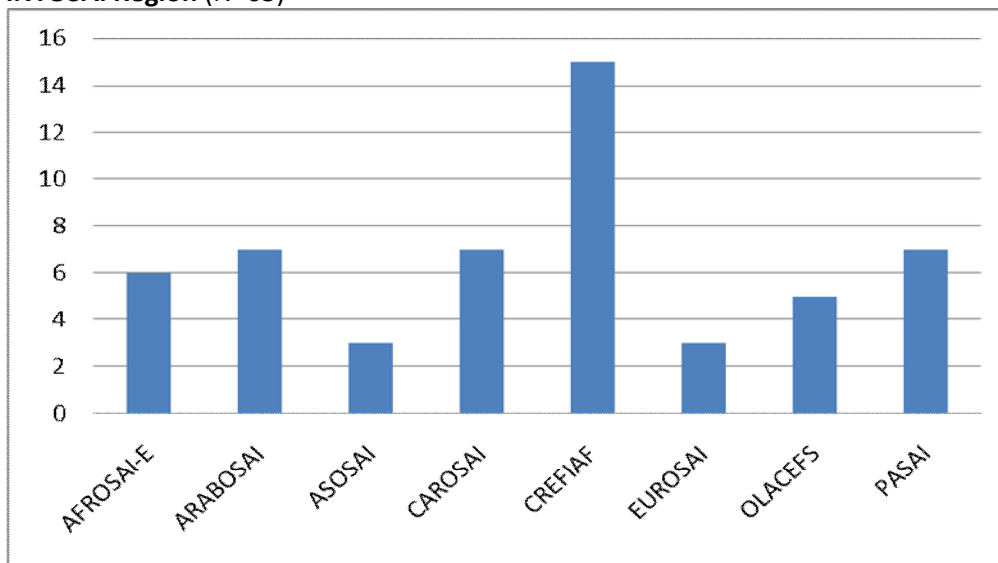
²⁵ Available in English and Spanish, but French version of Capacity Building Needs Assessment guide is currently being produced.

3.2.1 SAIs in Need of Assistance for Developing Strategic and Development Action Plans

63 SAIs expressed a need or intention to develop or update a Strategic or a Development Action Plan within the next three-year period. Of these 63 SAIs, 53 (84 percent) stated that they need external assistance. 35 of these SAIs come from LI or LMI countries.

15 SAIs located in CREFIAF from LI or LMI countries have an expressed need for support in developing Strategic and/or Development Action Plans, along with seven SAIs in AFROSAI-E, four in ARABOSAI, three in ASOSAI and PASAI, two from OLACEFS and one from CAROSAI. Figure 4 below displays the total number of SAIs in need of such assistance per INTOSAI Region.

Figure 4: SAIs in need of assistance for developing Strategic- and Development Action Plan, per INTOSAI Region (N=63)



3.2.2 INTOSAI Regional Strategic and Development Action Plans

All the INTOSAI Regions, with the exception of EUROSAL, report that they have Strategic Plans in place. The EUROSAL Secretariat is in the process of developing its first Strategic Plan. The Strategic Plan of OLACEFS comes to an end in 2010, but efforts are underway to draft a new plan. The CREFIAF Secretariat has expressed a need for reviewing and updating its Strategic and Development Action Plans, and has indicated that it requires external support for this task. The CAROSAI Strategic Plan comes to an end in 2011, and the CAROSAI Secretariat has requested financial support to facilitate a focus group meeting for updating the Strategic Plan.

The ASOSAI, CAROSAI and OLACEFS Secretariats have responded that they do not have Development Action Plans in place, but have not reported any need for external support in developing such plans.

3.3 Capacity Development Support

As part of the stocktaking, the Secretariat was asked to develop an inventory of capacity building projects undertaken with or without donor support. The inventory of capacity building support is deemed as an important tool for facilitating improved coordination and augmentation of support to SAIs in partner countries. The data collected will also serve as a baseline for measuring progress in efforts to strengthen SAI capacity. The INTOSAI Capacity Building Committee (CBC) has developed a database for Donor financed capacity building projects.²⁶ When developing the inventory on capacity building support, the CBC Directory has been used to supplement the data collected through the questionnaire. The data on capacity development support programmes collected through this effort will in due course also be included in the CBC Directory.

3.3.1 Overview of Receipt of Capacity Development Support

SAI capacity development support: Status and comparative analysis

All SAI respondents have included information on whether they have been, are, or plan to be, recipients of capacity development support.

As displayed in Table 8, in excess of 50 percent (91 SAIs) of the respondents have received capacity development support that has been completed within the past five years. The number of SAIs that currently receives capacity development support is somewhat higher at 98 SAIs (55 percent). This indicates that capacity development support to SAIs has been on the rise. Limited institutional memory may however entail that completed capacity development support is underreported. The perception of increased levels of capacity development support is also qualified by the fact that only 74 SAIs (41 percent) report that they are in dialogue on receipt of future support. It is however likely that many SAIs are reluctant to identify projects that have not yet been formalized and are in the planning phase.

Table 8: Number of SAI recipients of capacity development support (N=183)²⁷

	Completed support	Current support	Planned support
Recipient of capacity development support	91	98	74

²⁶ <http://www.cbcdirectory.org/default.aspx>

²⁷ None of the SAIs not belonging to an INTOSAI region do or plan to receive support

There does not appear to be any global trends in terms of receipt of support that is applicable across the INTOSAI regions. As indicated in Table 9 below, CAROSAI has experienced a decrease in the number of SAIs currently receiving capacity development support (56 percent) when compared to completed projects (81 percent), while the number of SAIs in PASAI that receive capacity development support (81 percent) has increased compared to those with completed projects (50 percent).

Table 9: Number of SAI recipients of capacity development support, per INTOSAI Region

Recipient of capacity development support	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI
Completed support	13	12	8	13	7	16	14	8
Current support	16	9	11	9	13	14	13	13
Planned support	12	8	5	9	9	12	8	11

SAIs in AFROSAI-E report the highest numbers in terms of both completed and current support, and together with SAIs in EUROSAI, the highest number of planned support projects. Based on the assumption that the planned support category is underreported, there appears to have been an increase of capacity development support to SAIs in AFROSAI-E, CREFIAP and PASAI, while the SAIs in ARABOSAI, EUROSAI, OLACEFS and CAROSAI Regions experienced a decrease .

Table 10: Receipt of capacity development support, distributed by World Bank WDI-classification

World Bank Economic Classification	Total number of SAIs	Total number of SAI recipients	Completed receipt	Current receipt	Planned receipt
LI	35	31	14	28	18
LMI	47	41	30	32	26
UMI	42	36	31	27	16
HI	52	15	11	8	10
No Classification	7	5	5	3	4

Table 10 above displays a comparison of SAI respondents distributed by the WDI classification. It shows that 80 percent of SAIs in the LI countries have been, are or plan to become recipients of some capacity development support, and this entails a doubling when compared to completed support.

There is also a slight increase in the number of SAIs in LMI countries that report current receipt of support (68 percent) when compared to completed support (64 percent). There is also a high portion of SAI recipients in the Upper Middle Income (UMI) category, where 36 SAIs (85 percent) have received, are receiving or plan to receive support. There is however a decline in the number of UMI SAIs that currently

receive support when compared to completed projects. Just 15 of 52 High Income (HI) countries report receipt of capacity development support.

Regional Secretariat capacity development support: Status and comparative analysis

Half of the Regional Secretariats respond that they were recipients of completed capacity development support during the past five years. Current support is higher as the CAROSAI and OLACEFS Secretariats report that they currently receive support, but have not been the beneficiaries of any completed support. The ASOSAI and EUROSAI Regional Secretariats report that they neither have nor do receive any capacity development support.

Table 11: Number of Regional Secretariats recipients of capacity development support (N=8)

	Completed support	Current support	Planned support
Recipient of capacity development support	4	6	4

Four Regional Secretariats, namely ASOSAI, CAROSAI, EUROSAI and OLACEFS, have responded that they are not in any dialogue with development partners on the receipt of future capacity development support.

3.3.2 Overview of Provision of Capacity Development Support

INTOSAI has a long tradition of peer to peer cooperation. This takes the forms of cooperation on the bilateral level, through the work of the INTOSAI Regions, and within the INTOSAI Committees and Working Groups.

A number of SAIs are actively providing capacity development support to peers. This encompasses SAIs that are involved in broad institutional twinning projects²⁸, SAIs that carry out stand alone capacity development activities on a demand basis (for instance peer reviews, study visits, joint audits, etc.), the hosting of fellowship and other educational programmes, SAIs that contribute with Subject Matter Experts to Regional capacity development programmes, and SAIs that contribute resources to the operations INTOSAI, Regional Secretariats, and corresponding capacity development infrastructures.

SAI provision of capacity development support: Status and Comparative analysis

There is a close correlation between the trends identified on the volume of receipt and provision of support in terms of completed, current and planned capacity development support. Both sets of

²⁸ Twinning with EU member SAIs was for instance carried out for all the SAIs of EU accession countries.

statistics show an increase in current support from completed support, with a considerable decline in the number of planned interventions.

Out of the 183 respondents, 48 SAIs respond that they currently are providers of capacity building support. While the analysis indicates a slight rise in the number of SAIs that currently provide such support as compared to completed support, the data should again be treated with caution, as completed support may be subject to under-reporting due to institutional memory constraints. The perception of increased provision of SAI capacity development support is also qualified by the fact that only 25 SAIs reported that they are in dialogue on providing future support. SAI providers of capacity development support may however be even more reluctant than recipients to reveal information on future projects that are not manifested in a formal agreement. One of the SAI service providers for instance stated explicitly that they were more comfortable with not identifying projects that are under planning.

Table 12: Number of SAIs that provide capacity development support (N=183)

	Completed support	Current support	Planned support
Provider of capacity development support	46	48	25

As can be seen from Table 13 below, the largest number of SAIs that provide capacity development support to peers are located in the EUROSAI and OLACEFS regions, with the lowest aggregate numbers of SAI providers in CAROSAI and CREFIAF.

Table 13: Number of SAI providers of capacity development support, per INTOSAI Region

Provider of capacity development support	AFROSAL-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAF	EUROSAI	OLACEFS	PASAI
Completed support	4	5	5	1	2	15	11	2
Current support	4	6	7	-	1	15	11	2
Planned support	-	-	4	1	1	11	6	1

The number of SAI providers in each INTOSAI region appears fairly stable when comparing completed and current support, with a slight reduction in CREFIAF and slight increases in ARABOSAI and ASOSAI.

Regional Secretariat provision of capacity development support: Status and comparative analysis

While there are ongoing regional capacity development programmes in all INTOSAI Regions, only seven Regional Secretariats have responded that they are currently involved in providing support. CAROSAI

indicated that they only have an administrative function; due to the fact that only one person is employed. The three regional Secretariats of ASOSAI, EUROSAI and PASAI are the only ones that have responded that there are plans underway to provide for further capacity development support programmes for their membership over the next three year period.

Table 14: Number of Regional Secretariats that provide capacity development support (N=8)

	Completed support	Current support	Planned support
Provider of capacity development support	8	7	3

3.4 Summary

The majority of the SAIs report that they have a financial and compliance audit coverage exceeding 50 percent of their audit clients, but there are considerable regional variations. The reported figures on performance auditing are much lower, and this is an area where a number of SAIs request development support. On the timeliness of annual audit reports, a clear majority of the respondents report that these reports are issued within the stipulated legal time limit. There are however also here large regional differences, and timeliness appears to be a particular challenge among SAIs in CAROSAI and CREFIAF. The latter is also reflected in the PEFA assessments on audit report timeliness of CREFIAF countries.

The analysis of PEFA PI 26 for 14 LI and LMI countries monitored two or more times during 2005-2010, shows varied results. All of the SAIs of these countries have reported receipt of capacity development support projects within several of the support categories. While there is reported progress for five SAIs, and an overall marginal improvement, the grading remains unchanged for six countries, and has declined for three. While it should be factored in that it takes considerable time to see the impact of SAI capacity development, the results may raise questions regarding the effectiveness, impact and sustainability of capacity development support provided. The results of PI 26 of the PEFA Framework also appears to contrast the high perceived success rate reported by the SAI stocktaking population on capacity development support which is discussed in chapter 6.2

The results of the stocktaking suggest that most SAIs (71 percent) have Strategic Plans in place, and 81 SAIs have confirmed that they have both a Strategic Plan and a Development Action Plan in place. It is however also evident from the data that a number of SAIs still require assistance in developing and implementing Strategic and Development Action Plans.

The stocktaking shows that the majority of SAIs are, or have been, the beneficiaries of capacity development support. The number of recipients of support also appears to have grown when comparing completed and current projects. This particularly appears to be the case for SAIs in LI Countries that

report a doubling in the number of SAIs that currently receive support when compared to completed support. There are however regional disparities, and while the number of recipients has increased significantly in some regions, they have declined in others.

The Regional Secretariats also report an increase in the number of Secretariats that are currently recipients of capacity development support when compared to completed support.

There are considerably fewer SAI providers of capacity development support than recipients. Almost 50 SAIs are however involved on the supply side, and this figure appears to have increased slightly when comparing current and completed support.

The following provides a summary of key observations related to the various INTOSAI Regions.

AFROSAI-E

AFROSAI-E has the highest number of SAIs that currently receive capacity development support. In total 16 of 20 respondents SAIs currently receive support, and this is an increase when compared to completed support. Organizational capacity constitutes the most common support category, followed by financial, compliance and performance audit capacity. Support to strengthen performance audit capacity stands out in terms of volume when compared to SAIs in other INTOSAI Regions. This may be a result of the AFROSAI-E Secretariats concerted efforts at strengthening this audit discipline among its members. The AFROSAI-E Regional Secretariat report high volumes in terms of both receipt of support and provision of support through regional capacity development programmes. While there are examples of south-south cooperation amongst SAIs in the Region, there appears to be relatively few SAIs that have taken on the role as provider of capacity development support.

ARABOSAI:

The number of SAI recipients of capacity development support in ARABOSAI has declined when comparing completed and current support. When aggregating the figures on completed and current support, financial audit capacity appears to be the most targeted support category. Analysis of the figures on planned future support, indicates that organizational capacity development emerges as the most prioritized area. SAIs in ARABOSAI appear to perform well on audit coverage and timeliness, with 90 percent of the SAIs reporting that more than 50 percent of their audit clients were subject to a financial audit in the last financial year, and that a clear majority of SAIs issued their annual audit report within the stipulated legal time limit. There are currently six SAIs in ARABOSAI that provide capacity development support to peers, which is a slight increase when compared to provision of completed support. No ARABOSAI members have however provided information on planned future provision of support.

ASOSAI

11 SAIs in ASOSAI currently receive capacity development support, which is a clear increase when compared to completed support. The trend is the same for provision of support, where the number of SAI providers has increased from five to seven. Most of the SAI recipients received support to strengthen organizational capacity and financial audit capacity. Organizational capacity support is also the predominant type of support provided by SAIs. The ASOSAI Regional Secretariat has replied that they have not received, or currently receive, any support to the Regional Secretariat. The ASOSAI Regional Secretariat does however provide regional capacity development support in a number of fields to its membership, and plan to continue this in the next three year period.

CAROSAI

The number of SAIs receiving capacity development support in the CAROSAI region appears to be decreasing substantially when comparing current and completed support. This decline in support has come despite relatively low figures in terms of audit coverage and significant delays for many SAIs in publishing their annual audit reports. Most support has been received to strengthen performance and financial audit capacity. Only seven of the CAROSAI respondents have indicated that they currently have a Strategic Plan in place, which may indicate a need for increased organizational development support. No CAROSAI member report that they currently provide capacity development support to other SAIs. The CAROSAI Regional Secretariat is understaffed, and has stated that it currently is unable to become a capacity provider due to capacity constraints. While a CAROSAI Strategic Plan is in place, the Regional Secretariat has requested support for a focus group to update the plan for the next period.

CREFIAP

There has been a clear increase in the numbers of SAIs in CREFIAP that receive support. Most support falls within the organizational capacity domain followed by financial audit. Given that 12 SAIs in CREFIAP still do not have a Strategic Plan in place, and also have expressed considerable needs for additional organizational support in their needs assessment, it is likely that this trend will continue. The CREFIAP Regional Secretariat has also expressed a need for external support to review and update its Strategic and Development Action Plans. The data analysis indicates considerable challenges in terms of audit coverage and timeliness of audit reports, and that there may be a need to intensify efforts to strengthen the SAIs in the Region. Only one SAI has reported that it currently provides capacity development support to other SAIs, while the CREFIAP Regional Secretariat provides support in a number of fields.

EUROSAI

A comparatively high number of EUROSAI members received capacity development support as part of their EU accession processes. While the current level of received support is lower, 14 SAIs still receive support. Organizational capacity is the most common support category followed by performance and financial audit capacity. All EUROSAI respondents have indicated that their last annual audit report was completed within the stipulated deadline, and also report the highest figures in terms of meeting internal and external expectations related to performance auditing. The EUROSAI Regional Secretariat

has responded that they do not, and have not, received any capacity development support. EUROSAI has the highest number of SAIs that provide capacity development support. Some SAIs are involved in a comparatively large number of capacity development initiatives targeting SAIs also outside the Region. Support is provided within all support categories, with the bulk of support related to organizational, financial and performance audit capacity.

OLACEFS

Support on organizational capacity is by far the most reported support category by SAI recipients in OLACEFS. The volume of support within the domains of compliance, performance, IT and other specialized audits is however very limited. The number of recipients appears to have decreased slightly when comparing current and completed support. There is also a number of SAIs from OLACEFS that have included capacity developments initiatives of a national nature with support from other government entities. A fairly high number of SAIs in the OLACEFS region have provided support to peers, with only EUROSAI having more providers in absolute numbers. Most of the provision pertains to organizational capacity. The OLACEFS Regional Secretariat has been, and is involved in, a large array of capacity development support programmes for its members SAIs, but has not included information on planned future programmes.

PASAI

There has been a sharp increase in the number of SAIs recipients of capacity development support in the PASAI region, with numbers increasing from eight to 13. Performance audit, together with organizational capacity, constitutes the most common current support category, which party can be attributed to the ongoing joint PASAI cooperative performance audits. No SAIs in the PASAI region have reported any past, current or future support on external stakeholder's relations. Few SAIs in PASAI provide capacity development support to other SAIs in the region. The PASAI Regional Secretariat has responded that plans are afoot to provide support on a number of support categories within the next three years.

4. Needs Assessment and Indicative Funding Gaps

One of the primary goals of the stocktaking is to develop an overview of identified SAI needs with corresponding indicative funding gaps. While some SAIs and INTOSAI Regions have undertaken needs assessments in the past, this stocktaking represents the first attempt of an overall needs assessment of the global SAI community. During deliberations at the inaugural SC Meeting, it was stressed that the stocktaking should be at the high level, and that a full mapping would not be expected.

The needs assessment constituted part four of the SAI Stocktaking survey. For the INTOSAI Regions the needs assessments are twofold. In part four they are asked to conduct an indicative needs assessment with corresponding funding gaps for the Regional Secretariats. In part six of the Regional survey, they are also asked to use their knowledge of the SAIs in their region to identify *regional capacity development activities* that can be used to address the identified needs of the SAIs in the respective regions.

In addition to assessing the needs for support in strengthening the capacity within the eight *support categories*²⁹, the respondents were asked to include specific *project activities* with corresponding estimated funding needs³⁰. Respondents were also asked to rank their capacity development support needs in a prioritized order.

4.1 Overall SAI Needs Assessment and Indicative Funding Gaps

4.1.1 Identified Capacity Development Needs for SAIs

A total of 129 SAIs (72 percent of the respondents) have defined their needs for capacity development support as *high or medium* for one or more of the support categories. In some instances this has been done without providing further information in the form of identified project activities. Other respondents have defined project activities, but stated that they have sufficient funding (either from their budget allocation or through Donor commitments) for the implementation of the project activities.

Table 15 below provides an overview of how many SAIs that require capacity development support within each of the eight support categories. All SAIs that reported high or medium identified needs have included organizational capacity development as a category where they require support. This is followed, in terms of frequency, by performance, IT and financial audit.

²⁹ Organizational, Financial audit, Compliance audit, Performance audit, IT audit, Other specialized audits, External stakeholders relations and Administrative Services capacity. These are defined in more detail in Annex D.

³⁰ Where the SAI/Region does not have the internal financing to fund the activity.

The table also includes information on the aggregate number of identified project activities within each support category. This amounts to 1371 activities in total. While organizational capacity support stands out with by far the highest number of identified activities, the remaining activities are distributed fairly evenly across the seven other categories. It should however be noted that a significant number of respondents have commented that they do not separate between financial audit and compliance audit, but perceive these as the combined discipline of *regularity audit*³¹. They have consequently registered either financial or compliance audit activities, rather than separate activities under the two support categories. If combined, the aggregate number of identified activities on financial and compliance audit is 297. Detailed information on capacity development needs per support category for SAIs included in Annex H.

Table 15: Summary of SAIs with identified needs for capacity development support (N=129)

	Organisational capacity	Financial audit capacity	Compliance audit capacity	Performance audit capacity	IT audit capacity	Other specialized audits capacity	Administrative services capacity	External stakeholder's relations capacity	Total
SAIs with identified needs	129	101	86	125	116	83	80	95	129
Activities identified	309	183	113	195	170	152	127	127	1371
Activities in need of external funding	221	136	80	151	138	130	99	96	1046
Funding needs based on SAI estimates (US\$)	77,7 Mill	19,3 Mill	9,3 Mill	13,6 Mill	13,7 Mill	10,8 Mill	17,7 Mill	12 Mill	174,2 Mill
Additional funding needs estimated (US\$)	38,2 Mill	9,7 Mill	7,7 Mill	7,4 Mill	7,3 Mill	7,2 Mill	13,9 Mill	3 Mill	94,5 Mill
Total funding needs estimated (US\$)	116 Mill	29 Mill	17 Mill	21 Mill	21 Mill	18 Mill	32 Mill	15 Mill	269 Mill

³¹ Which is the INTOSAI terminology that encompasses both financial and compliance audit.

Commonly identified support activities

There are few or no differences in the types of identified activities between SAIs from LI and LMI countries and SAIs from HI or UMI countries. In relation to the audit disciplines, the identified activities are similar in nature. The most frequently identified activities refer to assistance, skills development and training of auditors in the various audit disciplines, development and implementation of audit manuals and guidelines, peer reviews, and acquisition of audit software. Technical support and facilitation of on the job training is commonly requested in the fields of performance, IT and other specialized audits capacity (hereunder environmental and forensic audit). Many SAIs have also stated a need for support in introducing new audit disciplines and for recruitment of specialized staff.

The scope of identified activities for organisational capacity development is wide, but often include the development of Strategic and Development Action Plans, revision of legal framework, development of human resource capacity and skills, construction or refurbishment of office facilities, acquisition of IT hardware, development or update of operational manuals, development of quality control systems, development and maintenance of website and intranet, managerial training and various forms of professional staff development.

For administrative services capacity the most frequently identified activities cover the setting up and strengthening of administrative support functions (e.g. human resources, registry, IT services, training function, accounts, information), and education and training of support staff. In terms of external stakeholders relations capacity, the tendency is that most activities concern awareness raising on SAI's activities and role in society, improved relations and communication with Parliament and/or Public Accounts Committees (PAC), strengthening the SAIs external communication skills through for instance facilitation of skills in media management, and improvements in the design and publication of audit reports.

Timeframes for support

While the questionnaires asked for information on the timeframes for activities, the data received on this is incomplete and unsuited for analysis. Many SAIs have left out information on the timeframe of identified activities, while others have specified the timeframe on some activities. Respondents which have indicated a time interval have also done this in different ways. Some have filled in the number of days, weeks, months or years necessary for the support, while others have specified a month-to-month or a year-to-year interval.

Due to these data limitations, average annual funding needs have not been calculated. Among the respondents using a year-to-year interval, the vast majority of support appears to be requested for the period of 2010-2013. Some SAIs have however requested support activities stretching over periods of five to ten years.

Funding needs based on SAI estimates

78 of the 129 SAIs that have reported high or medium needs for capacity development support, have included indicative funding gaps for the activities. 49 of these 78 SAIs (63 percent) are from LI or LMI countries.

As displayed in Table 15, based on the amounts reported in the questionnaires, SAIs have a combined reported estimated funding gap of approximately US\$ 174 million. This implies an average funding gap of US\$ 1,35 million per SAI with a high or medium defined need for capacity development support. The reported funding gaps for SAIs range from US\$ 20 million as the highest, to US\$ 1000 as the lowest. 15 identified activities have been left out of the figure as they represent outliers that significantly exceed the other funding requests and which would skew the figures. For organisational capacity development these outliers are related to construction or renewal of office buildings and premises³², while outlier activities identified in relation to financial audit capacity³³ and administrative services capacity³⁴ also have been left out of the calculation. As a result of this, approximately US\$ 102 million is subtracted from the actual reported funding needs by SAIs. If these activities were included in the estimate, this would increase the sum to US\$ 276 million.

Estimate of additional indicative funding gaps

54 SAIs have either reported low needs for capacity development support in all the support categories, or have not completed the needs assessment part of the questionnaire. The latter is applicable to three SAIs in LI Countries, two in CREFIAF and one in AFROSAI-E. It is likely that these three SAIs are in need of financial support to strengthen their administrative, technical and professional capacity.

36 SAIs have identified project activities in need of capacity development, but have not included estimated funding needs within any of the eight support categories. 19 of these SAIs belong to LI or LMI countries. While there may be several explanations for the incompleteness of the data with regard to funding gaps, limited knowledge (and availability of resources to collect information) of the costs of capacity development support activities probably constitutes a key constraint

To arrive at a more realistic funding gap facing SAIs in partner countries, average estimated funding gaps have been calculated within each support category. The average funding gap has then been applied to the LI and LMI country SAIs that did not complete the needs assessment section, as well as to those SAIs that indicated a high or medium need but who did not specify project activities, or who specified activities without corresponding funding gaps. When performing this calculation, the aggregate funding gap increased by approximately US\$ 94,5 million, to a total estimated overall funding gap of US\$ 269 million. This entails an funding gap of US\$ 2,1 million per SAI with a high or medium defined need for

³²This refers to the four SAIs from AFROSAI-E (combined US\$ 50 million), two SAIs from CREFIAF (combined US\$ 22 million) and one SAI from OLACEFS (US\$ 4 million) in need of new office premises.

³³ This refers to one SAI from ARABOSAI, with an estimated funding gap of US\$ 20 million related to six activities.

³⁴ This refers to one SAI from EUROSAI, with an estimated funding gap of US\$ 6 million related to two activities.

capacity development support. For more details concerning the funding needs per support category and data and method for estimate of additional funding gaps on support categories, please see Annex H.

If the fifteen activities that skew the figures are included, the sum increases by more than 50 percent. The additional funding gap is then approximately US\$ 148,5 million, while the total estimated funding gap would amount to approximately US\$ 425 million.

It should be noted that this additional indicative funding gap figure only covers the population that has responded to the questionnaire (in full or part), and does not include the 11 SAIs from LI and LMI countries that the Secretariat either did not manage to establish contact with or who did not respond to the stocktaking. This implies that the actual funding needs on the ground may be considerably higher.

Funding needs based on SAI estimates per INTOSAI Region

Table 16 below displays the distribution of the reported funding needs based on SAI estimates across the INTOSAI Regions³⁵. The highest numbers of activities in need of funding, and by far the highest funding gaps based on SAI estimates are to be found among SAIs in AFROSAI-E. In terms of identified activities that need funding, SAIs in AFROSAI-E are followed by their peers in OLACEFS, ASOSAI, ARABOSAI and PASAI. SAIs in EUROSAI have identified the lowest number of identified activities in need of funding support.

Table 16: Summary of identified needs for capacity development support, per INTOSAI Region (N=129)

INTOSAI Region/Sub-Region	SAIs with identified needs	Identified activities in need of funding	SAIs with estimated funding need	Funding needs (\$) based on SAI estimate	Average estimated funding need per SAI with estimated funding need (\$)
AFROSAI-E	18	198	14	68 888 295	4 920 593
ARABOSAI	16	127	7	18 512 050	2 644 579
ASOSAI	13	156	10	21 973 900	2 197 390
CAROSAI	15	81	10	7 089 685	708 969
CREFI AF	18	183	10	10 796 944	1 079 694
EUROSAI	17	33	2	445 000	222 500
OLACEFS	17	154	11	29 201 200	2 654 655
PASAI	14	115	13	17 272 600	1 328 662
No region	1	2	1	45 000	45 000
Total	129	1046	78	174 224 674	2 233 650

With regards to funding needs based on SAI estimates, the amount for SAIs in AFROSAI-E is more than double of that in OLACEFS which constitutes the Region with the second highest identified funding gaps. The SAIs of OLACEFS are followed by the SAIs of ARABOSAI and ASOSAI in terms of funding amounts. If

³⁵ This excludes the outliers discussed above.

the data included the outliers, this would increase the total estimated funding gap of ARABOSAI members to US\$ 38,5 million, of OLACEFS members to US\$ 33,2 million and of CREFIAF members to US\$ 33 million. There is also a striking difference in the average estimated funding need per SAI across the Regions. The average figures vary from US\$ 222 500 in EUROSAI to almost US\$ 5 million in AFROSAI-E. This entails that for SAIs in CREFIAF for instance, which only have 15 fewer identified activities than SAIs in AFROSAI-E, the funding needs based on SAI estimates in total is US\$ 58 million below that of their peers in AFROSAI-E.

Capacity Development Needs in Low Income and Low Middle Income Countries

82 SAIs from LI or LMI countries have responded to the survey, where 35 are from LI countries and 47 are from LMI countries. 74 of these have identified needs for capacity development support in their response, hereunder 32 SAIs from LI countries and 43 SAIs from LMI countries. Table 17 and Table 18 below summarizes indicative funding needs for LI and LMI countries, and UMI and HI countries respectively, per support category and per INTOSAI Region.

The data shows an indicative funding gap of US\$ 106 million for SAIs from LI countries. Most of this concerns organisational capacity support. When focusing on the audit disciplines, SAIs in LI countries have identified the highest funding need for financial audit capacity support, followed by IT and other specialized audits support. Table 18 shows, a predominant share of the funding need for SAIs in LI countries pertain to SAIs in the AFROSAI-E Region. The funding gaps for SAIs in LI and LMI countries constitute the clear majority of identified overall funding gaps among SAIs in all INTOSAI Regions, except for in OLACEFS and EUROSAI.

Table 17: Summary of indicative funding needs for LI, LMI and UMI – and HI countries respectively, total and per support category (N=129)

Support Category	Low Income countries	Low Middle Income countries	Upper Middle – and High Income countries	Total
Organizational Capacity	46 359 994	8 535 800	22 841 885	77 737 679
Financial Audit Capacity	14 114 500	3 169 070	2 036 310	19 319 880
Compliance Audit Capacity	4 609 500	842 700	3 856 810	9 309 010
Performance Audit Capacity	7 782 885	3 287 790	2 566 510	13 637 185
IT Audit Capacity	8 302 000	2 136 200	3 292 310	13 730 510
Other Specialized Audit Capacity	8 076 200	1 351 200	1 372 810	10 800 210
Administrative Services Capacity	9 699 200	7 057 800	975 000	17 732 000
External Stakeholder’s Relations Capacity	7 080 500	1 247 700	3 630 000	11 958 200
Total	106 024 779	27 628 260	40 571 635	174 224 674

The combined estimates from SAIs from LI and LMI countries amount to US\$ 133,6 million, which constitute approximately 77 percent of the total identified funding need based on SAI estimates. When this sum is combined with the *additional estimate of indicative funding gaps* of US\$ 94,5 million, the

total funding gap for SAIs from LI and LMI countries is estimated at approximately US\$ 228 million. This constitutes 85 percent of the total indicative funding gap identified in the stocktaking.

Table 18: Summary of indicative funding needs for LI, LMI and UMI – and HI countries respectively, total and per INTOSAI Region (N=129)

INTOSAI Region/Sub-Region	Number of SAIs from LI and LMI countries (% of SAIs in region)	Low Income Countries	Low Middle Income Countries	Upper Middle – and High Income countries	Total
AFROSAI-E	16 (73 %)	65 754 585	60 710	3 073 000	68 888 295
ARABOSAI	10 (45 %)	12 850 000	4 663 500	998 550	18 512 050
ASOSAI	16 (62 %)	19 024 000	2 949 900	-	21 973 900
CAROSAI	2 (9 %)	-	5 186 800	1 902 885	7 089 685
CREFIAF	19 (90 %)	8 351 194	2 413 750	540 000	10 796 944
EUROSAI	6 (12 %)	-	-	445 000	445 000
OLACEFS	6 (21 %)	-	1 543 000	27 658 200	29 201 200
PASAI	7 (41 %)	-	10 810 600	6 462 000	17 272 600
No region	1	45 000	-	-	45 000
Total	82	106 024 779	27 628 260	40 571 635	174 224 674

Regional capacity needs identified by regional secretariats

The Regional Secretariats of AFROSAI-E, ASOSAI, ARABOSAI, CAROSAI and PASAI have responded that they have knowledge of the needs for *regional capacity building support* for their members, and have consequently provided data on this. The Regional Secretariats of CREFIAF, EUROSAI and OLACEFS have not defined any regional capacity building needs for the SAIs in their region. The CREFIAF Secretariat has informed the Secretariat that they may have information on this in due course based on the results of an ongoing study carried out with support of the African Development Bank. The identified needs for regional capacity development programmes do not form part of the above table, but are included where relevant in the chapters on the support categories in Annex H.

4.1.2 SAI Prioritization of Support Categories

Respondents were also asked to rank the different support categories in prioritized order (with 1 being the highest priority, 2 the second highest priority and so on). Based on the priority allocated, an average³⁶ has been calculated for each support category. Table 19 displays the result in total and for SAIs in each INTOSAI Region. Overall, organizational capacity received the highest priority followed by

³⁶ The average is calculated by summing up the priority numbers given on the different support categories, and then divide this sum on the numbers of SAIs that have given a priority number (total and per INTOSAI Region).

support for performance auditing, financial auditing, IT auditing, compliance auditing, other specialized audits, external stakeholder relations and administrative support. There are however considerable regional variances. SAIs in AFROSAI-E have financial auditing as the highest priority, while SAIs in ARABOSAI and OLACEFS regard support in developing their IT audit capacity as the key priority. SAIs in ASOSAI, CAROSAI and EUROSAI have all ranked the top three priorities as organizational capacity, financial audit and performance audit, while CREFIAF and PASAI rank support for performance audit above financial audit. The SAI prioritization of support categories is generally well correlated to the needs and funding gaps expressed.

Table 19: Prioritization of support categories, total and per INTOSAI Region (N=129)

Priority	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAF	EUROSAI	OLACEFS	PASAI	Total
1	Financial audit capacity	IT audit capacity	Organisational capacity	Organisational capacity	Organisational capacity	Organisational capacity	IT audit capacity	Organisational capacity	Organisational capacity
2	Performance audit capacity	Performance audit capacity	Financial audit capacity	Financial audit capacity	Performance audit capacity	Financial audit capacity	Organisational capacity	Performance audit capacity	Performance audit capacity
3	Organisational capacity	Financial audit capacity	Performance audit capacity	Performance audit capacity	Financial audit capacity	Performance audit capacity	Performance audit capacity	Financial audit capacity	Financial audit capacity
4	IT audit capacity	Organisational capacity	Compliance audit capacity	IT audit capacity	IT audit capacity	Compliance audit capacity	Other specialized audits capacity	Compliance audit capacity	IT audit capacity
5	Compliance audit capacity	Compliance audit capacity	IT audit capacity	Compliance audit capacity	Compliance audit capacity	IT audit capacity	External stakeholder's relations capacity	IT audit capacity	Compliance audit capacity
6	Administrative services capacity	Other specialized audits capacity	Other specialized audits capacity	Administrative services capacity	External stakeholder's relations capacity	External stakeholder's relations capacity	Financial audit capacity	Administrative services capacity	Other specialized audits capacity
7	Other specialized audits capacity	Administrative services capacity	Administrative services capacity	Other specialized audits capacity	Other specialized audits capacity	Administrative services capacity	Compliance audit capacity	External stakeholder's relations capacity	External stakeholder's relations capacity
8	External stakeholder's relations capacity	External stakeholder's relations capacity	External stakeholder's relations capacity	External stakeholder's relations capacity	Administrative services capacity	Other specialized audits capacity	Administrative services capacity	Other specialized audits capacity	Administrative services capacity

4.2 Overall Needs Assessment for INTOSAI Regional Secretariats

4.2.1 Identified Capacity Development Needs for Regional Secretariats

Six of the INTOSAI Regional Secretariats have defined a high or medium need for capacity development support in one or more of the support categories, and identified corresponding activities that require additional funding. The ASOSAI and EUROSAI Secretariats have defined their needs for capacity development support as *low* across all categories. The OLACEFS Secretariat has also defined their needs as low with the exception of organizational capacity.

As displayed in

Table 20, the six Regional Secretariats have in total identified 50 specific activities, where 94 percent require additional funding. The total funding gap is approximately US\$ 12,7 million.

Detailed information on capacity development needs per support category for the regional Secretariats is included in Annex H.

Table 20: Summary of Regional Secretariats identified needs of capacity development support

	Organisational capacity	Financial and compliance audit capacity	Performance audit capacity	IT audit capacity	Other specialized audits capacity	Administrative services capacity	External stakeholder's relations capacity	Total
Secretariats with identified needs	6	4	5	5	2	4	2	6
Activities identified	16	7	7	5	8	5	2	50
Percentage of activities in need of funds	88 %	100 %	100 %	100 %	88 %	86 %	100 %	94 %
Total funding estimates (US\$)	1,8 Mill	1,9 Mill	3,1 Mill	1,4 Mill	2 Mill	2,4 Mill	0,1 Mill	12,7 Mill

4.3 Summary

A total of 129 SAIs (72 percent of the respondents) have defined their needs for capacity development support as high or medium for one or more of the support categories. Based on the responses, the funding gap is calculated to be US\$ 174,2 Million, as displayed in Table 15. Outliers are however left out of this estimate. If these were included, the total estimate would amount to US\$ 277 Million. The individual SAI funding gaps vary from US\$ 1000 to approximately US\$ 20 million. SAIs from LI and LMI countries have reported an aggregate funding gap of approximately US\$ 133,6 million.

Since not all SAIs have included an estimate of funding need when identifying activities, average estimated funding gaps have been calculated within each support category. As discussed in chapter 4.1.1, this estimate is based on the number of SAIs that belong to countries listed as LI or LMI. These averages have been applied where data is incomplete, raising the figure to a total estimated SAI funding gap of US\$ 269 million. When the reported funding gaps for SAIs in LI and LMI countries are combined with the *additional estimate of funding gaps*, the total funding gap for SAIs from LI and LMI countries is estimated to be approximately US\$ 228 million.

The Regional Secretariats have identified a funding gap of US\$ 12,7 million which entails a combined amount of US\$ 282,7 million. If the 15 outliers were included, the total additional funding gap would increase to approximately US\$ 470 million. The figures do however not include those SAIs that did not respond to the survey and those SAIs that the Secretariat was unable to establish contact with.

Notably, all 129 SAIs have identified a high or medium need for organisational capacity development support, and this category stands out with regard to the number of identified activities and volume of funding gaps. Support on organizational capacity is also ranked highest overall by SAIs asked to prioritize the different support categories, even though there are regional variations. The Regional Secretariats also identify organizational capacity as a key category for their members and for developing the INTOSAI Regional Secretariats. While identified activities are distributed fairly evenly across the seven other domains, the expressed needs in terms of activities and SAIs in need of support also appear particularly high in terms of performance, financial and IT auditing. This also corresponds to the SAI prioritization of the importance of support.

Members of AFROSAI-E have in total identified 198 activities in need of funding and have a combined estimated funding gap of approximately US\$ 69 Million. This constitutes both the highest number of activities and the highest aggregate funding gap per Region. SAIs in ASOSAI, CREFIAF and OLACEFS have also identified more than 150 activities in need of funding, while members of ASOSAI, ARABOSAI, OLACEFS and PASAI have estimated funding gaps exceeding US\$ 15 Million. Members of CAROSAI have identified 81 activities in need of funding, and a combined estimated funding gap of US\$ 7,1 million. This

is the second lowest aggregated sum per Region. SAIs of EUROSAI have identified the lowest number of activities in need of funding, and the lowest overall funding gap.

Of the total funding gaps for the Regional Secretariats of US\$ 16,6, US\$ 11,1 Million refers to the AFROSAI-E Secretariat. This sum is based on 12 identified activities. The Secretariats of ARABOSAI, CAROSAI, CREFIAF, OLACEFS and PASAI have also identified activities in need of funding and estimated funding gaps on one or more of the support categories.

5. Strengthening the Provision of Capacity Development Support

The needs assessments of the global SAI community have, revealed considerable needs in terms of both additional funding and technical and organizational support to SAIs in partner countries. Recognizing that the demand for capacity development support currently outstrips the supply, the questionnaire included a number of questions related to how the supply side pertaining to SAI capacity development could be strengthened and augmented. This includes questions related to preferred capacity development service providers, the preferred mode of support³⁷, as well as possible measures for expanding the SAI supply side with regard to provision of capacity development support.

5.1 Modality of Capacity Development Support

5.1.1 Preferred Provider of Capacity Development Support

SAIs are in a unique position in that they usually do not form part of the Executive branch of government, and frequently are alone in their countries in conducting public sector auditing. Taking these characteristics into consideration, it has been a common perception among many INTOSAI members that peer to peer capacity development support constitutes an important and valuable mechanism for strengthening SAIs in partner countries. Recipients of capacity development support were thus asked whether support within each of the eight support categories was best provided by a SAI, INTOSAI Region or IDI on the one hand, or whether this support could be equally well provided by other service providers. The results are displayed in Table 21 below and indicate that most recipient SAIs are of the view that capacity development support is best provided by a SAI, INTOSAI Region and IDI.

³⁷ Stand alone project or part of broader PFM reforms.

There are however clear variations, both in terms of support categories and INTOSAI Regions. In terms of support categories, the perception is that other SAIs, INTOSAI Regions and IDI clearly are the preferred choices in terms of providing support in the audit support categories. A total of 70 percent of SAIs states that this is the preferred choice for financial auditing, with 71 percent for IT auditing, 76 percent for compliance auditing and other specialized audit disciplines, and 81 percent for performance auditing. The high figures for performance, compliance and specialized audits (hereunder environmental auditing), may be explained by the fact that this constitutes an integrated part of most SAIs mandates, and that few private sector service providers are perceived to have the same experience and competence in these fields.

Table 21: Percentage of recipients that are of the view that capacity development support is best provided by SAIs, INTOSAI or IDI, total and per INTOSAI Region

Preferred provider	Organisational Capacity	Financial Audit Capacity	Compliance audit capacity	Performance Audit Capacity	IT Audit Capacity	Other specialized audits capacity	Administrative services capacity	External stakeholder relations capacity
AFROSAI-E	82 %	83 %	94 %	94 %	78 %	73 %	58 %	67 %
ARABOSAI	69 %	62 %	69 %	93 %	87 %	92 %	60 %	73 %
ASOSAI	77 %	69 %	77 %	85 %	62 %	71 %	31 %	54 %
CAROSAI	64 %	67 %	89 %	87 %	69 %	78 %	33 %	100 %
CREFI AF	63 %	75 %	75 %	75 %	75 %	67 %	40 %	56 %
EUROSAI	63 %	94 %	93 %	89 %	76 %	100 %	46 %	81 %
OLACEFS	56 %	69 %	69 %	73 %	56 %	67 %	57 %	64 %
PASAI	47 %	31 %	36 %	50 %	55 %	63 %	70 %	75 %
Total	65 %	70 %	76 %	81 %	71 %	76 %	49 %	68 %

The numbers are less persuasive when it comes to organizational and external relations capacity. The majority of recipients do however also for these categories state that SAIs, INTOSAI Regions and the IDI constitute the preferred choice as service providers. In terms of support for administrative service capacity, the majority of respondents (51 percent) is of the view that this can be provided equally well by other service providers.

There also appear to be considerable regional variations, where the SAIs of OLACEFS, and particularly PASAI, are more favourably inclined towards using other service providers, than the SAIs in the other INTOSAI Regions and Sub Regions.

5.1.2 Preferred Form of Capacity Development Support

The questionnaire also posed the question whether capacity development support of SAIs should take the form of a stand-alone project with the SAI, or whether it could equally well be part of a wider programme of public financial management reform (PFM), coordinated by the Ministry of Finance.

122 SAIs answered the question, and their responses are summarized in

Table 22. 85 SAIs (70 percent) answered that a stand-alone project was the preferred modality, while 24 SAIs answered that the support should form part of a broader PFM Programme. 13 SAIs answered that both modalities could be utilized, and that the choice should be dependent on the country specific situation.

Table 22: Preferred form of capacity development support, total and per INTOSAI Region (N=122)

Stand alone project or part of wider PFM programme?	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI	Total
Stand alone	10 (56%)	8 (53%)	5 (56%)	7 (64%)	14 (74%)	21 (75%)	10 (100%)	11 (85%)	85
Part of wider PFM programme	3 (17%)	5 (33%)	2 (22%)	3 (27%)	4 (21%)	5 (18%)	-	2 (15%)	24
Both	5 (28%)	2 (13%)	2 (22%)	1 (9%)	1 (5%)	2 (7%)	-	-	13
Total in each region	18 (100%)	15 (100%)	9 (100%)	11 (100%)	19 (100%)	28 (100%)	10 (100%)	13 (100%)	

While there are regional variations, the majority of SAIs in all INTOSAI Regions have answered that stand-alone projects is the preferred modality. In OLACEFS, 100 percent of the respondents prefer stand-alone project, while the corresponding figure for PASAI is 85 percent.

While a number of arguments are presented for stand-alone projects, the most frequently cited ones are that stand-alone projects are a necessity for preserving SAI independence vis-à-vis the Executive, and that experiences are that this is the most effective and efficient support modality.

Five of the eight Regional Secretariats have answered that stand-alone projects are the preferred option. The rationale is that this ensures the independence and sovereignty of the SAI, especially vis-à-vis the Ministry of Finance. Two of the Secretariats responded that both a stand-alone project and a project that forms part of a wider PFM programme have merits, and could be considered based on the specific circumstances. One Regional Secretariat did not answer the question.

5.2 Measures to Increase Provision of SAI Capacity Development Support

The questionnaire also sought to identify whether it is feasible to increase the level of peer to peer cooperation by increasing the SAI provision of capacity development support. Questions were therefore included pertaining to the challenges that SAIs face in terms of providing capacity development support, measures that can be used to overcome these challenges, and information on plans to increase the supply of capacity development support.

5.2.1 Factors Preventing Non-Provider SAIs from giving Support

As established in chapter 3.3.2, less than 50 SAIs have responded that they currently provide capacity development support to other SAIs. The questionnaire asked non-providers about the factors that prevent them from providing support. The constraints were categorized as follows: 1) Legal mandate constraints, 2) Technical/skills constraints (including constraints in terms of skills and experience from providing capacity development support), 3) Capacity constraints (including financial, staffing and other resource constraints).

Table 23: Factors preventing non-provider SAIs provision of capacity development support, total and per INTOSAI Region (N=180)

Factors that prevent SAIs from providing capacity development support	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	PASAI	OLACEFS	No region	Total
Capacity constraint	13	9	15	13	13	27	13	9	1	113
Legal mandate constraints	1	-	-	1	3	2	1	-	-	8
Technical/skills constraints	7	7	7	9	7	9	10	3	-	59
Total	21	16	22	23	23	37	24	12	1	

A clear majority of the respondents have stated that capacity constraints, often in combination with technical/skills constraints, are the main reasons for not being able to provide capacity development support. In particular, availability of sufficient financing seems to act as the major constraint. Several SAIs state that they are dependent on full cost recovery if they are to provide capacity development support, and that this so far not has been forthcoming. This is for instance the case for one of the most advanced SAIs in AFROSAI-E, which has expressed its willingness and interest in providing support to other SAIs in the region but who is dependent on full cost recovery for such activities.

While financial limitations seem to be the predominant factor, a number of SAIs also cite staff shortages as a major capacity constraint.

Numerous SAIs across also point out that they do not have the inherent skills and experience in providing capacity development support, and that this acts as another constraint to providing support. Legal mandate does not appear to be a barrier for most SAIs, with only eight SAIs responding that their legal framework prevent them from providing capacity development support.

5.2.2 Plans for Non-Provider SAIs to Address Identified Constraints

124 non-provider SAIs responded on whether their SAI has plans to address the constraints that prevent them from providing support to peers. While 80 SAIs answered that they had no such plans, 44 SAIs responded that they have plans to address these barriers and become providers of capacity development support. The responses, distributed by INTOSAI Region are included in Table 24 below.

Table 24: Number of non-provider SAIs that plan to address constraints and become a provider of capacity development support, total and per INTOSAI Region

Plans to become a provider within the next three year period	AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAP	EUROSAI	OLACEFS	PASAI	No region	Total
Yes	8	4	2	6	4	7	5	8		44
No	6	9	11	8	12	19	7	6	2	80
Total	14	13	13	14	16	26	12	14	2	124

The SAIs that are planning to become service providers are spread across all the INTOSAI Regions, with the highest number of SAIs located in AFROSAI-E and PASAI. If these SAIs were to become service providers, it could both facilitate considerable increases on the SAI capacity development supply side and increased levels of south-south cooperation within the INTOSAI Community.

5.2.3 Plans for Provider SAIs to Increase Provision of Support

SAI plans to increase provision of capacity development support

SAIs that have completed, or currently are providing capacity development support, were asked whether they consider increasing the volume of support within the next three years. 27 of 43 providers responded positively to this question.

Table 25: Number of provider SAIs that consider increasing their provision of capacity development support, total and per INTOSAI Region

SAs that consider increasing the volume of provision of capacity development support within the next three years	AFROSAL-E	ARABOSAI	ASOSAI	CAROSAI	CREFIAC	EUROSAL	OLACEFS	PASAI	No region	Total
Yes	-	7	4	-	2	5	8	1	-	27
No	2	-	-	1	-	8	2	1	2	16
Total	2	7	4	1	2	13	10	2	2	43

All the current providers in ARABOSAI, ASOSAI and CREFIAC have responded that they consider increasing their volume of capacity development support. The same applies to eight SAIs in OLACEFS and five in EUROSAL.

INTOSAI Regions plans to Increase provision of capacity development support

All the Regional Secretariats have stated that they consider it necessary to scale up the regional capacity development support to their members within the next three-year period.

The considerable challenges facing SAIs in implementing the INTOSAI Standards of Supreme Audit Institutions (ISSAIs) constitute a key reason for the perceived need to intensify regional programmes. The CREFIAC Regional Secretariat stresses the urgent need to address the lack of independence and autonomy of its members, as well as the need for strengthening the human, financial and material resources available to the CREFIAC SAIs. The EUROSAL Regional Secretariat has responded that they plan to establish a framework where its members may gather, analyze and distribute information on good practices.

5.2.4 Factors that Can Facilitate Increases in Provision of Support

Providers and non-providers of capacity developing support have in their responses identified three key factors that can contribute to increased volumes of capacity development support by the SAI Community.

Increased availability of funding to undertake capacity development initiatives is a key factor. This encompasses both increased willingness of Donors to cover the costs of SAIs and INTOSAI Regional Secretariats that are willing to provide capacity development support, and general increases in SAIs budgets. It was also pointed out that Parliaments increasingly should provide specified budget allocations for provision of SAI capacity development support in line with the practice in some countries. Increased availability of funding is highlighted by many respondents as the key factor for broadening the supply side and scaling up support from SAIs and the INTOSAI Regions. If adequate funding is made

available, it does appear to be room for increasingly utilizing “regional champion SAIs” for capacity development support to peers. Increasing funding and resources directed at the Regional Secretariats, many of which already carry out a significant number of regional capacity development programmes, is another measure that could strengthen the supply side.

Development of trainers, methodology and audit tools create skills and confidence, and enables SAIs to become more effective service providers. Respondents point out that SAIs need to develop and acquire training specialists on the various audit disciplines, and to acquire skills and share experiences on capacity development to be able to provide adequate support to other SAIs. One SAI suggested making increased use of the IDI to identify training specialists.

A sufficient mandate is a prerequisite for providing capacity development support. While the data collected suggests that this only is a barrier for a limited number of SAIs, a number of respondents point out that this could constitute a problem for some SAIs.

5.3 Summary

The data analysis reveals that most SAI recipients of capacity development support are of the view that there is an added value from receiving support from other SAIs, the INTOSAI Regions and IDI. This is applicable for all support categories except for administrative services, but the perceived added value appears to be particularly high for audit related support.

The stocktaking has also revealed that 70 percent of SAIs preferred a stand-alone support, rather than receiving support through a broader PFM programme. The Regional Secretariats also favour the use of stand-alone projects. The main rationale for stand alone projects is that they guard SAI independence, and that they in the experience of the respondents have yielded the best results.

With regards to factors that prevent SAIs from embarking on provision of capacity development support, most respondents cited capacity constraints and in particular funding shortages. Many SAIs are dependent on full cost recovery for the provision of capacity development support, and such funding appears to not be readily available at present. A number of SAIs also mentioned technical/skills constraints, often in combination with capacity constraints. Only eight SAIs cited their legal mandate as a limiting factor. 44 current non-providers across the INTOSAI Regions responded that they have plans to address these constraints, and become providers of capacity development support.

Past and present capacity development provider SAIs were asked if they plan to increase the volume of support, and which factors that may facilitate such an increase. Out of the 43 provider SAIs that responded, 27 answered that they plan scaling up their support. In addition, all the Regional Secretariats responded positively to this question. A number of factors that could facilitate increased supply were

received, with the most frequent ones being increased availability of funding, development of trainers, methodology and audit tools and addressing mandate constraints.

The findings indicate that there is a potential for both increasing the number of SAIs that provide capacity development support, and the volume of south-south cooperation. The availability of adequate funding will be a key factor for unlocking this potential.

6. Good Practices in SAI Capacity Development Support

There has been limited research on good practices in terms of SAI capacity development. As part of the stocktaking, information was also sought on factors that influence the impact and effectiveness of SAI capacity development interventions and case studies on identified good practices.

6.1 Evaluations of Capacity Development Support

Evaluations are an important tool for developing lessons learned and measuring the impact of capacity development. Of the 94 recipients of capacity development support that responded, 34 SAIs indicated that the support had been subject to an external evaluation. 16 initiatives have been subject to both internal and external evaluation, while 12 initiatives only have undergone an internal evaluation. For 32 (34 percent) of the identified projects, no evaluation has been carried out. This indicates that external evaluations appear to be a fairly common way of measuring the initiative’s goal achievement and impact.

Table 26: Number of projects/programmes evaluated³⁸

Completed projects/programs that have been evaluated	Recipient	Provider	Total
External evaluation	34	6	40
External and internal evaluation	16	6	22
Internal evaluation	12	12	24
No evaluation	32	24	56
Total	94	48	142

When looking at the supply side however, only 12 (25 percent) completed projects appear to have been subject to an external evaluation. For half of the projects, there had neither been any internal nor any external evaluation. The discrepancies in terms of reported proportions of external evaluations may be a

³⁸ As answers are received from both providers and recipients of capacity development support, it is likely that there is an overlap in terms of the reported numbers.

result of varying perceptions of what constitutes an external evaluation. Another possible explanation however, is that SAI to SAI cooperation programs are not subjected to external evaluations to the same extent as other forms of support to SAIs.

All the Regional Secretariats that have been the recipients of completed capacity development interventions confirm that the support has been evaluated either internally or externally. In terms of regional programmes carried out, six out of eight Regional Secretariats report that the programmes have been evaluated internally, externally or in both ways.

6.2 Perceived Success of Capacity Development Support Projects

The survey population was also asked to identify whether they (or/and the evaluation) judged current and completed capacity development support as successful or not. The results are illustrated in Table 27.

Table 27: Number of projects/programmes perceived to be successful³⁹

Capacity development projects/programs perceived as successful in terms of impact and sustainability	Recipient	Provider	Total
Yes	76	32	108
No	6	3	9
Total	82	35	117

A clear majority of the respondents perceive the capacity development interventions as successful in terms of impact and sustainability. With regard to the SAI recipients of support, approximately 93 percent of projects are perceived as successful. The proportion of projects categorized as successful by providers of capacity development support is slightly lower at 91 percent.

The four Regional Secretariats that responded on the receipt of support also consider the capacity development support successful. The same is applicable to the seven Regional Secretariats that reported on regional programmes conducted under their auspices.

There is however considerable risks associated with the validity of this data. Respondents may be biased in judging the success of projects they have participated in, and it may also be considerable sensitivities connected to classifying a project involving cooperating partners as unsuccessful.

³⁹ As answers are received from both providers and recipients of capacity development support, it is likely that there is an overlap in terms of the reported numbers.

The high perceived success of capacity building is however in contrast to the results on PEFA PI 26 as discussed in chapter 3.1.3, which only shows a marginal improvement in performance for the sample population.

6.3 Key Factors for Achieving Successful Capacity Development Support

The survey population was also asked to identify factors that contributed to successful and non-successful outcomes of capacity development support interventions. The responses have been grouped into various categories below. The success factors are complemented by illustrative case studies that are included in Annex I.

6.3.1 Needs Based Capacity Development Support

It is a common perception within literature on PFM that capacity development is most likely to succeed when it is viewed as serving the recipients' own self interest. The needs identified by the recipient SAI should lay the basis of the capacity development support provided, and Donors and other cooperating partners should *facilitate* rather than direct the process of turning broad goals and strategies into an actionable plan⁴⁰. SAI ownership and the conduct of internal SAI needs assessments have been underlined by many respondents as an important prerequisite for successful capacity development.

The importance of transferring the identified needs into comprehensive and realistic SAI owned Strategic and Development Action Plans is also emphasized. There must be real staff ownership of the Strategic Plan if it is to be effective in providing strategic direction and motivation for the development of the SAI. Several SAIs also underline that it is important that the objectives of capacity development projects are based on the needs identified in the Strategic Plan. If the recipient SAI does not have a Strategic and Development Action Plan, the first step should be to address this.

The case study on support from DFID and the UK NAO to the State Audit of Vietnam (see Annex I), provide information on turning vision and strategy in their newly developed Strategic Plan into a Development Action Plan.

6.3.2 Clearly Defined Objectives and Incremental Changes

The need for clearly defined project objectives has been emphasised by several respondents. One service provider SAI stressed the importance of ensuring that proposals for interventions must be well thought through, concrete and focused. There is also a need for clear assignment of roles in the implementation

⁴⁰ DAC Guidelines and Reference Series: Harmonising Donor Practices for Effective Aid Delivery

of projects. Ensuring appropriate sequencing of activities and advocating for incremental changes in the recipient SAIs is also emphasized. Limited institutional capacity and institutional absorption capacity, and challenges in terms of changing corporate culture, entails that reform processes should be carried out in a gradual manner.

6.3.3 Leadership and Management Commitment

The most commonly mentioned success factors refer to SAI leadership and management commitment. A large number of respondents stress the fact that management commitment is pivotal to successful capacity development. The initiative must be deeply rooted in the SAI's management to secure real change and improvement of the SAI. One respondent answered that a full change of the management of the recipient SAI occurred during the capacity development project, resulting in delays and slow progress. Others point out that in addition to management commitment, the quality and capability of SAI leadership is paramount.

The case study on support to the Mongolian National Audit Office (see Annex I) highlights active management involvement as a key success factor.

6.3.4 Predictable and Long Term Support

Predictable and long term capacity development support has been highlighted by many as important success factors. This entails that the SAI can work with the same development partners over considerable time periods with minimal transaction costs. The need to develop well defined and predictable graduation/exit strategies have also been mentioned as one success factor.

The emphasis on long term support has been mentioned by several SAIs that provide capacity development support, and one service provider stated that long term/multiyear perspective has been crucial for establishing the confidence cooperation climate which is necessary for successful capacity development. Another SAI remarked that it *"takes time to get to properly understand an organisation, time to build up trust and time for colleagues to learn and implement changes over several audit cycles"*.

The importance of establishing personal relationship between staff of the cooperating parties is also linked to the length of support and described as important to achieve impact. According to one respondent, a certain level of trust has to be built before the message and guidance can reach through to those receiving support. As illustrated in the case study on capacity development of the SAI of Zambia (see Annex I), sustainable capacity development is time consuming, and it may take ten years or longer to see the impact clearly.

The importance of having a long term perspective and take time to build a climate of trust between the parties is also shown in the case study regarding the capacity development of the Three Audit Offices of Bosnia and Herzegovina by the Swedish National Audit Office (see Annex I) .

6.3.5 Holistic Approach to SAI Capacity Development

The use of a holistic approach to SAI capacity development has also been noted as important by respondents. This comprises a combination of individual training, organizational improvement and attention to institutional frameworks. Several SAIs have emphasized the need for securing adequate financing and infrastructure in combination with capacity building efforts, and also underlined the need for addressing the wider accountability chain (and in particular Parliament) in capacity development projects.

One respondent has stressed the need to identify the extent to which there are significant third parties (including Parliament, the Presidency Ministry of Finance or development partners) that can be used to support the SAI and advocate for greater public accountability. A number of SAIs also respond that winning the support of government is crucial for success, and should form an integrated part of the capacity development. Several respondents have also highlighted that support should focus on all parts of the organization to ensure sustainable development.

The case studies on support to the Office of the Auditor General of Rwanda, the State Audit Office in the Republic of Macedonia, the SAI of Albania, Ghana Audit Service and National Audit Office of Mauritius (see Annex I), demonstrates how a holistic approach can be utilized by combining training, organizational development, and attention to the external environment through the enhancement of relations to key stakeholders.

6.3.6 Peer to Peer Cooperation and Use of IDI and INTOSAI Regions

As described in chapter 5.1.1, fellow SAIs, the INTOSAI Regions and IDI constitute the preferred service providers for the majority of SAIs. A number of SAIs have also highlighted peer to peer support as an important success factor. Similarly, a large number of respondents have highlighted the regional capacity development programmes as valuable and effective tools for SAI strengthening. These programmes, which often are carried out in conjunction with the IDI, are frequently cited as particularly successful. It allows SAIs to work together with regional peers that face similar challenges and provides ample opportunities to share skills and experiences. By targeting a number of SAIs it is also seen as a cost effective tool for capacity development.

The case studies on regional support to a cluster of SAIs in ASOSAI and on the International Legislative Audit Office Assistance Program (see Annex I) illustrates successful examples of peer to peer cooperation.

6.3.7 Mode of Capacity Development Support and Quality of Staff

A number of respondents have commented that the modes of capacity development activities are important to ensure impact and sustainability. Approaches that combine classroom teaching and the practical application of the acquired skills in the form of on the job training or joint audits are perceived as particularly valuable by many respondents.

A number of respondents also underline the importance of quality trainers, advisors and consultants. Those that facilitate skills developments need to have sound communication abilities, cross-cultural competence and in-depth subject specific knowledge.

6.3.8 Donor Coordination

Another identified success factor is to ensure appropriate Donor coordination in the efforts to strengthen a SAIs capacity. It has here been underlined that there are considerable transaction costs resulting from interacting and soliciting support from an array of Donors and partner SAIs. Fewer Donors and bigger capacity development projects is therefore considered preferable.

6.4 Summary

Recipients of capacity development support responded that approximately two-thirds of the received support was evaluated externally, internally or both. This does not correspond fully with the responses of SAI service providers that report that a considerably lower proportion of support was subject to an evaluation. While this could be due to different perceptions of what an evaluation comprises, and other possible explanation is that fewer SAI to SAI programmes are evaluated than other forms of support. All the Regional Secretariats reported that their receipt of support was evaluated, while six out of the eight Regional Secretariats reported that the regional programmes under their auspices have been subject to an evaluation.

The survey population was also asked about the perceived success of capacity development support initiatives. A clear majority of the SAIs, both recipients and providers, perceive the capacity development interventions as successful in terms of impact and sustainability. Of the total 117 recipients, only nine reported that projects were not successful. All the Regional Secretariats that receive support and carry out regional programmes report that the projects/programmes were successful. This appears to contrast

the findings of PEFA PI 26 that only shows a marginal improvement in terms of public sector auditing across the sample population.

Data on key factors that contribute to successful projects were submitted by both capacity support recipients and providers. Based on the information gathered, the following good practices have been identified:

1. ***Needs based capacity development support***
2. ***Clearly defined objectives and incremental changes***
3. ***Leadership and management commitment***
4. ***Predictable and long term support***
5. ***Holistic approach to SAI capacity development***
6. ***Peer to peer cooperation and use of IDI and INTOSAI regions***
7. ***Mode of capacity development support and quality of staff***
8. ***Donor coordination***