

GLOBAL SAI STOCKTAKING REPORT 2017

REPORT PREPARED
BY IDI TO REPORT
FINDINGS FROM THE
INTOSAI GLOBAL
SURVEY AND
OTHER DATA



TABLE OF CONTENTS

	TABLE OF FIGURES	3
	ACRONYMS AND ABBREVIATIONS	5
	EXECUTIVE SUMMARY	6
1	INTRODUCTION	6
2	APPROACH AND METHODOLOGY	7
2.1	Methodology for Assessing Developments in the Profile of SAIs	8
2.2	Methodology for Assessing SAI Independence	8
2.3	Methodology for Assessing SAI Organisational Systems and Professionalization	8
2.4	Methodology for Assessing SAI Capacity Development Initiatives	9
2.5	Methodology for Assessing ISSAI Adoption and Implementation	9
2.6	Measuring ISSAI Implementation	9
2.7	Limitations and Mitigation Measures	10
2.8	2017 INTOSAI Global Survey	10
3	PROFILE OF SAIS	12
3.1	Institutional Profile of SAIs	12
3.2	SAI Mandate	13
3.3	SAI Budgets	14
3.4	SAI Staffing and Gender Composition	15
3.5	Other SAI Responsibilities	16
4	SAI INDEPENDENCE AND LEGAL FRAMEWORK	18
4.1	Aggregate Measures of SAI Independence	18
4.2	ISSAI 10 Principle 1: The Existence of an Appropriate and Effective Legal Framework and the de facto Application Provisions of this Framework	20
4.3	ISSAI 10 Principle 2: The Independence of SAI Heads and Members of Collegial Institutions, including Security of Tenure and Legal Immunity in the Normal Discharge of their Duties	20
4.4	ISSAI 10 Principle 3: A Sufficiently Broad Mandate and Full Discretion in the Discharge of SAI Functions	21
4.5	ISSAI 10 Principle 4: Unrestricted Access to Information	21
4.6	ISSAI 10 Principle 5: The Rights and Obligation to Report on their Work	22
4.7	ISSAI 10 Principle 6: The Freedom to Decide the Content and Timing of Audit Reports and to Publish and Disseminate them	23
4.8	ISSAI 10 Principle 7: The Existence of Effective Follow-up Mechanisms on SAI Recommendations	23
4.9	ISSAI 10 Principle 8: Financial and Managerial/Administrative Autonomy and the Availability of Appropriate Human, Material and Monetary Resources	23
5	DEVELOPMENTS IN SAI ORGANISATIONAL SYSTEMS AND PROFESSIONALIZATION	26
5.1	Overall Strength of the Audit Cycle	26
5.2	Undertaking SAI Performance Assessments	27
5.3	SAI Strategic Planning	29
5.4	Audit Coverage	29
5.5	SAI Quality Control and Quality Assurance Systems	32
5.6	SAI Self-Reporting on Adoption of the ISSAIs	33

5.7	Performance Information on ISSAI Implementation	34
5.7.1	Implementation of the Level 2 ISSAIs: Independence, Ethics, Accountability and Transparency, Quality Control, Quality Assurance	34
5.7.2	Implementation of the Level 3 ISSAIs: Financial, Performance and Compliance Auditing	35
5.8	SAI Follow-up of Audit Recommendations including Stakeholder Engagement	35
5.9	Legislative Scrutiny and Follow-up of Audit Reports	37
5.10	SAI Publication and Communication of Audit Reports	38
5.11	SAls and the Sustainable Development Goals	41
5.12	SAls and Gender Equity	41

6 CAPACITY DEVELOPMENT 42

6.1	SAI Professional Development including Budgets	42
6.2	Transfer of Knowledge from External Training	43
6.3	SAI Peer to Peer Support	43
6.4	SAI Use of Global Public Goods	44
6.5	Coordination of Support Provided to SAls	44
6.6	Effectiveness of Support Provided to SAls	45
6.7	Volume and Distribution of Support to SAls	45

7 SUMMARY OF SAI PERFORMANCE BY INTOSAI REGION 46

7.1	AFROSAI-E	47
7.2	ARABOSAI	48
7.3	ASOSAI	49
7.4	CAROSAI	51
7.5	CREFIAP	52
7.6	EUROSAI	53
7.7	OLACEFS	55
7.8	PASAI	56

8 INTOSAI REGIONAL ORGANISATIONS 58

TABLE OF FIGURES

3	PROFILE OF SAIS	12
Figure 1	Institutional Models of SAIs	12
Figure 2	SAI Mandate Relating to Anti-Corruption and Fraud Issues	13
Figure 3	SAIs that had Budget Increases in Real Terms (2014-2016)	14
Figure 4	Average Budget per SAI, 2014-2016 (in million of USD)	14
Figure 5	Average Budget of Mandated Entities, 2014-2016 (in trillion USD)	15
Figure 6	Average Budget of Mandated Entities per SAI, 2014-2016 (in trillion USD)	15
Figure 7	SAI Staff, Disaggregated by Gender	16
Figure 8	SAIs Providing Advisory Services, Developing Country SAIs	16
Figure 9	SAIs Acting as “Accredited Training Institution”	17
4	SAI INDEPENDENCE AND LEGAL FRAMEWORK	18
Figure 10	Strength of SAI Independence, OBI 2012 & 2015	19
Figure 11	Strength of SAI Independence, 2010-2015	19
Figure 12	SAIs whose Legal Framework Fully Protect their Independence	20
Figure 13	External Bodies must Approve a Removal of Heads of SAIs	20
Figure 14	SAIs Discretion to Select their Annual Audit Programmes	21
Figure 15	SAIs’ Freedom to Obtain Timely and Unconstrained Information	22
Figure 16	SAIs’ Freedom to Publish and Disseminate Audit Reports	22
Figure 17	Full Freedom to Decide on the Content and Timing of Audits	23
Figure 18	SAIs with Budgetary Independence	24
Figure 19	SAIs whose Budgets are Presented to the Legislature	24
Figure 20	Interference from the Executive on SAI Budget Process	25
Figure 21	Extent SAIs Manage their Own Budget without External Interference	25
5	DEVELOPMENTS IN SAI ORGANISATIONAL SYSTEMS AND PROFESSIONALIZATION	26
Figure 22	SAIs in Developing Countries scoring a C or higher on PEFA PI-26 (2010-2016)	27
Figure 23	SAIs in Developing Countries scoring C or higher on PEFA PI-26, by Region	27
Figure 24	SAIs that Carried out an Assessment of their Performance	28
Figure 25	SAI Performance Assessment Externally Quality Assured	28
Figure 26	SAIs that Report to Stakeholders on their Performance Assessment	29
Figure 27	M&E of Strategic and Operational Plans	29
Figure 28	Percentage of SAIs that Met SAI PMF criteria for Audit Coverage	30
Figure 29	SAIs that Met SAI PMF Criteria for Audit Coverage (2014 & 2017)	30
Figure 30	Distribution of PEFA PI-26 (i) Scores, 2010 to 2017 (Developing Countries Only)	31
Figure 31	SAIs scoring C or Better on PI-26 (i), 2017	31
Figure 32	Coverage of Budget of Mandated Entities, 2014-2016 (USD)	32
Figure 33	Audit Streams Covered by SAI’s Quality Control and Quality Assurance Systems	32
Figure 34	SAIs with Established QA and SAIs with QA systems at ISSAI 40 standards	33
Figure 35	Implementation of the Level 2 ISSAIs	34

Figure 36	Implementation of the Level 3 ISSAIs	35
Figure 37	SAIs with an Internal System to Follow-up on Audit Recommendations	35
Figure 38	SAIs with an Internal System to Follow-up on Sanctions	36
Figure 39	SAIs Scoring C or better on PI-26 (iii) per Income Group (2010-2017)	36
Figure 40	Stakeholders Involved in SAI's Follow-up System	36
Figure 41	Legislative Scrutiny of External Audit Reports	37
Figure 42	Legislature Holding Hearings to Review and Scrutinize Audit Reports	37
Figure 43	Percent of SAIs or Legislatures that Release to the Public a Report that Tracks Audit Recommendations	38
Figure 44	Percentage of Audit Reports SAIs Made Available to the Public	39
Figure 45	SAIs in Developing Countries Fulfilling PEFA PI-10 Criteria (iv), 2012-2017	39
Figure 46	SAIs that Made Audit Reports Public, PI-10 (iv), 2017	39
Figure 47	Percent of Reports SAIs Made Public in Relation to their Right to Make Reports Public	40
Figure 48	SAI Communication with the Public Beyond Making Audit Reports Publicly Available	40
Figure 49	SAI Produce and Publish an Annual Activity Report	41
Figure 50	SAIs Addressing Gender through Audit Work	41

6 CAPACITY DEVELOPMENT 42

Figure 51	SAIs Whose Budget for Professional Development Increased in Real Terms	42
Figure 52	Approaches SAIs use for Professional Development	42
Figure 53	Approaches for Transferring Knowledge and Skills from External Training	43
Figure 54	Peer-to-Peer Support (2014 to 2017)	44
Figure 55	SAIs that have Donor Coordination Group per Region	45
Figure 56	External Financial Support for SAIs (Projects)	45

7 SUMMARY OF SAI PERFORMANCE BY INTOSAI REGION 46

Figure 57	Regional Summaries of 10 Performance Indicators	46
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8 INTOSAI REGIONAL ORGANISATIONS 58

Figure 58	Average Budgets of Regional Organisations, Budget per Member and Type of Funding	58
Figure 59	Number of Staff with Full-time Commitment to the Secretariat Duties, 2014 and 2017	59
Figure 60	Secretariat Staff with Full-time Commitment, Disaggregated by Gender	59
Figure 61	Number of Consultants used per Region (2014-2016)	59
Figure 62	SAIs and Regional Secretariats that have a Gender Policy	60
Figure 63	Priorities of Regional Organisations	60
Figure 64	Approaches for Supporting the Capacity of SAIs	61
Figure 65	Performance Evaluations Conducted by Regions 2014-2016	61

ACRONYMS & ABBREVIATIONS

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

EXECUTIVE SUMMARY

GLOBAL SAI PERFORMANCE AT A GLANCE

SAIs across the globe face a multitude of challenges towards strengthening their capacities and performance to deliver value and benefits for citizens. They often operate in constrained environments, with legislatures that do not fully support and use their work, and where basic systems of transparency and accountability are lacking. Many SAIs face significant independence challenges, especially on financial independence (where executive interference is reported to have increased since 2014), and lack the resources to fulfil their mandates. SAIs have taken significant strides in strengthening their strategic management through strategic plans and performance assessments, though quality of plans and reporting on performance needs to be strengthened. Enhancing audit quality and coverage, particularly implementing the International Standards of Supreme Audit Institutions (ISSAIs), is a major long term challenge. However, there is gradual adoption of the ISSAIs and slow but improving implementation, though many more SAIs need to implement quality control and assurance systems to enable them to gauge their actual levels of implementation. Publication of audit reports appears to have declined since 2014, though this mainly reflects independence challenges. A good many SAIs are managing to overcome such challenges to enable public reporting. However, SAIs need to enhance their efforts in active communication with stakeholders, beyond publishing their reports. The coordination of support provided to SAIs continues to be an area for all stakeholders to improve: SAIs to take a leadership in coordination of support, and all providers to ensure support reflects SAI priorities, where these differ from their own priorities.

The global picture should be nuanced on two factors. Regarding income levels, poorer countries are further behind, with the group of least developed countries – including many fragile states – significantly behind in many areas. Regarding regional variations, whilst this depends on the specific area examined, SAIs in the ARABOSAI, CREFIAF and CAROSAI regions appear to face more challenging circumstances and display more limited capacity, in a significant number of areas.

REPORT PURPOSE

The 2017 Stocktaking assesses levels of, and changes in, SAI capacities and performance. It also provides information about additional aspects including SAI profile, audit processes, SAI professionalization and partnership with peers and other providers of support. The purposes of this exercise are to provide information on SAI performance for the monitoring of strategic plans of INTOSAI bodies, and measure progress in SAI capacity development by updating key data from the 2014 Stocktaking. In addition, it aims at providing information to various stakeholders such as individual SAIs, INTOSAI regional bodies, and SAIs' capacity building partners on various aspects of SAI capacity and performance. Finally, this report can serve as a source for identifying topics for further strengthening and research.

APPROACH

The Global SAI Stocktaking Report 2017 takes the 2017 INTOSAI Global Survey as its primary source of data. The Global Survey was a joint and coordinated INTOSAI effort, administered by the INTOSAI Development Initiative (IDI). The key partners within INTOSAI were the INTOSAI regions, the INTOSAI Goal Committees, the INTOSAI General Secretariat, the INTOSAI Chair and the Chair of the INTOSAI Strategic Planning Taskforce, in addition to the INTOSAI-Donor Cooperation. These partners commented on the survey's concept and topics for the questionnaire and some requested the collection of data for their organisations. The INTOSAI regional organisations also played a key role assisting in the collection of responses from SAIs. The global survey was supplemented with additional data from all available global data sources on SAIs, including SAI PMF assessments, PEFA assessments, the Open Budget Survey and the SAI Capacity Development Database.

KEY CONCLUSIONS ON SAI ENVIRONMENT, CAPACITY AND PERFORMANCE

The following key conclusions from the SAI Stocktaking 2017 are presented at the global level. As noted in the detailed report, conclusions vary according to country income and regional classification.

A. OVERALL PERFORMANCE OF THE AUDIT AND ACCOUNTABILITY CYCLE

PEFA PI-26 produces a composite measure of aspects of both SAI performance, and the response of the executive to audit reports. As such it is a high level proxy for performance of the audit and accountability cycle. PEFA data shows a marginal increase in the percentage of countries reaching the benchmark score of C or higher, from 47% in 2014 to 48% in 2017. The 2015 Open Budget Survey also gives a composite measure of SAI performance (focusing on SAI independence and audit quality). 58% of the 102 SAIs surveyed were classed as 'adequate', while 28% fell into the 'limited' category. The remaining 14% fell into the 'weak' category. These figures are not comparable to prior years due to methodological changes.

B. SAI OPERATING ENVIRONMENT

SAI's need the active support of their legislatures to properly fulfil their role, improve government performance, and deliver value and benefits to citizens. PEFA PI-28 examines three dimensions of legislative scrutiny of audit reports. While the percentage of countries achieving the benchmark score of C or higher has increased to 34% in 2017 (32% in 2014), it remains low. The Open Budget Survey reinforces these findings. In the 2015 survey, 48% of legislatures were found not to hold public hearings in which audit reports were scrutinized (the 2012 survey found 18% did not hold any hearings to discuss audit reports, though it did not distinguish between public and closed hearings). Similarly, it found that in 2015, in only 44% of countries the SAI or the legislature reports publicly on steps the executive has taken to implement audit recommendations, though this has improved from 37% in 2012.

In its 2015 report, the OBI noted that advances in transparency and accountability have been achieved at low cost by making government budgets, audit reports and audit findings accessible to the public. Budget transparency has increased in nearly all parts of the world, particularly among countries that provided the least budget information in the past. Nevertheless, the report finds that the large majority of countries still provide insufficient information for civil society and the public to understand or monitor government budgets and policy commitments. Limitations in accountability and transparency weaken the ability of SAIs to properly hold the Government to account.

C. SAI INDEPENDENCE AND RESOURCING

According to Open Budget Survey data, 72% of 102 SAIs surveyed were categorised as having 'adequate' independence in 2015 (71% in 2012). An alternative measure, based on reaching certain scores on SAI PMF indicators on independence and mandate, showed that 44% (of 25 developing countries) achieved the benchmark of 3 or higher, which is considered strong performance. However, these figures mask a number of acute, and growing, concerns regarding aspects of independence.

On financial independence and resourcing, the Global Survey shows that the legislature oversees the SAI's budget process in just 46% of countries; in the remainder it is overseen by bodies the SAI audits. It also shows a significant increase in executive interference in the budget process, reported by 64% of SAIs in 2017 (41% in 2014). This figure rises to 75% of SAIs when considering developing countries only. The Open Budget Survey gives a composite measure of financial independence and the funding level of the SAI being consistent with its resource needs. This measure had increased from 52% in 2010 to 58% in 2014, but fell back to 55% in 2017, with particularly sharp falls in AFROSAI-E and ARABOSAI. The Global Survey questioned whether SAIs had received a budget increase in real terms between 2014-16. Globally 59% had, therefore almost half did not. However, less than a quarter of SAIs in CREFIAF had a budget increase in real terms, and less than half in ARABOSAI, meaning these SAIs were facing real term budget cuts.

On legal independence, the Global Survey found that just 52% of SAIs had a legal framework that fully protects their independence. And while the Open Budget Survey found that 76% of SAI heads had legal protection which requires external bodies (usually the legislature) to approve removal of the SAI head, this figure has again fallen in ARABOSAI, to 17% in 2017 (27% in 2014 and 30% in 2010).

On operational independence, 10% of SAIs have no freedom to publish reports, whilst 31% face restrictions in publishing, according to the Global Survey. However, in practice many SAIs publish despite these restrictions, whilst a minority do not publish despite having the power to do so.

D. SAI STRATEGIC MANAGEMENT CYCLE

As in previous years, almost all SAIs have a strategic plan in place – 91% according to the Global Survey. Considered as individual issues, the majority of SAIs base their strategic plan on a needs assessment, have operational or annual plans to put these in place, publish their strategic plans and have some form of system for monitoring implementation. However, considering the composite processes to ensure robust strategic planning cycles, there remains considerable room for improvement. Just 28% of the 25 SAIs for which SAI PMF assessments were available met the benchmark of 3 or higher on the relevant SAI PMF indicator for strategic planning. Analysis from the Global Survey for a larger sample gives similar figures: 30% met all five criteria.

While 94% of SAIs stated in the Global Survey that their strategic plans were based on a holistic needs assessment, only 66% of SAIs confirmed they carried out a performance assessment between 2013 and 2016. Encouragingly, SAIs reported that 63% of the assessments were externally quality assured. The SAI PMF and the Peer Review Guide and Checklist were the most used tools for conducting performance assessments in the global SAI community. SAI PMF provides a holistic and standardized approach to assessing performance against the ISSAIs and so provides a good basis for strategic planning. The Peer Review Guide can be tailored to specific needs, and may also provide a good basis for strategic planning depending on the scope of the review.

A significant area for improvement relates to measuring and reporting publicly on performance. Analysis of 25 SAI PMF assessments available for developing countries showed that just 14% met the relevant SAI PMF benchmark score of 3 or higher for performance reporting.

Finally, SAI PMF data also showed that 80% of SAIs have a code of ethics in place. However, just 10% met the SAI PMF benchmarks (based on ISSAI 30) for processes designed to ensure the code of ethics is properly implemented across the SAI.

E. AUDIT QUALITY AND COVERAGE

Audit quality starts with adoption of appropriate audit standards. The ISSAI framework was approved in 2010, and further refined in 2013. In the 2014 Global Survey, over 90% of SAIs stated an intention to adopt standards consistent with the ISSAIs for financial, compliance and performance audit. Interestingly, as the global understanding of the ISSAIs has developed, in the 2017 Global Survey, around 60-70% of SAIs reported that they had adopted standards consistent with the ISSAIs. These self-reporting figures differ significantly from figures generated from evidence-based, quality assured assessments (albeit a smaller sample focused on developing countries). Analysis of SAI PMF assessment results in developing countries gave lower results for audit standards consistent with the ISSAIs: 32% in financial audit, 35% in compliance audit and 44% in performance audit.

Successful implementation of these audit standards remains a challenge across the SAI community. ISSAI implementation requires a professional staff operating in an SAI with robust systems and processes, with appropriate levels of resources to meet higher audit standards. Analysis of SAI PMF results suggests that just 10% met the SAI PMF benchmark of 3 or higher for financial audit practices, 25% for compliance audit, and 14% for performance audit.

Audit quality is further enhanced by appropriate systems for quality control and quality assurance (QA). The same SAI PMF data shows that 40% of SAIs met the benchmarks for quality control policies, though only 20% satisfactorily implemented these in practice. For quality assurance, 21% met the benchmark for their policies, and 18% implemented these in practice (i.e. almost all those that had appropriately designed QA systems). The fact that over four-fifths of developing country SAIs did not have an appropriately functioning quality assurance system also sheds light on the discrepancy between SAI reporting on adoption of ISSAI standards, and the situation as observed from assessment results. Without a functioning QA system, an SAI is not well placed to understand the extent to which it has successfully adopted or implemented the ISSAIs.

This analysis is also borne out by the Open Budget Survey, which shows that 66% of the SAIs had a quality assurance system, but just 34% had quality assurance systems that met ISSAI 40 standards. Further, a number of SAIs reported that they do not yet practice quality control of audits, 11% in High Income countries and 12% in the other income groups.

Finally, regarding audit coverage, the Global Survey continues to track the percentage of SAIs meeting a set benchmark for audit coverage. Here changes are mixed, though all marginal. For financial audit, it declined to 66% (71% in 2014). For performance audit, it increased to 54% (52% in 2014). And for compliance audit it declined to 58% (60% in 2014).

F. PUBLICATION AND COMMUNICATION OF AUDIT RESULTS

There has been a significant decline in the publication of audit reports. The results of the 2017 Global Survey show that the percentage of SAIs that made most (at least 80%) of their completed audit reports available to the general public fell from 70% in 2014 to 49% in 2017. At the same time, the percentage that published no reports rose from 15% to 26%. However, SAI leadership can and does make a difference on publication. Of the SAIs not publishing reports, only 23% had full right to publish, suggesting failure to publish is primarily an independence issue. Of the SAIs publishing most of their reports, 33% actually faced legal restrictions in publishing but had managed to overcome these.

Interestingly, PEFA data shows little change on publication. PEFA PI-10 criteria (iv) looks at whether audit reports on government expenditure are made available within six months of completed audit. The 2017 figures of 58% are largely unchanged from 57% in 2014.

The OBI data shows that just 49% of SAIs maintain any communication with the public regarding its audit reports beyond simply making these reports publicly available. In fact, the 2017 Global Survey found that the stakeholder groups SAIs least involve in their audit follow-up systems are civil society (22%) and citizens (17%).

G. PROFESSIONALISM AND TRAINING

While SAIs have been striving for better standards in audit process and thereby increase the quality of audit work, budgets for professional development have not kept up. As noted above, the Global Survey shows 59% of SAIs experienced budget increases in real terms, but just 36% reported an increase in real terms in their budget for professional development.

The use and transfer of knowledge and skills acquired through participation in external capacity development programs is critical for such resources to have an effect on SAI capacity and performance. However, the majority of staff sent to external training courses are not members of the SAI's training department or institute, which is the focal point for training in most SAIs in developing countries. While many SAIs make use of staff from across the organisation to deliver in-house training, there remain concerns about the extent to which knowledge and skills developed from participation in programmes are disseminated within participating SAIs.

The delivery of training courses for the benefit of staff professional development continues to be dominated by external approaches. 91% of SAIs use external training courses, while just 38% of SAIs use their own staff to run formal training courses for their staff.

H. SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND GENDER

193 countries have subscribed to implementation of the SDGs, and INTOSAI has recognised this as a cross-cutting priority in its strategic plan. According to Global Survey responses, most SAIs have the mandate, capacity and willingness to audit implementation of the SDGs or national preparedness for SDG implementation. 56% of SAIs intend to include themes on preparedness for, or implementation of, the SDGs in their next audit program. However, 30% of SAIs say they do not know if their Governments have set SDG baseline data or intend to collect data and report on SDG progress, suggesting SAIs need to be more engaged in this area.

Gender equity is highly relevant for the attainment of the SDGs, with many targets specifically recognizing women's equality and empowerment as both the objective and as part of the solution. Yet, just 41% of the SAIs in 2017 have a gender policy and only three SAIs have a manual on gender audit. Implementation of gender policies by individual SAIs represents a basic step towards addressing the SDGs through its audit work. Moreover, the imbalance in the gender profile of SAI staff and management has remained almost unchanged in the past seven years. Changing this situation is within the control of most SAIs, since 69% of the respondents reported they have control over their own recruiting and deployment mechanisms. Gender policies are relevant to bring gender balance in the make-up of SAI management and staffing and corresponding diversity in both decision making processes and perspectives in audit work. Encouragingly, according to the Global Survey, 17% of SAIs have done a dedicated audit on gender, whilst 19% include gender assessments in their audit work.

I. PROVISION OF SUPPORT TO SAIS

Figures from the SAI capacity development database show the annual volume of support to SAIs has remained constant at around US \$68 million per year in 2015-17, against a baseline of US \$55 million in 2014. However, the percentage of developing countries benefitting from a substantial capacity development initiative (in size or duration) fell from 51% in 2015 to 41% in 2016, reflecting a reduction of support provided to Low and Low Middle Income countries.

As noted above, most countries have a SAI-led strategic plan which support can be aligned behind, though there is room for improvement in SAI strategic planning processes. The SAI capacity development database shows that most support to SAIs is reported as being aligned with the SAI's strategic plan: around 69-75% depending on the income group. However, the Global Survey identified support reflecting donor or provider priorities, rather than SAI priorities, as the second biggest reason for the failure of SAI capacity development projects.

The coordination of support to SAIs remains a challenge. Encouragingly, the number of developing countries with a donor coordination group in which support to the SAI is discussed has increased from 35% to 47%. However, a recent review of coordination of support to SAIs identified many potential areas for improvement. The Global Survey identified SAIs taking ownership and leadership of coordination of support as the biggest success factor for strengthening coordination.

Finally, many aspects of SAI's work is unique to them and not replicated in the private sector. There is a recognition with the INTOSAI and Donor communities of the value of peer-to-peer support, at least in these areas. There has been an increase in the number of SAIs engaged in peer-to-peer support, from 48 SAIs in 2010, to 55 SAIs in 2014 and 87 SAIs in 2017. Just over half of the SAIs (55%) reported being engaged in peer-to-peer support, mostly with SAIs from their own regions, although peer-to-peer support between SAIs from different regions also takes place. Joint audits in environment-related areas are the most common type of peer-to-peer support.

Peer-to-peer support from SAIs is both facilitated and supplemented by support from the INTOSAI regional bodies, which continue to deliver a wide variety of support tailored to the needs of their members, each according to the unique structure of the INTOSAI region.

1

INTRODUCTION

In 2010, the INTOSAI Development Initiative (IDI) undertook a global Stocktaking of SAIs to identify SAI performance and capacity development needs. This provided a range of insights about the performance of SAIs and the needs of the global SAI community. The 2010 Stocktaking provided a starting point for assessing change in SAI performance and the implications for continuing development support for SAIs. In 2014, the IDI carried out the IDI Global Survey as a more comprehensive exercise. The aim of this exercise was to provide baseline information on SAI performance, independence and professionalism, measure progress in SAI capacity development support by updating key data of the 2010 Stocktaking, identify focus areas for future capacity development support based on SAI and regional needs and identify topics for further research.

The 2017 Stocktaking assesses changes in SAI performance and provides information about additional aspects of SAI profile, audit processes, SAI professionalization and partnership with peers and other external capacity development partners. The purposes of this exercise are to provide information on SAI performance for the monitoring of strategic plans of INTOSAI bodies, measure progress in SAI capacity development and organisation by updating key data of the 2014 Stocktaking, and to provide information to various stakeholders such as individual SAIs, INTOSAI regional bodies, and SAIs' capacity building partners on various aspects of SAI organisation and performance. In addition, this report can serve as a source for identifying topics for further research.

This report was initially prepared by Dr. Riselia D. Bezerra, who managed the INTOSAI Global Survey. Dr. Morten Nordberg, Senior Performance Auditor from the Audit Office General of Norway, undertook initial quality assurance of the use of the underlying data. Mr. Martin Aldcroft, Strategic Advisor for the IDI, undertook quality assurance of the data, quality assured and edited the final report, and wrote the executive summary.

STRUCTURE OF THE REPORT

THE GLOBAL SAI STOCKTAKING REPORT 2017 HAS TWO VOLUMES:

The main report, which contains the key findings from the data analysis. It has six substantive chapters:

1. Profile of SAIs
2. SAI Independence and Legal Framework
3. Developments in SAI Organisational Systems and Professionalization
4. Capacity Development
5. Summary of SAI Performance by INTOSAI Region
6. INTOSAI Regional Bodies

The Annex Volume, which provides a statistical summary of key data disaggregated by income classification and INTOSAI region, and the analysis for all the data collected for this stocktaking exercise. The chapters in the annex volume correspond to the chapters in the main report. It contains additional information that was not deemed as main findings and thereby not addressed in the main report. The annex volume also contains the list of the respondent to the INTOSAI Global Surveys and the templates for the surveys.

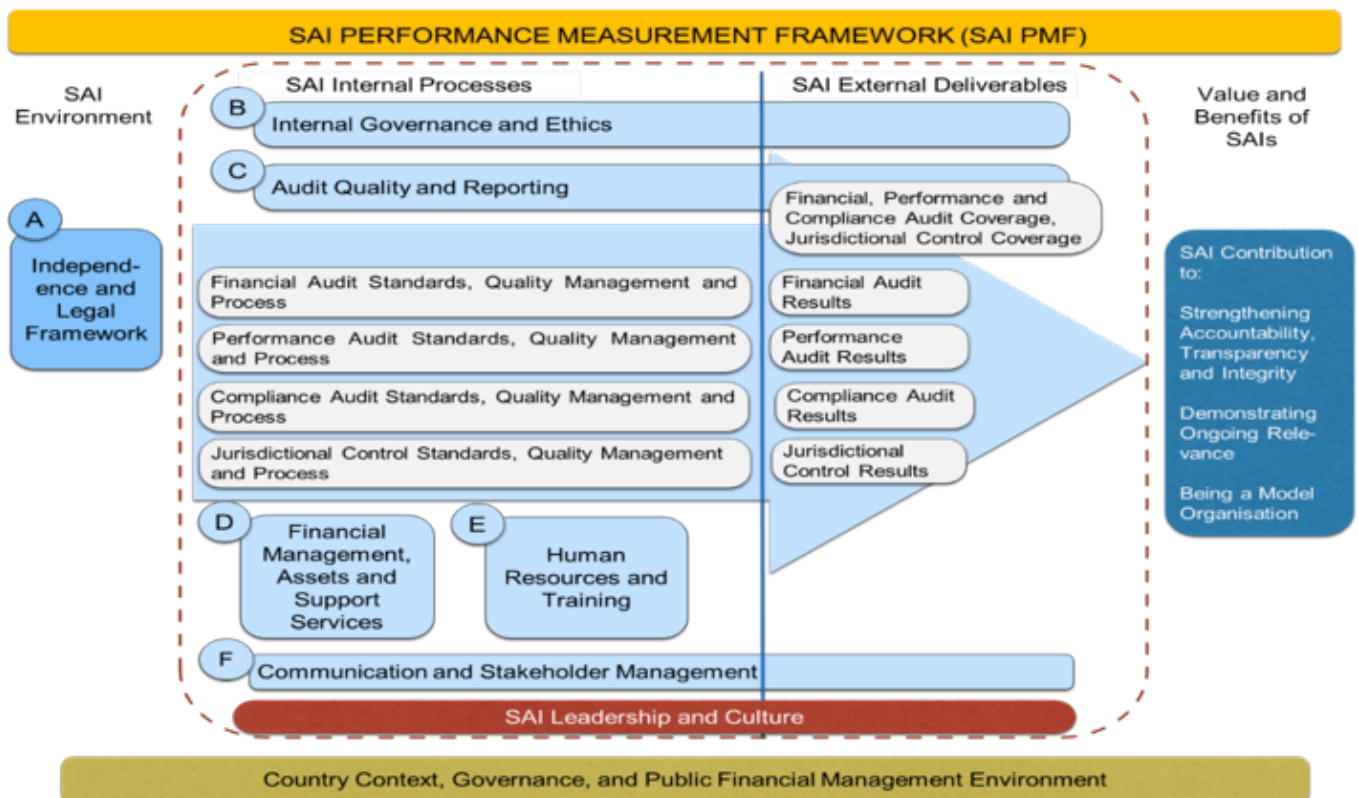
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APPROACH & METHODOLOGY

The 2017 SAI Stocktaking report provides answers to the following questions:

- What is the overall change in SAI Performance from 2014?
- Do SAIs have the degree of independence necessary to fulfil their mandates?
- What are the status and developments in SAI's internal processes (organisation and professionalization)?
- What is the extent and quality of support dedicated for the capacity development of SAIs?

The SAI Performance Measurement Framework (SAI PMF) was a guide for defining the scope of the Stocktaking Report 2017. In addition, the SAI PMF criteria for audit coverage in the three audit streams were used in both the 2014 and 2017 analysis. As show on the graphic below, like the SAI PMF framework, this Stocktaking Report encompasses the developments in SAI independence, most aspects of SAI's internal processes and, to a limited extent, the SAI's external deliverables. The 2017 Global Survey was designed to provide data matching the structure of the SAI PMF framework.



This report covers the current status and developments in all SAIs and INTOSAI regions, although in some analysis it focuses on SAIs in developing countries, which are defined as the official INTOSAI (or INTOSAI regional body) member SAIs from countries and territories on the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC), list of official development assistance (ODA) recipients. These are further classified as: 'Low Income Countries' corresponding to Least Developed Countries and Other Low Income Countries; 'Lower Middle Income Countries'; and, 'Upper-Middle Income Countries'. High Income countries, also referred to as developed countries, are not included in the OECD-DAC list. For all figures, the following abbreviations are used: Low Income countries (LI), Low Middle Income countries (LMI), Upper Middle Income countries (UMI), High Income countries (HI), and "n" is the number of respondents to a given question.

For analysis of all data sources, SAIs with dual membership in INTOSAI regions have been grouped according to their primary membership. To ensure that survey data pertaining to specific SAIs are not identifiable, results are only presented globally or at the regional level. Countries with no regional membership have not been included in the regional analysis.

A number of different sources of data and information were used for the analysis presented in this report. The INTOSAI Global Survey was a main source of data. In order to get valid and evidence based information, data available from Public Expenditure and Financial Accountability (PEFA) assessments and data from the International Budget Partnership's Open Budget Index (OBI) have also been used to answer questions pertaining to SAI performance and independence. The data on ISSAI implementation was further supported by using data from an analysis of a sample of SAI PMF assessments. In addition, data from the SAI Capacity Development Database administered by the INTOSAI-Donor Secretariat's was used for informing financial support from international development partners to SAI's capacity development efforts. Some of the data from the global survey for the XXII-INCOSAI (December 2016) was used for the analysis of SAI readiness for the implementation of the Sustainable Development Goals (SDGs). A summary of each source of data follows.

2.1 METHODOLOGY FOR ASSESSING DEVELOPMENTS IN THE PROFILE OF SAIS

The analysis related to the profile of SAIs is based on primary data from the 2017 Global Survey, using the data from the 2014 Stocktaking as comparator for the developments.

2.2 METHODOLOGY FOR ASSESSING SAI INDEPENDENCE

The SAI independence and legal framework analysis is based on primary data collected through the INTOSAI Global Survey 2017 and complemented by secondary data from the International Budget Partnership's Open Budget Survey (OBI). The OBI is an independent, comparative, and regular measure of budget transparency, participation, and oversight. It scores and ranks countries around the world through a bi-annual survey that measures observable facts in the above areas. The assessment includes time series analysis for 2012-2016 for available countries. The countries included in the analysis are classified by income groups, both ODA-eligible countries and High Income countries, and by INTOSAI regions.

This is also supplemented with information from a sample of SAI PMF assessments. SAI PMF is an INTOSAI performance measurement framework designed to assess SAI performance against the ISSAIs and international good practice. SAI PMF was developed by the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS) and implemented in partnership by INTOSAI bodies, including a number of SAIs that have piloted the framework during 2013-2015 and thus contributed to its development. The INTOSAI-Donor Cooperation provided financial support for its development and global roll-out.

2.3 METHODOLOGY FOR ASSESSING SAI ORGANISATIONAL SYSTEMS AND PROFESSIONALIZATION

The analysis of performance and capacities of SAIs' organisational systems and internal processes is based on primary data collected through the INTOSAI Global Survey 2017 and complemented by secondary data from the OBI. For the 2015 survey, OBI expanded the number of indicators to assess the performance of SAIs. It also aligned, to some extent, its assessment criteria with the ISSAIs. From 2015, the OBI added indicators for the audit streams SAIs conduct and make available to the public, evidence of an independent quality assurance system, and evidence of formal mechanisms through which the public can assist in formulating SAI's audit programmes. It also changed the previous indicator 107 which examined evidence of a committee of the legislature to review and scrutinize audit reports, requiring that such a review be public.

In addition, data from the PEFA assessment has been used to assess overall SAI performance. Founded in 2001 as a multi-donor partnership between seven donor agencies and international financial institutions, the programme offers a methodology to assess the condition of country public expenditure, procurement and financial accountability systems and to develop a practical sequence for reform and capacity-building actions. Up until 2016, it contained two specific indicators that capture the performance of SAIs, providing data both on overall performance as well as aspects of SAI results. Changes in the PEFA contents and structure in 2016 resulted in additional indicators pertinent to SAIs, but such changes are too recent to have any significant impact on this report.

The PEFA data for analysis was provided by the PEFA Secretariat in December 2016 and updated through the review of the PEFA website in March 2017. The SAI data for the PEFA analysis in 2017 included 141 countries, of which 129 assessments were for developing countries. Compared to the PEFA data for the 2014 Stocktaking, in the data sample for 2017 there were 22 additional assessments, 12 different countries from the 2014 sample and 119 repeat assessments.

This section is also supplemented with information from a sample of SAI PMF assessments.

2.4 METHODOLOGY FOR ASSESSING SAI CAPACITY DEVELOPMENT INITIATIVES

Primary data from the 2017 Global Survey has been the main source for assessing SAIs' internal capacity development initiatives, obtaining information about the assistance SAIs are providing to peers and receiving from INTOSAI bodies, and how SAIs assess these initiatives in terms of successes and challenges.

Data from the 2017 Global Survey and the SAI Capacity Development Database¹ (administered by the INTOSAI-Donor Secretariat within IDI) have been combined to give a picture of the current levels and locations of external financing for SAI capacity development. The SAI Capacity Development Database contains information on capacity development projects and programmes which target individual or groups of SAIs.

2.5 METHODOLOGY FOR ASSESSING ISSAI ADOPTION AND IMPLEMENTATION

In the 2014 Global Survey, the analysis revealed weaknesses in the validity of survey data regarding ISSAI implementation. For this report, the assessment of ISSAI implementation has been mainly based on data from available SAI PMF assessments. The IDI developed the method and carried out the analysis assessing the current status of ISSAI adoption and implementation. The analysis was based on 25 SAI PMFs and carried out in August 2017.

The IDI recognises that ISSAI implementation can be interpreted at three levels: an ISSAI compliant SAI, an ISSAI compliant audit practice (i.e. financial audit, performance audit, compliance audit), and an ISSAI compliant audit engagement (i.e. single audit, within one of the recognised practices).

At the level of SAIs, IDI perceives the process of ISSAI implementation through the following stages:

- i. Decision to adopt the ISSAIs.
- ii. Development of relevant policies and manuals.
- iii. Implementation of the relevant ISSAIs (sometimes in a number of pilot audits with support, before rolling out across the organisation).
- iv. Establishment of an independent quality assurance system providing assurance to stakeholders that (1) specific audit engagements and (2) the SAI's different audit practices are in accordance with the ISSAIs.

Regarding (iv), INTOSAI has yet to define the specific requirements for audit engagements and audit practices to be considered ISSAI compliant, particularly with reference to the interaction between the requirements of the different ISSAI levels. E.g. if a SAI conducts a financial audit engagement in accordance with ISSAI 200 (and the relevant level 4 ISSAIs), but the SAI does not meet relevant level 2 standards, e.g. on its code of ethics, is the audit engagement ISSAI compliant? This report, and IDI's results measurement system, avoids this issue by looking separately at the level 2 and level 3 ISSAI requirements.

2.6 MEASURING ISSAI IMPLEMENTATION

IDI's results measurement system sets out to measure and monitor progress towards ISSAI implementation across its target group: all SAIs in developing countries. A series of indicators were defined and baselines recorded in 2015. The baselines drew on a mixture of an IDI monitoring survey, and SAI PMF assessment results from 13 developing countries. For 2017, IDI has measured global performance against 14 key ISSAI implementation indicators, using 25 available SAI PMF assessments². These provide a snap shot of ISSAI implementation. However, as there are no repeat SAI PMF assessments in the sample, changes from 2015 to 2017 represent changes to the sample frame rather than performance changes over time. To avoid misleading comparisons, there is no presentation of 2017 against 2015 results.

¹ <http://www.saidevelopment.org/default.aspx>

² This is made up of 28% low income countries, 32% lower middle income countries, and 40% upper middle income countries. However, not all indicators were relevant or assessed for all countries. In these cases, non-available data has been excluded from the calculation of relevant indicators.

IDI's results framework makes use of what global data exists on ISSAI implementation. Its starting assumption is that any figures on ISSAI implementation must come from application of a robust, evidence-based, quality assured, measurement tool which is consistent over time. Further, that the assessment includes review of an appropriate sample of audit files, by reviewers able to make professional judgements in relation to those audits.

Given the lack of definition for ISSAI implementation, IDI looks at ISSAI implementation through the following lenses:

- Level 2 ISSAIs: covering independence, transparency and accountability, code of ethics, and quality. Quality is separated into quality control (part of the audit) and quality assurance (independent review after the audit that the quality control system functions effectively).
- Level 3 ISSAIs: financial audit, performance audit, and compliance audit
- Where feasible, the existence of appropriate policies and manuals (de jure implementation), and implementation of the ISSAIs in practice (de facto implementation)

While each of the topics above contain both requirements and good practices, IDI uses simple proxy measures for ISSAI compliance based on SAI PMF indicators. These measures are the percentage of countries (for which a SAI PMF assessment is available), in which a specific SAI PMF indicator or dimension achieves a specific minimum score. These scores represent significant progress towards ISSAI implementation, especially on the most critical aspects. However, they do not imply that the SAI's audits meet every single ISSAI requirement.

2.7 LIMITATIONS AND MITIGATION MEASURES

The results in this report are based on a variety of data sources of different nature. Some are based on self-assessment, such as the 2017 Global Survey. Survey data and self-assessment data have in them an inherent risk of providing invalid and unreliable responses. Particularly, when dealing with assessed performance, response bias is possible. Based on experiences from the 2014 Global Survey, little reliance has been placed on survey data for conceptually difficult matters such as ISSAI implementation. Through-out the report, survey data is supplemented with available, evidence-based data such as from PEFA and SAI PMF assessments, as well as from the Open Budget Survey.

In addition, assessing the development of SAI results in comparison with the previous Stocktaking, could infer deviations due to changes in the regional membership of the units analysed. To mitigate for risks related to validity and reliability of the findings and conclusions, the assessment was based on triangulation of primary (survey) and secondary (SAI PMF, OBI and PEFA data) data sources. Any reservations to data not explained above are mentioned in the relevant section of the report.

2.8 2017 INTOSAI GLOBAL SURVEY

The 2017 INTOSAI Global Survey, carried out from February to July 2017, was a joint and coordinated INTOSAI effort, administered by the IDI. The key partners within INTOSAI were the INTOSAI regions, the INTOSAI Goal Committees, the INTOSAI General Secretariat, the INTOSAI Chair and the Chair of the INTOSAI Strategic Planning Taskforce, in addition to the INTOSAI-Donor Cooperation. These partners commented on the survey's concept and topics for the questionnaire and some requested the collection of data for their organisations.

The 2017 Global Survey questionnaire for SAIs had 134 questions, covering the following thematic areas: (1) SAI Independence and Legal Framework; (2) developments in SAI Performance; (3) capacity development of SAIs; (4) question about sharing data; and, (5) respondents' inputs to the survey. The survey questionnaire was available in Arabic, English, French and Spanish. The chapters in this report are comparable to the three first thematic areas of the survey.

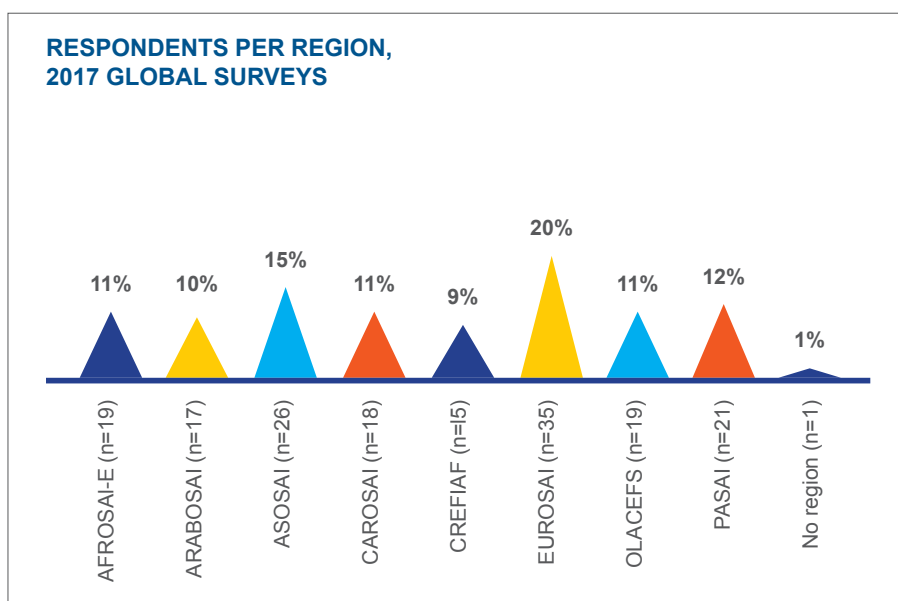
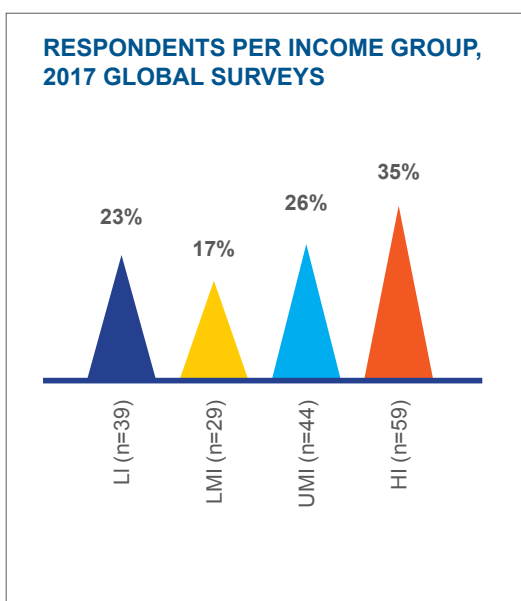
The survey questionnaire for the INTOSAI regional organisations had 37 substantive questions, divided into two areas: Profile of Regional Bodies and Capacity Development. The survey was designed to capture the elements in the INTOSAI Framework for Regional Professionalism (Capacity Building Committee, Draft, 24 September 2016) and the data collected can be used as a baseline for the framework.

The surveys were administered in close partnership with the secretariats from all INTOSAI regions, who participated in the distribution and follow up with survey respondents. The INTOSAI regional organisations provided the list and contacts for their members. The survey questionnaire for SAIs was distributed to all SAIs in these lists, in addition to other SAIs. In most cases, the survey was sent to more than one person in each SAI. The survey was first distributed via the Survey Monkey platform. In addition, an invitation to the survey was sent electronically, with links to the survey in all four languages and a PDF copy of the survey questionnaire. The PDF version of the survey questionnaire was formatted ready for SAIs that wished to respond in paper-format. For SAIs that requested, a Word version of the survey questionnaire was provided.

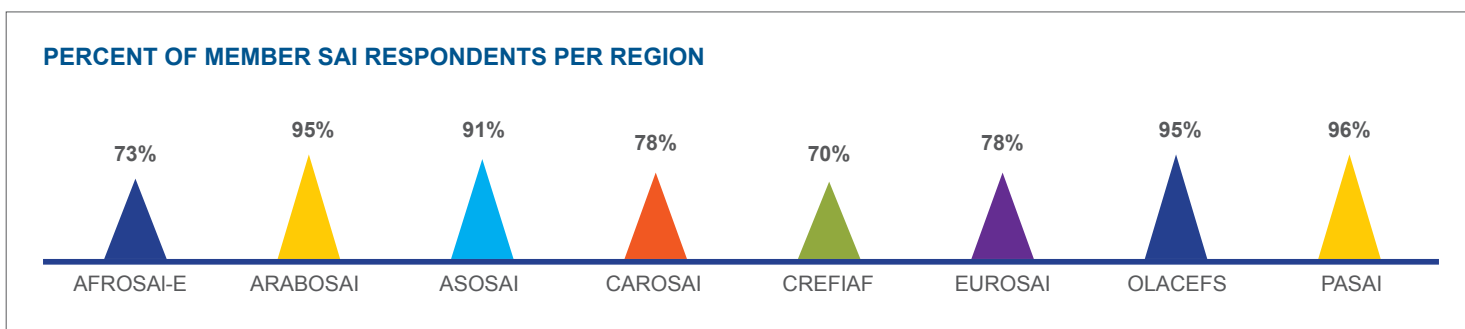
All regional organisations announced the launching of the survey to their member SAIs via email and some organisations posted links to the survey in their websites. Reminders were sent to SAIs by the survey administrator and the secretariats of the regional organisations. Follow up with individual SAIs were carried out by the survey administrator, some of the secretariats of INTOSAI regional organisations and staff from the IDI.

The 2017 INTOSAI Global Survey was distributed to SAIs on February 9, 2017. The first deadline for response submission was 30 April, but the survey actually closed on 6 July 2017. A few responses in paper form were submitted after the closing of the online survey. The survey to the INTOSAI regional organisations was distributed to all the regional organisations on the 6th of February and closed on the 11th of June, 2017. All eight regional organisations provided complete responses to the survey

171 SAIs responded to the survey, of which 164 SAIs submitted complete responses and 7 SAIs partially complete responses. This response represents 88% of the 194 INTOSAI members ³. Of the respondents, 59 SAIs are classified by the OECD/DAC as High Income countries and 112 as developing countries — 39 from Low Income countries, 29 from Low Middle Income countries and 44 from Upper Middle Income Countries. The following table shows the number and percentage of respondent SAIs per region and income group. A list of the respondent SAIs and their primary regions can be found in the Annex volume accompanying this report.



The following table shows the percentage of SAIs that responded to the survey in relation to the total number of regional members in the INTOSAI regions.



³ The survey was also sent to a number of SAIs that are members of INTOSAI regional bodies, but not members of INTOSAI. Hence the total population of SAIs receiving the survey exceeds the 194 members of INTOSAI.

3

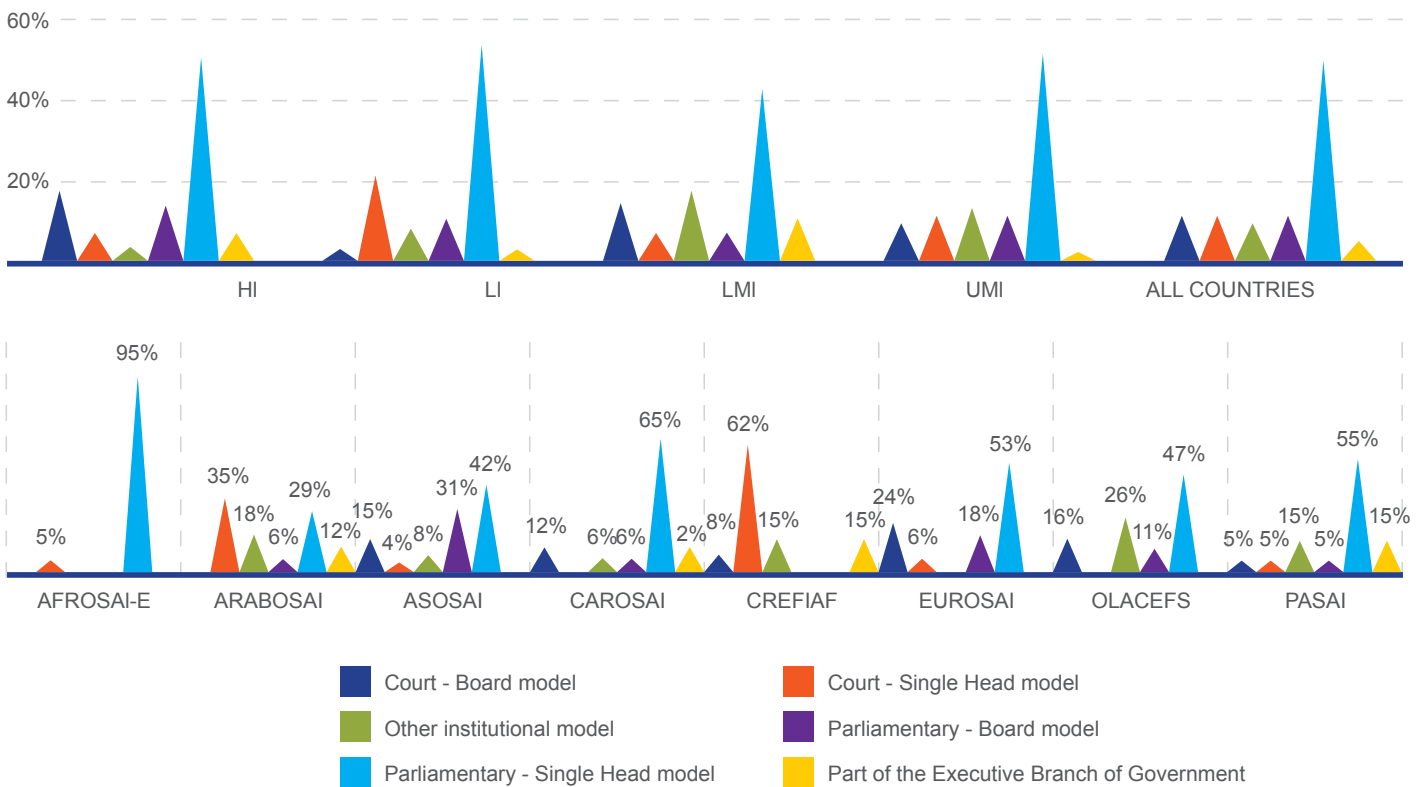
PROFILE OF SAIs

This chapter presents the analyses of data collected through the 2017 Global Survey about the profile of SAIs. The information pertains to SAIs' legal framework, human and financial resources and other core services SAIs provide to public entities. This chapter presents the main findings from the data analysis on SAI profile. A more complete presentation of the data analysis can be found in the Annex Volume of this report, in the chapter with the same name.

3.1 INSTITUTIONAL PROFILE OF SAIS

Globally, SAIs have similarities and diversity in their institutional profile. The results of the 2017 Global Survey shows that SAIs while are organized according to different institutional models, about half (51%) are organised within the Parliamentary model with a single Head of SAI. This is the case for the majority of SAIs in AFROSAI-E, CAROSAI, EUROSAI and OLACEFS. As shown on the figure below, the Court model is prominent in ARABOSAI and CREFIAF. SAIs in Lower Middle Income countries are the most diverse in terms of institutional model. Most SAIs from all other income groups are organized in the Parliamentary model.

FIGURE 1: INSTITUTIONAL MODELS OF SAIS



Source of Data: INTOSAI Global Survey

3.2 SAI MANDATE

The scope of SAI mandate is wide in terms of coverage of audit streams, levels of government, institutions and organisations. Various legal frameworks regulate SAI's status, mandate and scope of work, but the majority of SAIs informed that it is their country's constitution (79%) and federal or national laws (76%) that are the most important frameworks regulating their mandates.

The majority of SAIs (95%) from all regions and income groups confirmed that they are mandated to carry out all three audit streams and 78% are also mandated to conduct specialized audits. The majority of SAIs (98%) have the mandate to carry out audits at federal or national level and most at regional (81%) and local (88%) levels. Most are mandated to audit autonomous and semi-autonomous bodies (83%), state owned enterprises or parastatals (95%), government-funded organizations (95%) and public-private enterprises (78%).

The mandate of most SAIs covers a comprehensive scope of funds. The most covered funds are those used on contracts and public works, covered by 98% of the SAIs, and the least covered are audit of international and supranational organizations, covered just by 43% of the SAIs.

Most SAIs are mandated to participate in the fight against corruption, although the roles they are mandated to play vary. Most SAIs (77%) have the mandate to share information with specialized anti-corruption institutions. Over half of the SAIs (55%,) have the mandate to investigate corruption and fraud issues. Likewise, 39% of SAIs have the mandate to exercise oversight of national institutions whose mandate is to investigate corruption and fraud issues, although 82% of SAIs in ARABOSAI do.

22% of SAIs are organised as Court model SAIs, with Jurisdictional powers and responsibilities. The following figures relate to powers and responsibilities that are usually – but not exclusively – given to such SAIs. 18% of all SAIs have the power to sanction corruption-related cases, whilst most non-jurisdictional SAIs would pass suspicions of corruption on to law enforcement bodies, with sanctions being issued by the judicial branch of government. Similarly, 26% of SAIs have the mandate to carry out jurisdictional control and to judge accounts issued to public institutions and companies⁴. Globally, 37% of SAIs have the mandate to sanction officials responsible for mismanagement of public funds, but the majority of SAIs in Lower Middle Income countries have such a mandate.

FIGURE 2: SAI MANDATE RELATING TO ANTI-CORRUPTION AND FRAUD ISSUES

	SHARE INFORMATION WITH SPECIALIZED ANTI-CORRUPTION INSTITUTIONS	INVESTIGATE CORRUPTION AND FRAUD ISSUES	SANCTION CORRUPTION-RELATED CASES	CARRY OUT JURISDICTIONAL CONTROL AND TO JUDGE ACCOUNTS ISSUED TO PUBLIC INSTITUTIONS AND COMPANIES	SANCTION OFFICIALS RESPONSIBLE FOR MISMANAGEMENT OF PUBLIC FUNDS	EXERCISE OVERSIGHT OF NATIONAL INSTITUTIONS WHOSE MANDATE IS TO INVESTIGATE CORRUPTION AND FRAUD ISSUES
LI (n=39)	82%	54%	8%	31%	36%	41%
LMI (n=29)	86%	69%	31%	31%	59%	38%
UMI (n=43)	70%	67%	26%	33%	44%	42%
HI (n=59)	75%	41%	12%	16%	22%	37%
Global (n=170)	77%	55%	18%	26%	37%	39%

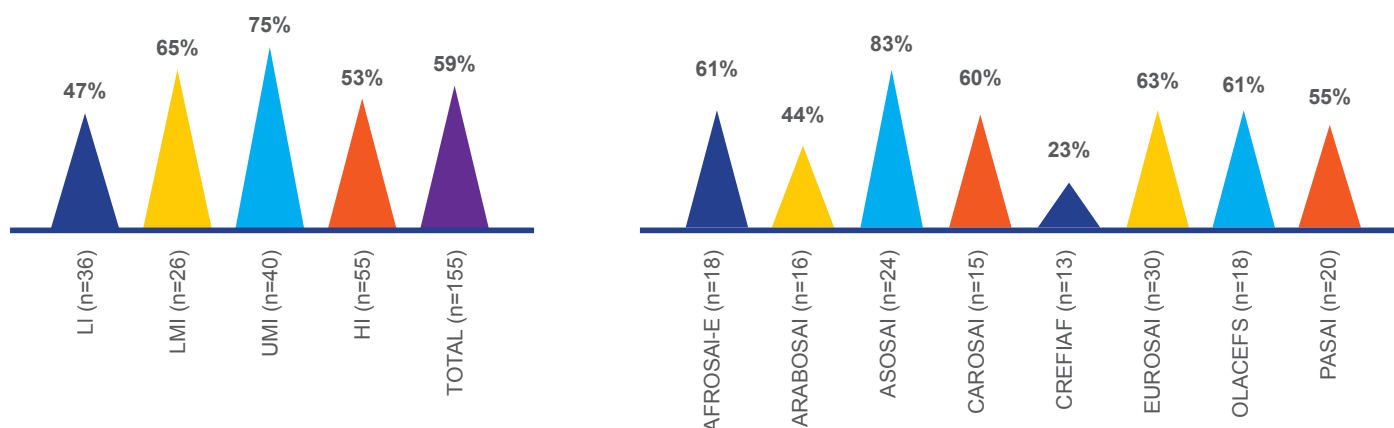
Source of Data: INTOSAI Global Survey

⁴ While this function would be expected to relate only to SAIs established as Court models, a number of SAIs which class themselves as Parliamentary SAIs or 'Other' type of SAIs (including SAIs linked to the Office of the President) have responded that they perform Jurisdictional Controls.

3.3 SAI BUDGETS

In the 2017 Global Survey, 59% of SAI reported budget increase in real terms (accounting for inflation) from 2014 to 2016, mostly SAIs in Low Middle income (65%) and Upper Middle income groups (75%), and to a lesser extent in High Income countries (59%). The number of SAIs in Low Income countries, ARABOSAI and CREFIAF that reported increase in real terms in their budgets is much smaller than in the other regions and income groups.

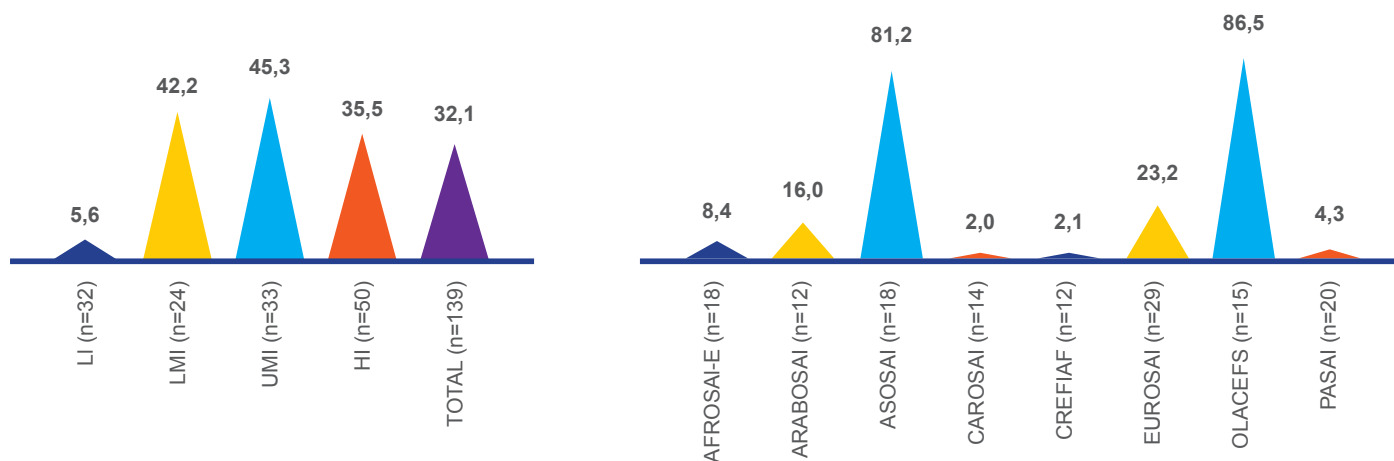
FIGURE 3: SAIS THAT HAD BUDGET INCREASES IN REAL TERMS (2014-2016)



Source of Data: INTOSAI Global Survey

There is not necessarily a link between income level and SAI budget. In the 2017 Global Survey, SAIs were asked to provide their budget figures for 2014 to 2016 and the results show that, on average, SAI budgets are higher in Upper Middle Income countries, followed by Low Middle Income countries. The average budgets of SAIs in Low Income countries are significantly lower compared to budgets in the other income groups. Regionally, SAIs in OLACEFS and ASOSAI reported much larger budgets compared to SAIs in other regions.⁵ SAIs in EUROSAI have the third largest average budget, followed by SAIs in ARABOSAI. The average budgets of SAIs in CAROSAI and CREFIAF are substantively lower than in the other regions.

FIGURE 4: AVERAGE BUDGET PER SAI, 2014-2016 (IN MILLION OF USD)

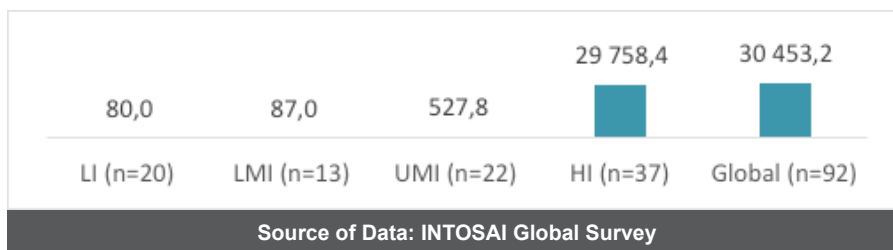


Source of Data: INTOSAI Global Survey

⁴ SAIs in ASOSAI and OLACEFS also reported that they have a large number of staff.

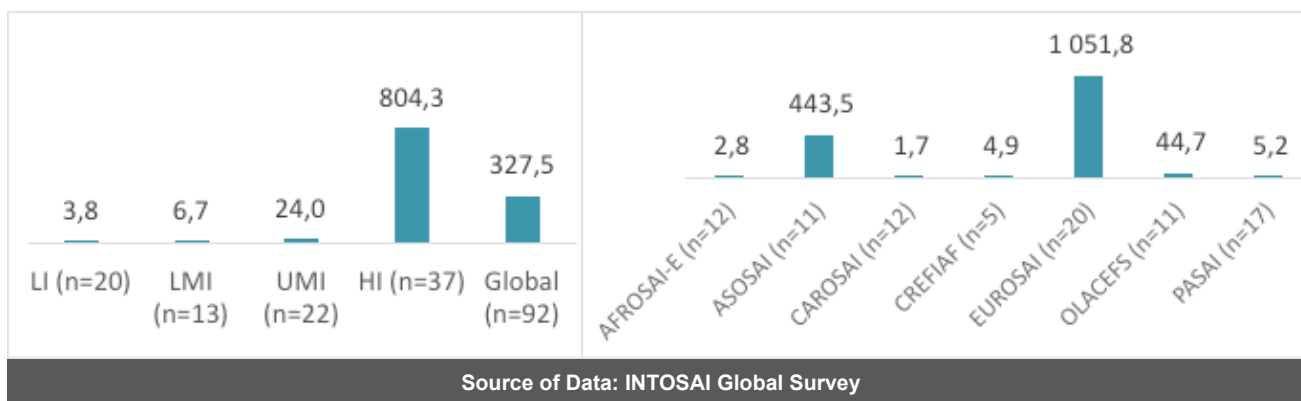
The average budget of mandated entities is linked to income level.⁶ Accordingly, SAIs in Low Income countries reported the lowest average budget for mandated entities while SAIs in High Income countries the highest, as illustrated on figure X.

FIGURE 5: AVERAGE BUDGET OF MANDATED ENTITIES, 2014-2016 (IN TRILLION USD)



Considering the average budget of mandated entities per SAIs, SAIs in ASOSAI and EUROSAI reported the largest average budget of mandated entities to cover.⁷ SAIs in OLACEFS have the third highest average budget of mandated entities per SAI. SAIs in CAROSAI reported the smallest average budget of mandated entity per SAI, followed by SAIs in CREFIAF.

FIGURE 6: AVERAGE BUDGET OF MANDATED ENTITIES PER SAI, 2014-2016 (IN TRILLION USD)

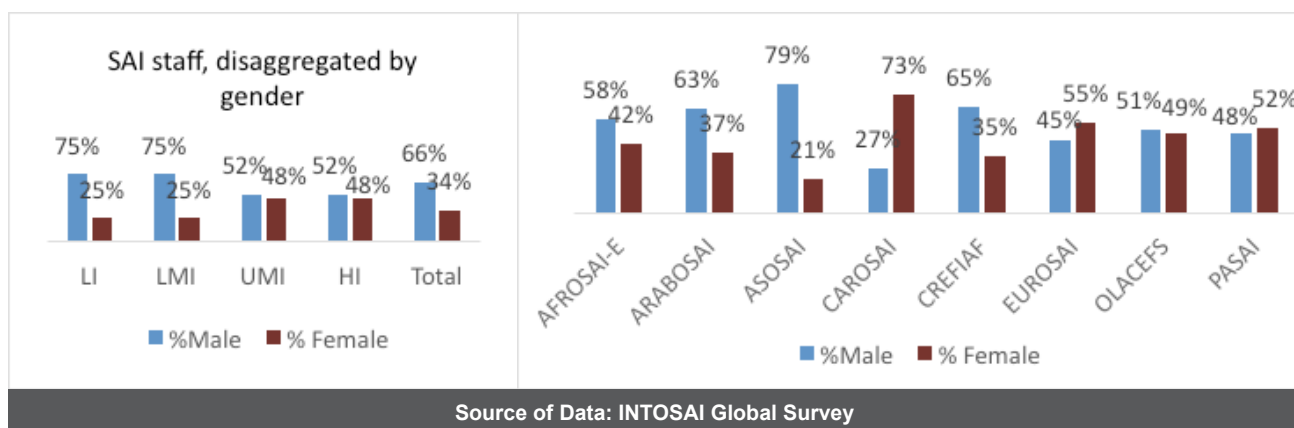


3.4 SAI STAFFING AND GENDER COMPOSITION

The global SAI community is composed of at least 125.000 SAI employees across the INTOSAI regions. SAIs have relatively stable staff, with 81% of the SAIs reporting staff turnover between 0% and 20%. The SAI community continues to be predominantly male — 66% of employees are male, compared to 64% in 2014. Results show that male staff are a majority in SAIs in all income groups and most regions. Low Income and Low Middle Income countries have the largest gap between male and female staff. Regionally, the gender gap is smaller in SAIs in EUROSAI, OLACEFS and PASAI. In CAROSAI, the vast majority of SAI staff are female.

⁶ The budget analysis of mandated entities was based on the budgets provided by 92 SAIs, as 11 budget figures were assessed as problematic and eliminated.
⁷ ARABOSAI was excluded from regional analysis because of low representation, as only the budget figures of three SAIs could be used.

FIGURE 7: SAI STAFF, DISAGGREGATED BY GENDER

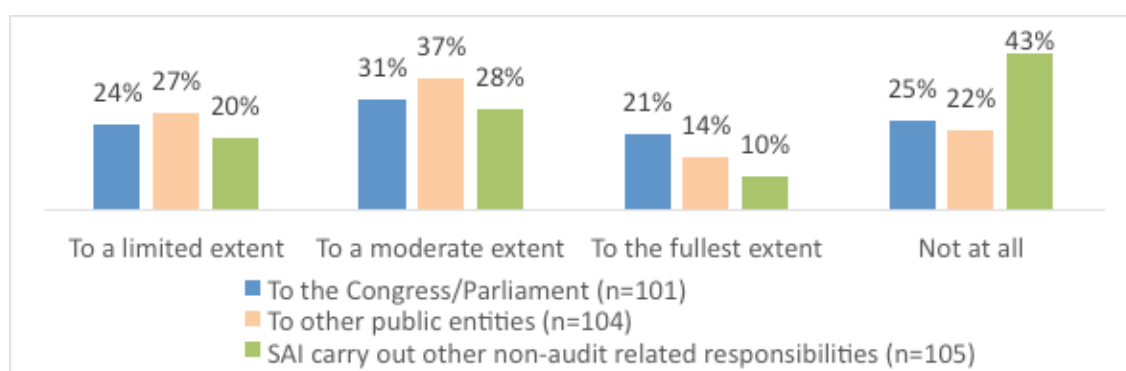


The majority of Heads of SAI are males (75%) and members of senior management teams in SAIs are predominantly male as well (59%), for SAIs in all income groups and regions. From 2010 to 2017, the percentage of total female staff as well as professional female staff in the SAI community remained almost the same within each of the INTOSAI regions.

Among 155 respondent SAIs, just half of them (50%) have full control over their own recruiting and deployment mechanism. This is particularly the case for SAIs in ARABOSAI (71%), EUROSAI (69%) and OLACEFS (94%) countries, as the majority of SAIs in the other regions have less control over staff recruitment and deployment. In many countries, recruitment and deployment of staff is still under the control of another body – usually part of the executive – such as a Civil Service Commission or for SAIs with Judicial powers, the Ministry of Justice. Such practices potentially compromise the independence of the SAI from the bodies it audits.

Most SAIs in developing countries (57%) carry out other non-audit related responsibilities. They provide services to public entities such as advisory services to their Congress or Parliament (75%) or other public entities (78%). SAIs in High Income countries also provide such services, but to a lesser degree, 59% provide advisory services to their Congress or Parliament or other public entities (44%).

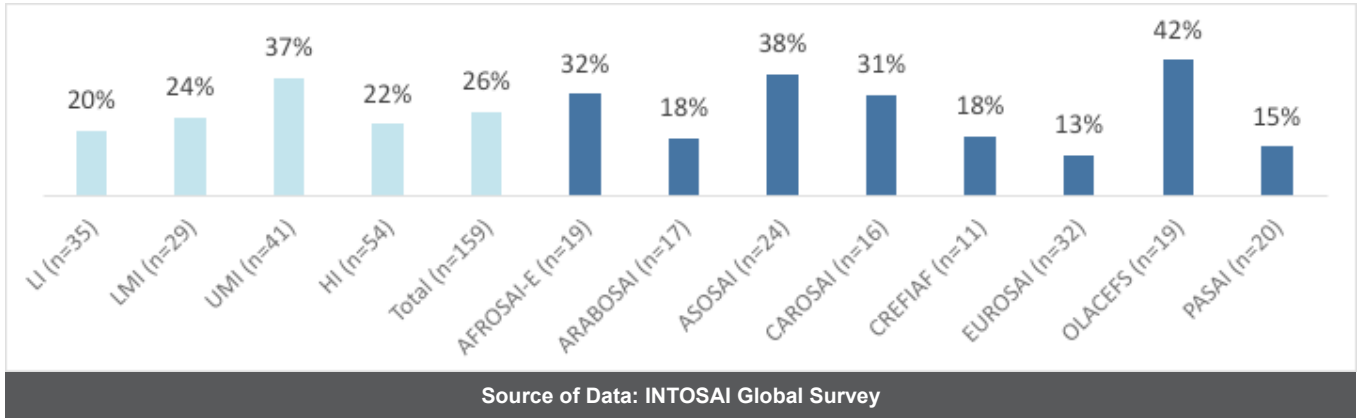
FIGURE 8: SAIS PROVIDING ADVISORY SERVICES, DEVELOPING COUNTRY SAIS



3.5 OTHER SAI RESPONSIBILITIES

In addition, 26%, of SAIs function as an "accredited training institution", qualified by recognized external training or professional bodies as a professional training institute. These SAIs are both in developing countries (28%) and in High Income countries (22%). Most SAIs functioning as accredited training institutions are in OLACEFS, ASOSAI, AFROSAI-E and CAROSAI.

FIGURE 9: SAIS ACTING AS "ACCREDITED TRAINING INSTITUTION"



4

SAI INDEPENDENCE AND LEGAL FRAMEWORK

Independence is central to enable SAIs to fulfil their oversight roles and to deliver impact for citizens. The conditions most relevant to ensuring the independence of an SAI are described in INTOSAI's Mexico Declaration on independence, ISSAI 10, endorsed by the INTOSAI in 2007. ISSAI 10 sets up eight core principles for ensuring the conditions for SAIs to effectively exercise their institutional mandates in an independent manner.

These core principles are:

1. The existence of an appropriate and effective constitutional/statutory/legal framework and the de facto application provisions of this framework.
2. The independence of SAI heads and members of collegial institutions, including security of tenure and legal immunity in the normal discharge of their duties.
3. A sufficiently broad mandate and full discretion, in the discharge of SAI functions.
4. Unrestricted access to information.
5. The rights and obligation to report on their work.
6. The freedom to decide the content and timing of audit reports and to publish and disseminate them.
7. The existence of effective follow-up mechanisms on SAI recommendations.
8. Financial and managerial/administrative autonomy and the availability of appropriate human, material and monetary resources.

The 2017 INTOSAI Global Survey asked SAIs to assess their status on the ISSAI 10 criteria. In addition, data from the OBI and PEFA Assessment are used to analyse the development of SAI independence globe-wise. Finally, data from the analysis of 25 SAI PMFs conducted by August 2017 is used to complement the other data set. The analysis at the end of this chapter includes an examination of the eight core principles of ISSAI 20.

This chapter presents the main findings from the data analysis on SAI independence. A more complete presentation of the data analysis can be found in the Annex Volume of this report, in the chapter with the same name.

4.1 AGGREGATE MEASURES OF SAI INDEPENDENCE

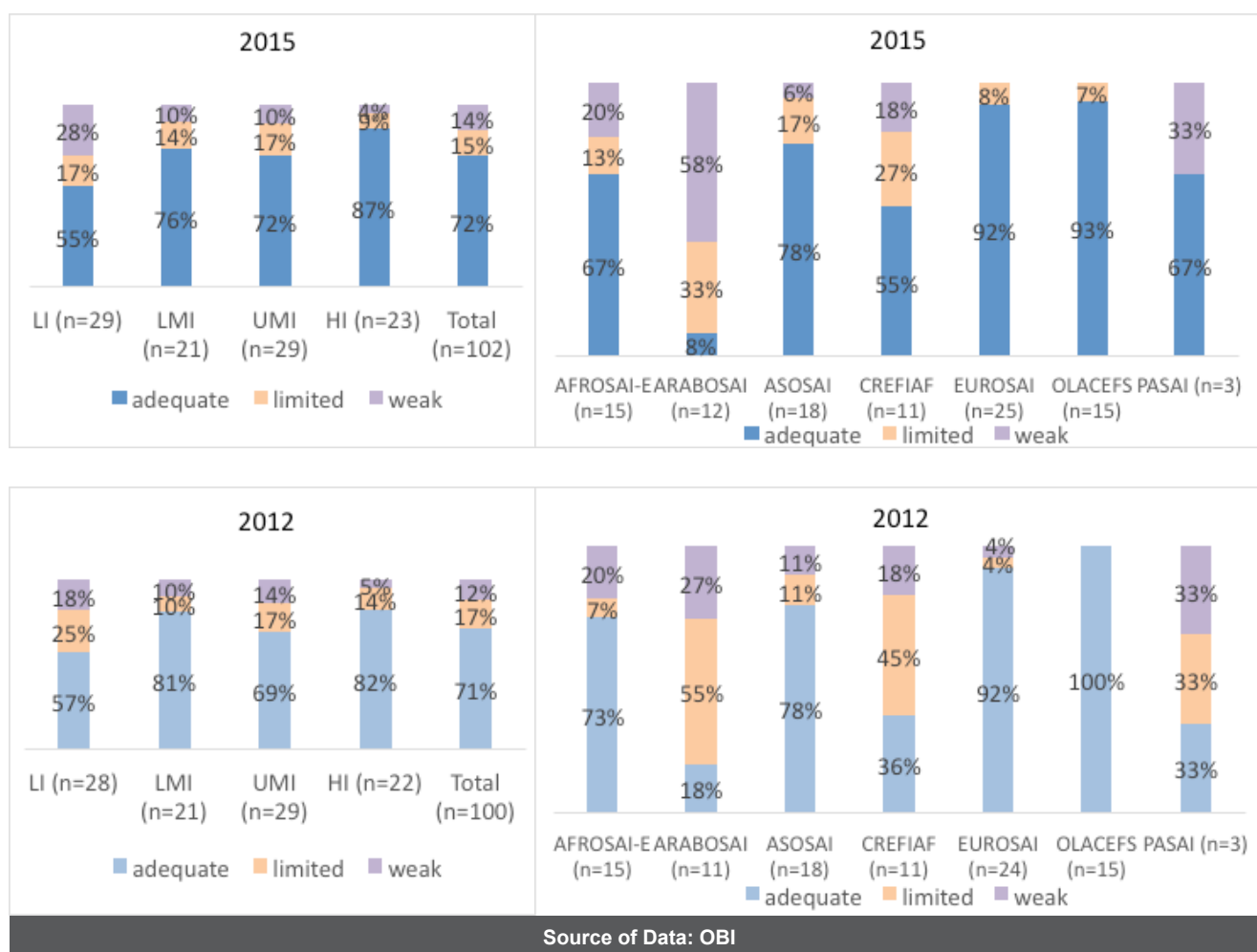
Examining the development in SAI strength over time, we will first look at the results of the OBI data analysis. Until 2012, the OBI had three indicators to measure SAI independence: (i) independence from the executive based on factors such as who has the power to remove the head of the SAI and to determine its budget; (ii) whether the SAI has adequate resources to fulfil its mandate; and, (iii) discretion provided to the SAI under the law to audit whatever it wishes. The following analysis takes into account the three indicators that were common to the 2010-2012 assessments.

Based on the three OBI indicators for measuring SAI independence, the results of the 2015 OBI survey show that 72% of the 102 surveyed countries had “adequate” level of independence, a slight increase from 71% in the 2012 OBI results. Overall, there was also a small increase in the number of SAIs upgrading from a “weak” category in 2012 to a “limited” category in 2015, particularly in Low Income countries and in ASOSAI and CREFIAF.

Specifically, the data for 2015 shows:

- As presented in the figure below, 73 countries scored 61 or higher, placing them in the “adequate” category. SAIs in these countries adequately enjoy independence from the executive and have access to sufficient resources to carry out their work. In Low Income countries, 16 among the 29 SAIs (55%) enjoy adequate level of independence. Regionally, just 2 SAIs in ARABOSAI, 4 SAIs in CREFIAF and 1 SAI in PASAI scored adequate level of independence. On the other hand, most SAIs in the other regions reached an adequate score.
- 17 countries (15%) score between 41 and 60, placing them in the “limited” category. The vast majority of these SAIs often lack sufficient funding to enable them to meaningfully exercise their mandate. There are SAIs from all income groups in this category, but more SAIs from Low and Upper Middle Income countries. Regionally, more SAIs in ARABOSAI and CREFIAF fall into this category.
- 14 countries surveyed scored 40 or less, placing them in the “weak” category. In these countries, important conditions for effective oversight are typically missing. They often lack full independence from the executive and sufficient funding. Although most of these SAIs are in Low Income countries, SAIs from all income categories are among those with low level of independence. Seven among the 12 SAIs assessed in ARABOSAI are in this category.

FIGURE 10: STRENGTH OF SAI INDEPENDENCE, OBI 2012 & 2015



Taking a longer view on the strength of SAI independence, the results of the OBI assessments from the 2010 to 2015 show that positive developments during this period mostly took place in SAIs in Low Income, Upper Middle Income and High Income countries, with SAIs in Lower Middle Income countries lagging behind concerning independence. As represented on the figure below, positive developments between the 2010 and 2015 OBI have taken place in SAIs in AFROSAI-E, ASOSAI and PASAI, with no change for SAIs in EUROSAI. For SAIs in ARABOSAI and CREFIAF, and to a slight extent in OLACEFS, there was a negative development pertaining to SAI independence.

FIGURE 11: STRENGTH OF SAI INDEPENDENCE, 2010-2015

SCORES	YEAR	LI	LMI	UMI	HI	TOTAL
Adequate	2010	50%	81%	71%	86%	71%
	2012	57%	81%	69%	82%	71%
	2015	28%	57%	66%	87%	58%
Limited	2010	17%	10%	14%	14%	14%
	2012	25%	10%	17%	14%	17%
	2015	45%	33%	28%	4%	28%
Weak	2010	33%	10%	14%	0%	15%
	2012	18%	10%	14%	5%	12%
	2015	28%	10%	7%	9%	14%

Source of Data: OBI

⁸ CAROSAI does not feature in the analysis as only one SAI from the region was assessed.

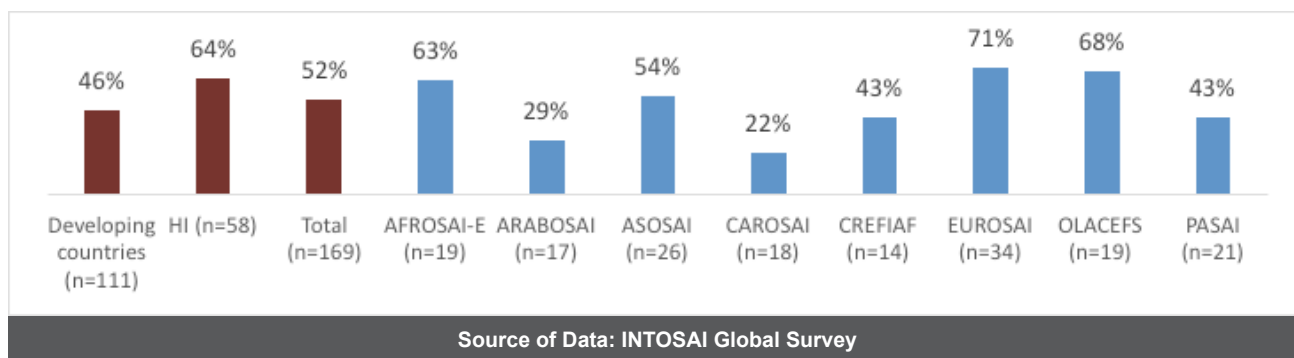
The results of the analysis of 25 SAI PMFs conducted by the IDI in August 2017 found that 44% of SAIs met IDI's benchmark of a score of 3 or higher on the SAI PMF indicators for SAI Independence and Mandate, used as a proxy for performance against ISSAI 10. The results of the 2017 Global Survey concurs with the SAI PMF and OBI findings in that there remain challenges for SAIs to achieve higher levels of independence.

Regarding each of ISSAI 10 core principles, the 2017 Global Survey data shows the following:

4.2 ISSAI 10 PRINCIPLE 1: THE EXISTENCE OF AN APPROPRIATE AND EFFECTIVE LEGAL FRAMEWORK AND THE DE FACTO APPLICATION PROVISIONS OF THIS FRAMEWORK

The legal acts regulating SAIs need to more fully secure their independence, particularly in developing countries, where just 46% of SAIs enjoy legal protection for their independence, compared to 64% in High Income countries. Particularly, legal protection needs to better shield SAIs from executive interference in SAI budget process and in SAI management of their financial and human resources, examined next.

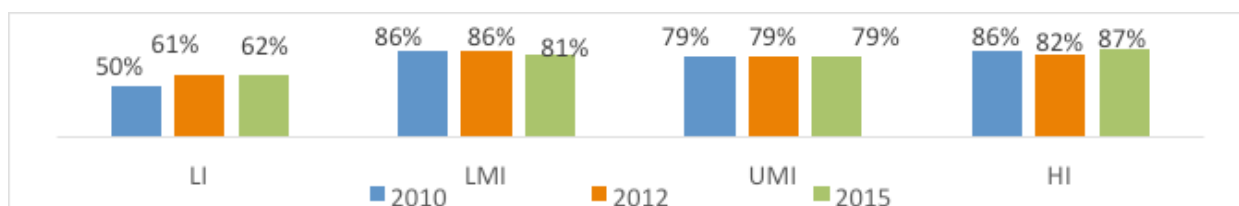
FIGURE 12: SAIS WHOSE LEGAL FRAMEWORK FULLY PROTECT THEIR INDEPENDENCE

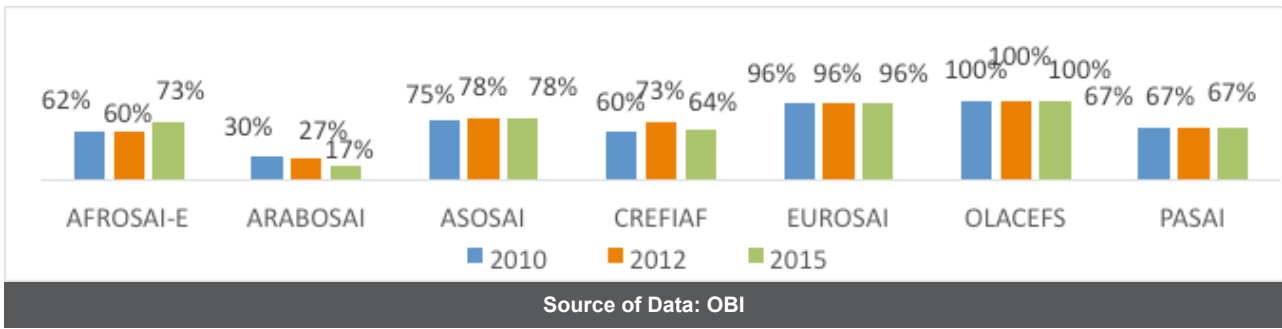


4.3 ISSAI 10 PRINCIPLE 2: THE INDEPENDENCE OF SAI HEADS AND MEMBERS OF COLLEGIAL INSTITUTIONS, INCLUDING SECURITY OF TENURE AND LEGAL IMMUNITY IN THE NORMAL DISCHARGE OF THEIR DUTIES

For many SAIs, their legal framework needs to strengthen the protection of Heads of SAIs from executive interference. The 2015 OBI results show that there has been a very small increase in the number of SAIs where external bodies (e.g. legislature) must approve a removal of Heads of SAIs, from 74% in 2010 to 76% SAIs in 2015. The 2017 Global Survey reinforces the OBI finding, showing that 79% of SAIs confirmed that their legislation protects the independence of the Head(s) of SAI from dismissal, security of tenure and legal immunity. SAIs in ARABOSASAI are particularly vulnerable pertaining to the protection of tenure of the Head(s) of SAI.

FIGURE 13: EXTERNAL BODIES MUST APPROVE A REMOVAL OF HEADS OF SAIS

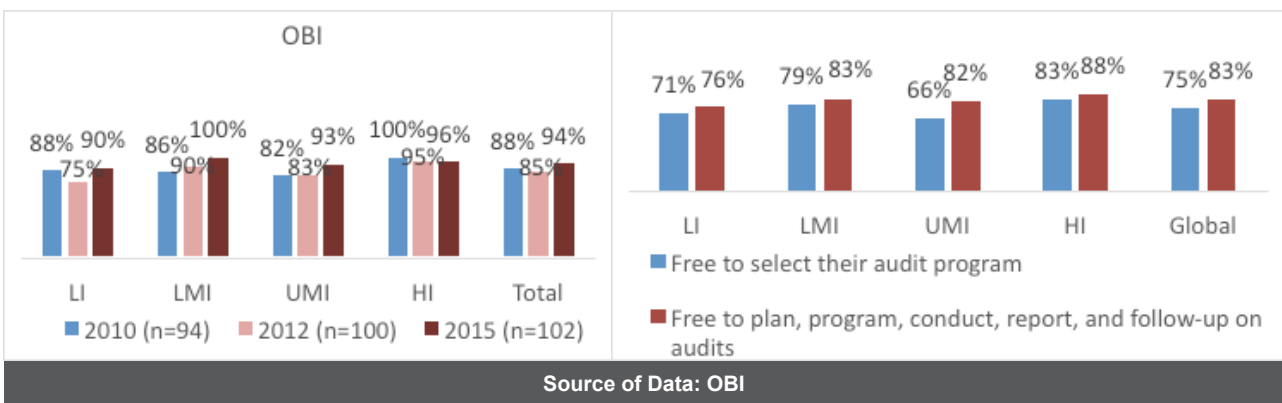




4.4 ISSAI 10 PRINCIPLE 3: A SUFFICIENTLY BROAD MANDATE AND FULL DISCRETION IN THE DISCHARGE OF SAI FUNCTIONS

Overall, the majority of SAIs enjoy greater legal and de facto protection to select their annual audit programmes as well as to conduct audits of their own selection, report, and follow-up on audits. The OBI survey shows that 94% SAIs have discretion in law to undertake those audits they may wish, an increase from 85% in 2012. In the 2017 Global Survey, 83% of the respondent SAIs confirmed their independence to plan, program and conduct audits.

FIGURE 14: SAIS DISCRETION TO SELECT THEIR ANNUAL AUDIT PROGRAMMES

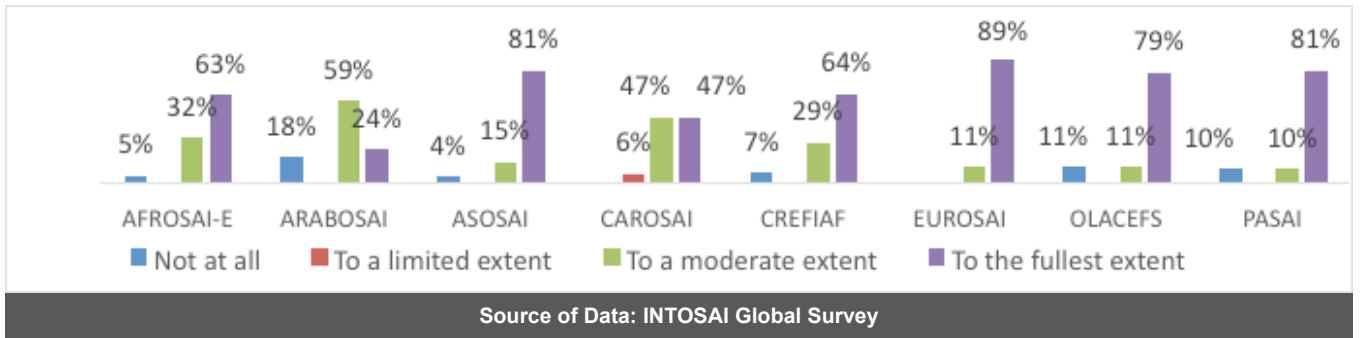


4.5 ISSAI 10 PRINCIPLE 4: UNRESTRICTED ACCESS TO INFORMATION

In the 2017 Global Survey, 70% of SAIs confirmed their freedom to obtaining timely, unconstrained and free access to all necessary documents and information for the proper discharge of their statutory responsibilities. Such freedom is core for SAIs to fulfil their oversight functions. As such, it remains a challenge when 30% of SAIs do not have unrestricted access to information for conducting audit work. SAIs from all regions reported experiencing constraints, especially in AFROSAI-E, ARABOSAI, CAROSAI, CREFIAF and OLACEFS.

⁹ Head(s) of SAIs includes the Auditor General, President of the Court of Account and members of the collegial institution.

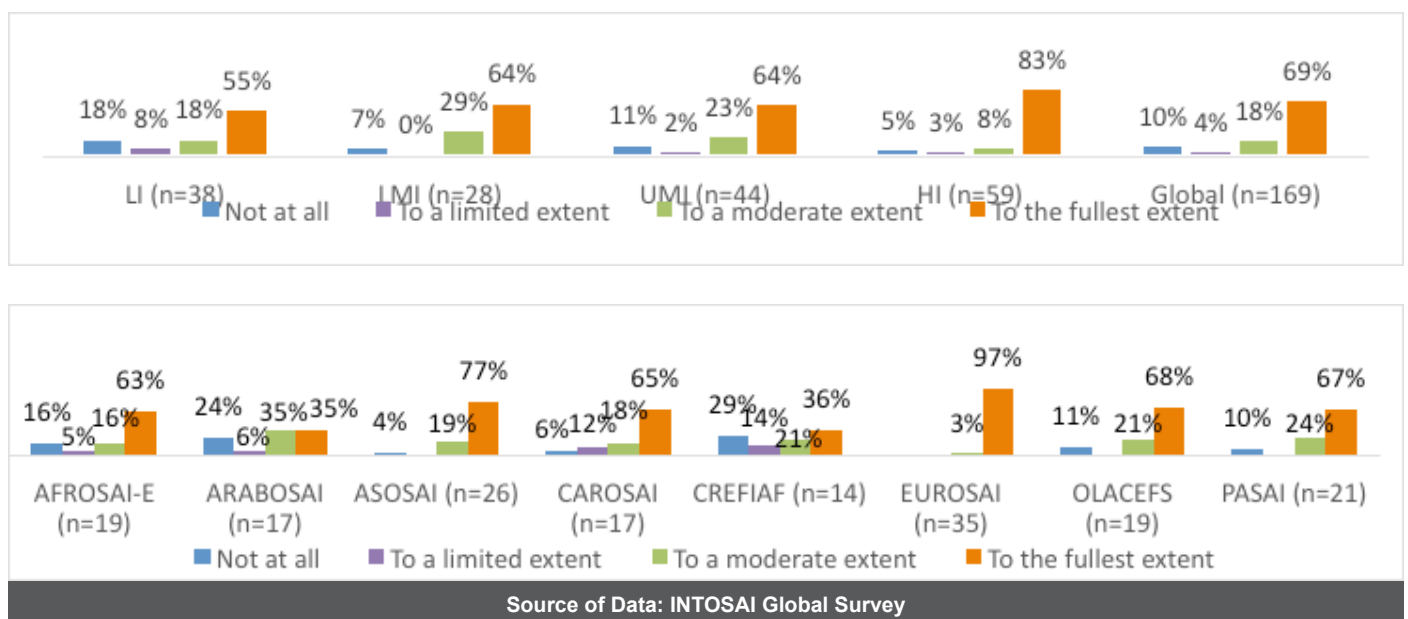
FIGURE 15: SAIS' FREEDOM TO OBTAIN TIMELY AND UNCONSTRAINED INFORMATION



4.6 ISSAI 10 PRINCIPLE 5: THE RIGHTS AND OBLIGATION TO REPORT ON THEIR WORK

Dissemination of audit work is critical for SAIs to add their value to the transparency and accountability of their governments. In the 2017 Global Survey, 69% of respondent SAIs confirmed their full independence to publish and disseminate audit reports in the public domain. The right to report on audit findings needs to be extended to all SAIs and remains a challenge to SAI independence. However, the data show that more SAIs need to exercise their obligation to report on their work as well, particularly SAIs in developing countries. An examination of the reports SAIs made public in relation to their legal right to make reports publicly available can be found in the “SAI Organisational Systems and Professionalization” chapter of this report (section 5.10).

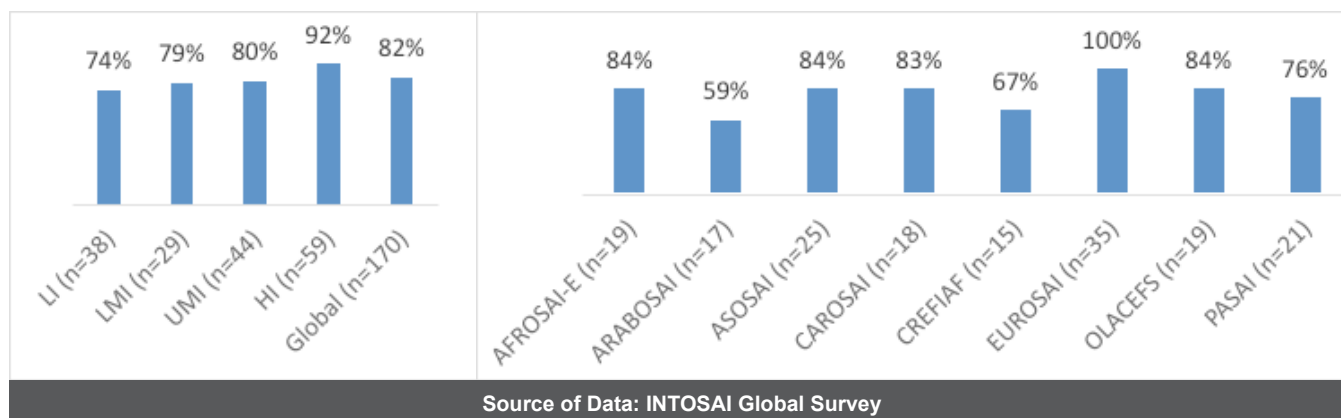
FIGURE 16: SAIS' FREEDOM TO PUBLISH AND DISSEMINATE AUDIT REPORTS



4.7 ISSAI 10 PRINCIPLE 6: THE FREEDOM TO DECIDE THE CONTENT AND TIMING OF AUDIT REPORTS AND TO PUBLISH AND DISSEMINATE THEM

Although 82% of the SAIs confirmed their freedom to deciding the content and timing of the audit reports in the 2017 Global Survey, all SAIs should have full control over the content of the reports they produce, due to the very core of their mandate. Except for SAIs in EUROSAI, SAIs from all the other regions and all income groups reported limitations, particularly in ARABOSAI and CREFIAF.

FIGURE 17: FULL FREEDOM TO DECIDE ON THE CONTENT AND TIMING OF AUDITS



4.8 ISSAI 10 PRINCIPLE 7: THE EXISTENCE OF EFFECTIVE FOLLOW-UP MECHANISMS ON SAI RECOMMENDATIONS

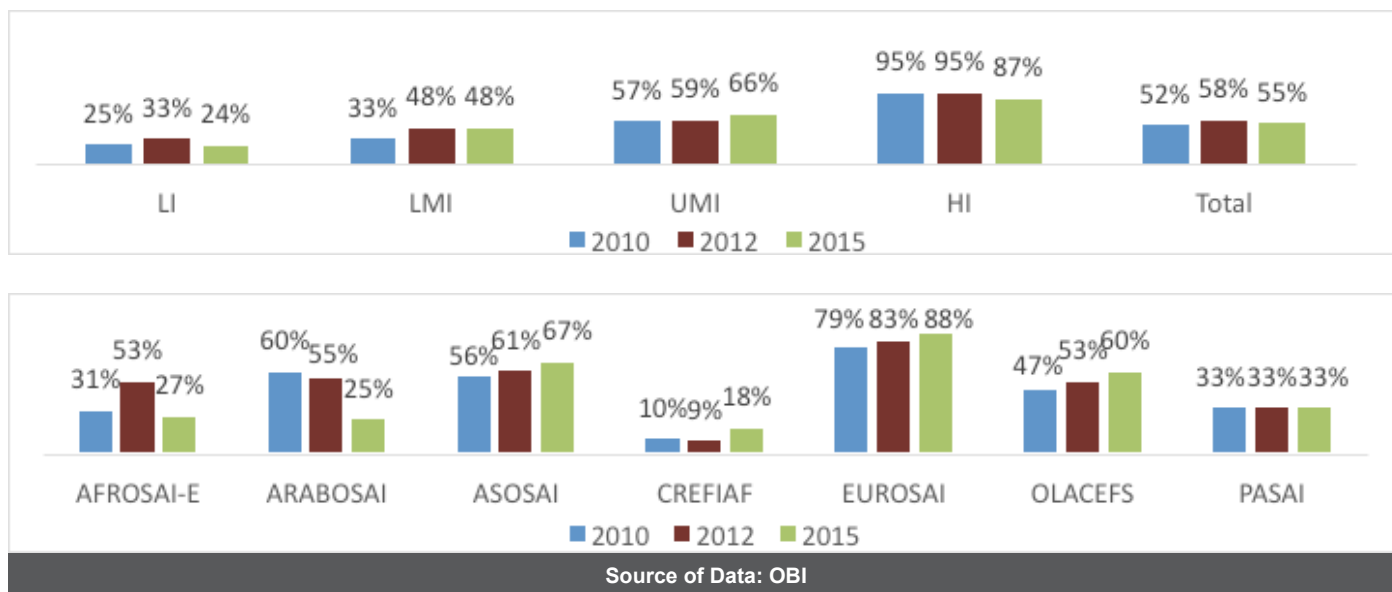
In addition to making audit findings public, following up on audit recommendations is a very important means for SAIs to add value to the governance structures for accountability and transparency. In the 2017 Global Survey, 85% of developing country SAIs and 91% of High Income country SAIs confirmed having an internal system to follow-up on the observations and recommendations made to the audited entities, including the actions taken by the auditees' relevant authorities. For the SAIs organized as a court system or with a mandate to issue sanctions, 54% of respondents from developing countries follow-up on SAI sanctions, and 85% in High Income countries.¹⁰

4.9 ISSAI 10 PRINCIPLE 8: FINANCIAL AND MANAGERIAL/ ADMINISTRATIVE AUTONOMY AND THE AVAILABILITY OF APPROPRIATE HUMAN, MATERIAL AND MONETARY RESOURCES

Challenges remain for SAIs to achieve budgetary independence, which requires the budget of the SAI to be determined by the legislature or judiciary (or some independent body), and the funding level of the SAI to be consistent with the resources the SAI needs to fulfil its mandate. The results of the OBI show that there was an increase in the number of SAIs experiencing budgetary independence from 2010 to 2012, but a decrease from 58% in 2012 to 55% in 2015. In particular, from 2012 to 2015, there was with an increase in SAIs in Low Income and Middle Low Income countries scoring the lowest level of financial independence.

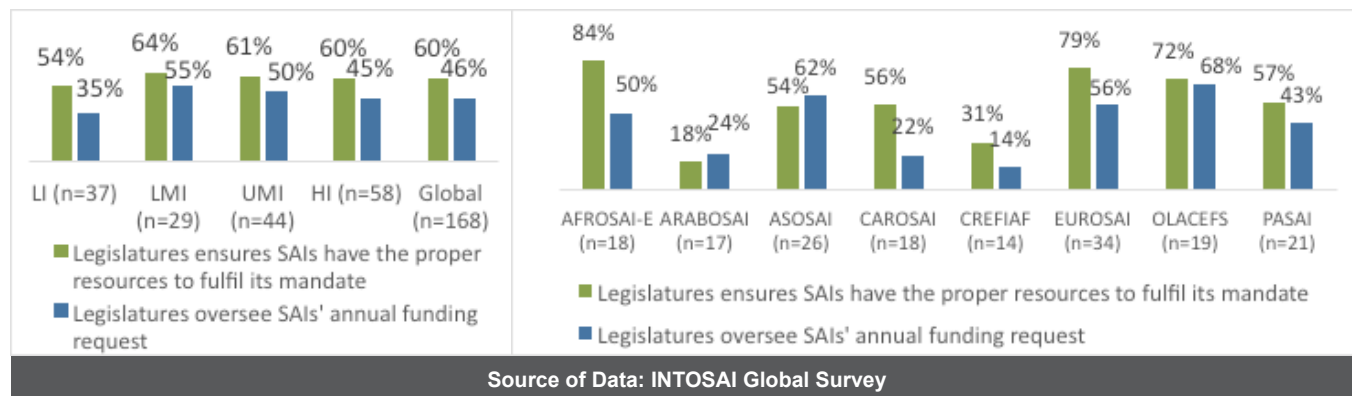
¹⁰ The data and analysis for audit follow up system is fully examined in the Following up on SAI recommendations and sanctions section of the "Developments in SAI Organisational Systems and Professionalization" chapter.

FIGURE 18: SAIS WITH BUDGETARY INDEPENDENCE



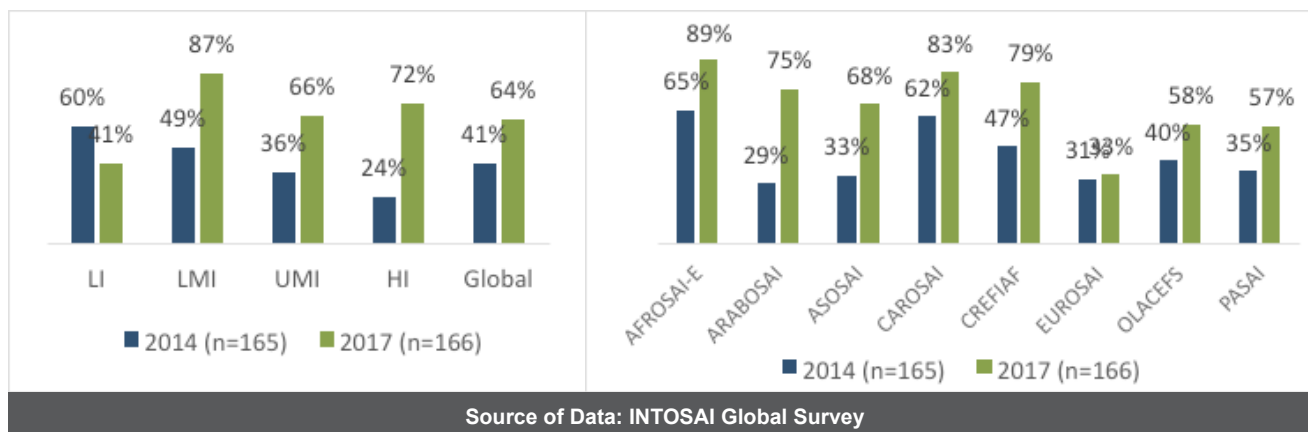
The 2017 Global Survey found that the Executive in most countries controls the SAI budget process. Less than half of the 168 respondent SAIs confirmed counting on a panel of parliamentarians or congressional representatives to oversee their annual funding request — 46% of the SAI in developing and 45% in High Income countries. Most SAIs in ASOSAI, EUROSAI and OLACEFS count on such panel to oversee their annual funding request, and about half of the SAIs in AFROSAI-E. The majority of SAIs in the other regions do not count on such a panel in their legislatures.

FIGURE 19: SAIS WHOSE BUDGETS ARE PRESENTED TO THE LEGISLATURE



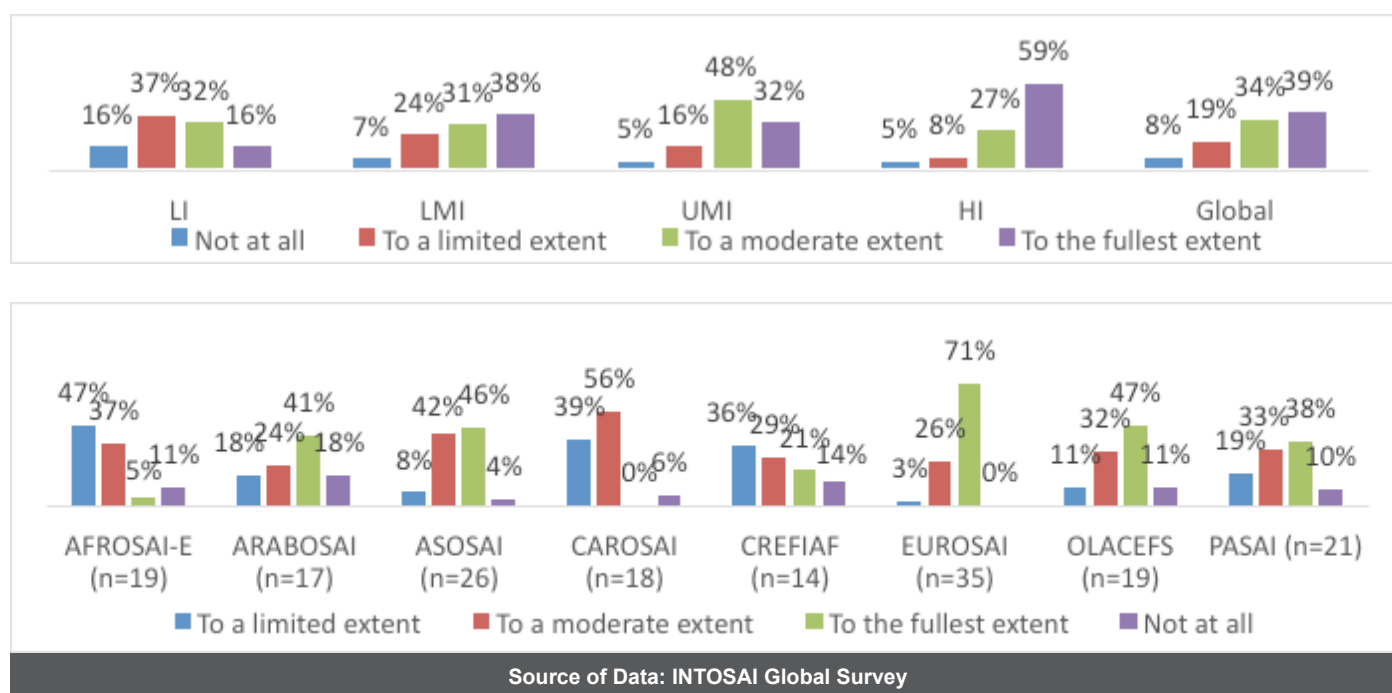
Moreover, there was an increase from 41% in 2014 to 64% in 2017 of SAIs (and 75% when looking solely at developing country SAIs) that confirmed they had experienced interference from the executive regarding their budget in the past three years. This applies to SAIs in all income groups and regions. There was, however, a positive development in the number of SAIs that have the opportunity to appeal to the legislature, parliament or congress if the resources provided are insufficient to fulfil their mandate, from 59% in 2014 to 65% in 2017.

FIGURE 20: INTERFERENCE FROM THE EXECUTIVE ON SAI BUDGET PROCESS



Most SAIs also confirmed they experienced, to various degrees, government and other authorities interfering on how they manage their own budget. This happens in 72% of SAIs in developing countries and in 41% in High Income countries.

FIGURE 21: EXTENT SAIS MANAGE THEIR OWN BUDGET WITHOUT EXTERNAL INTERFERENCE



DEVELOPMENTS IN SAI ORGANISATIONAL SYSTEMS AND PROFESSIONALIZATION

Implementation of the International Standards of Supreme Audit Institutions (ISSAIs) has become an important focus for the INTOSAI community, following approval of auditing guidelines (level 4) in 2010 and fundamental principles (level 3) in 2013. These added to the existing 'Prerequisites' (level 2). Implementation of ISSAIs is a gradual process that involves a number of steps, starting with SAI's decision to adopt the standards and carrying out assessment of its level of compliance, ending in SAI wide ISSAI compliant practices.

The adoption and continued development of the ISSAIs by the INTOSAI triggered a discussion within the SAI community about the necessary resources and capacity development efforts for SAIs that adopt the standards to meet such standards in their practices. Since then, SAIs and their external partners have developed products and programmes aimed at supporting the further application of international standards. As we will examine in the next chapter, guidance materials about ISSAI principles have been developed, tools for assessing status of SAIs in relation to the ISSAIs and facilitating SAI reviews of their practices, such as the SAI PMF and the ISSAI Compliance Assessment Tools (iCATs), have been developed and applied. Global tools to measure the status of government transparency and accountability, such as OBI and the PEFA Framework have expanded their examination of oversight institutions such as SAIs, and integrated the ISSAIs into their assessment methods.

This chapter examines the development in SAI organisational systems and professionalization in view of the community's efforts to mainstream international standards and principles in auditing of public entities. It brings together data from the INTOSAI 2017 Global Survey, the OBI and PEFA to look at developments in the audit process and SAI organisation since 2014. It also uses data from the global survey for the XXII-INCOSAI, administered by the SAI in the United Arab Emirates, about the two themes at the XXII-INCOSAI, held in Abu Dhabi in December 2016.¹¹

This chapter presents the main findings from the data analysis on SAI organisational systems and professionalization. A more complete presentation of the data analysis can be found in the Annex Volume of this report, in the chapter with the same name.

5.1 OVERALL STRENGTH OF THE AUDIT CYCLE

Beginning with an examination of the overall strength of the audit cycle,¹² we first look at PEFA data. The PEFA (2011) indicator 26 (PI-26) assesses the 'scope, nature and follow-up of external audit'.

To achieve a score on this performance indicator of C or higher on an ordinal scale from A to D, used as benchmark level in this Stocktaking, the SAI being assessed must meet all the following conditions:

- Central government entities representing at least 50% of total expenditure are audited annually
- Audits identify significant issues
- There is some disclosure regarding the nature of the audit standards used
- Audit reports are submitted to the legislature within 12 months of the end of the period covered (and for Financial Audits, within 12 months, from the receipt of financial statements by the SAI)
- A formal response is made (by the executive) to audit reports (though it may be delayed or not very thorough).

An increasing number of developing countries and territories have conducted a PEFA assessment reporting on PI-26, from 87 in 2010 to 120 in 2014 and 141 in 2017. For developing countries, the data shows an increase from 38% in 2010 to 47% in 2014 and 48% in 2017 in the percentage of SAIs that met the PI 26 benchmark.¹³ There was a decrease of Upper Middle Income countries that have received a score of C or higher on PI-26, and an increase for both Low Income and Lower Middle Income countries.

¹¹ The first part of the survey covered INTOSAI and SAI's roles in the UN 2030 Agenda for Sustainable Development, including good governance and strengthening the fight against corruption. 139 SAIs responded to the survey, of which 116 submitted completed responses.

¹² Note this is a high level measure where scores are dependent on both the performance of the SAI and the response of the executive to audit reports. As a PEFA indicator assessed using the 'weakest link' method, a score higher than D can only be achieved if the executive makes a formal response to audit reports.

¹³ The PEFA population for developing countries for the 2017 data has 119 repeats from 2014 and 12 different countries in the sample. Seven countries had no regional membership.

FIGURE 22: SAIS IN DEVELOPING COUNTRIES SCORING A C OR HIGHER ON PEFA PI-26 (2010-2016)

	2010	2014	2017
Low Income Countries	26% (n=35)	38% (n=45)	40% (n=46)
Lower Middle Income Countries	33% (n=27)	47% (n=36)	58% (n=40)
Upper Middle Income Countries	60% (n=25)	56% (n=39)	47% (n=45)
All Developing Countries	38% (n=87)	47% (n=120)	48% (n=131)

Source of Data: PEFA

The figure below analyses this same data by INTOSAI regional groups, showing some regional variations. There is an increment in the number of countries in the CREFIAF region that have conducted a PEFA assessment and an increase in the percentage among these countries receiving a score of C or higher, from 6% in 2010 to 19% in 2017. There has been a decrease in the percentage of countries achieving the benchmark in AFROSAI-E, EUROSAI, OLACEFS and PASAI.

FIGURE 23: SAIS IN DEVELOPING COUNTRIES SCORING C OR HIGHER ON PEFA PI-26, BY REGION

	2010	2014	2017
AFROSAI-E	56% (n=16)	68% (n=22)	57% (n=21)
ARABOSAI	33% (n=9)	45% (n=11)	55% (n=11)
ASOSAI	36% (n=11)	47% (n=19)	78% (n=18)
CAROSAI	33% (n=6)	27% (n=11)	38% (n=13)
CREFIAF	6% (n=18)	6% (n=18)	19% (n=21)
EUROSAI	45% (n=11)	79% (n=14)	67% (n=15)
OLACEFS	67% (n=9)	46% (n=13)	31% (n=13)
PASAI	43% (n=7)	50% (n=12)	36% (n=11)

Source of Data: PEFA

Turning to the Open Budget Survey, and examining the composite measure of SAI performance including the fourth indicator (whether the SAI has established an independent quality assurance system in accordance with ISSAI 40) produces an overall measure of SAI performance. The separate analysis of 2015 OBI indicator 116 on quality assurance of audit processes can be found on the “Quality Control and Assurance” section in the “Developments in SAI Organisational Systems and Professionalization” chapter. Overall, the OBI survey results found that 66% of SAIs had a quality assurance system, but just 34% had quality assurance systems that meet ISSAI 40 standards.

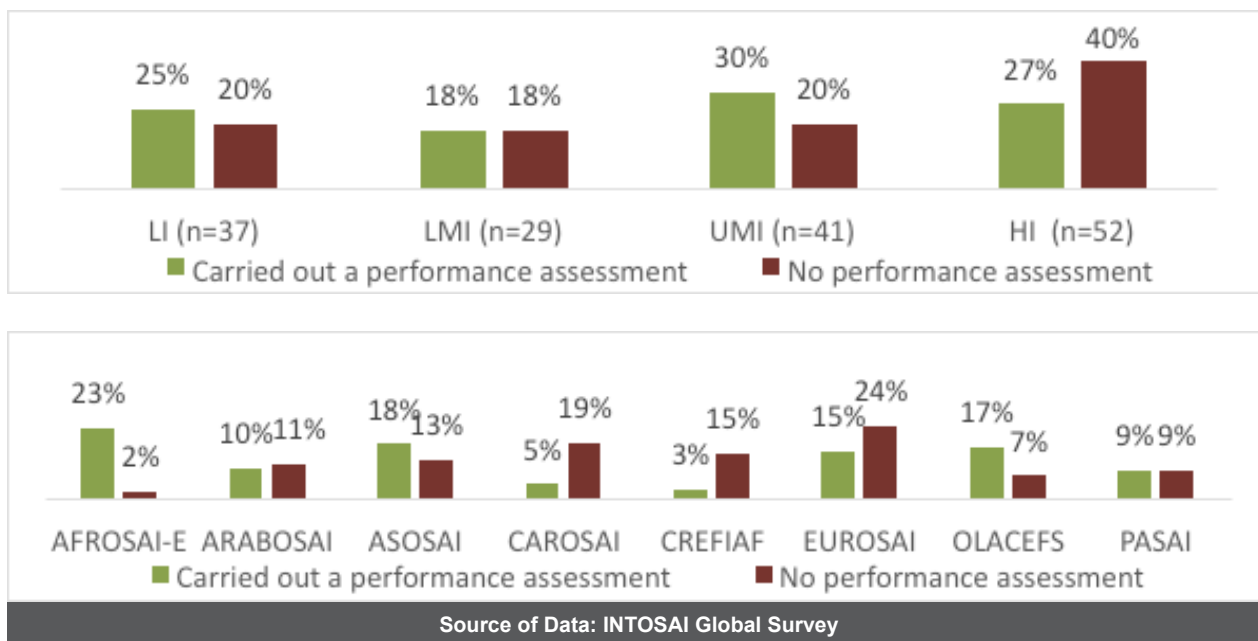
Based on the four indicators:

- The results of the 2015 OBI survey shows that 59 SAIs (58% of the 102 surveyed countries) scored 61 or more, placing them in the “adequate” category, of which 39 SAIs were from developing countries.
- 29 SAIs (28% of the 102 countries surveyed) scored between 41 and 60, placing them in the “limited” category. The vast majority of these SAIs have not established an independent quality assurance system.

5.2 UNDERTAKING SAI PERFORMANCE ASSESSMENTS

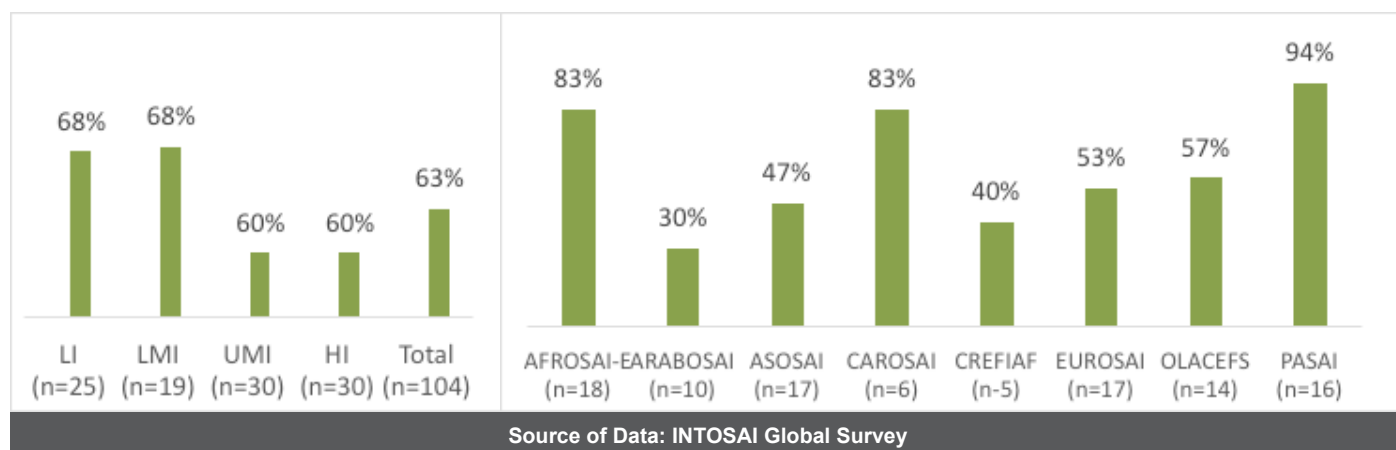
Performance assessments are important for SAIs to ensure their audit work is in accordance with the audit standards they adopted and that their organisations are functioning in ways that support staff and the quality of their work. Overall, 66% of SAIs confirmed they carried out a performance assessment from 2013 to 2016, 74 SAIs in developing countries and 31 SAIs in High Income countries. During the period, 105 SAIs from all income groups reported having carried out 181 performance assessments. There is, however, a significant number of SAIs that have not undertaken a performance assessment since 2013, 31% in developing countries and 41% in High Income countries.

FIGURE 24: SAIs THAT CARRIED OUT AN ASSESSMENT OF THEIR PERFORMANCE



The SAI PMF and the Peer Review Guide and Checklist are currently the most used tools for conducting performance assessments in the global SAI community. Forty percent (40%) of SAIs that conducted a performance assessment reported using SAI PMF and 29% the Peer Review Guide and Checklist. Most SAIs (63%) reported that they submitted their performance assessments to external quality assurance; this applies to the majority of SAIs in AFROSAI-E, CAROSAI and PASAI. However, only the minority of SAIs in ARABOSAI submitted their performance assessment to external quality assurance, as did about half of the SAIs in the other regions.

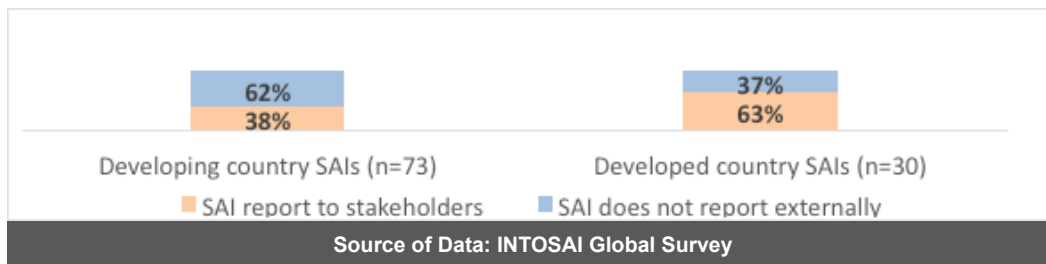
FIGURE 25: SAI PERFORMANCE ASSESSMENT EXTERNALLY QUALITY ASSURED



SAIs reported that the most common outcomes from their performance assessments are related to improved audit process and SAI management. The most mentioned results were improved or updated audit methodology, SAI's audit manuals revised, more targeted internal training programmes, the SAI's strategic plan revised, and stakeholder's engagement strategy or plan developed.

Only a small number of SAIs in developing countries (38%) report on the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.), compared to 63% of SAI High Income countries.

FIGURE 26: SAIS THAT REPORT TO STAKEHOLDERS ON THEIR PERFORMANCE ASSESSMENT



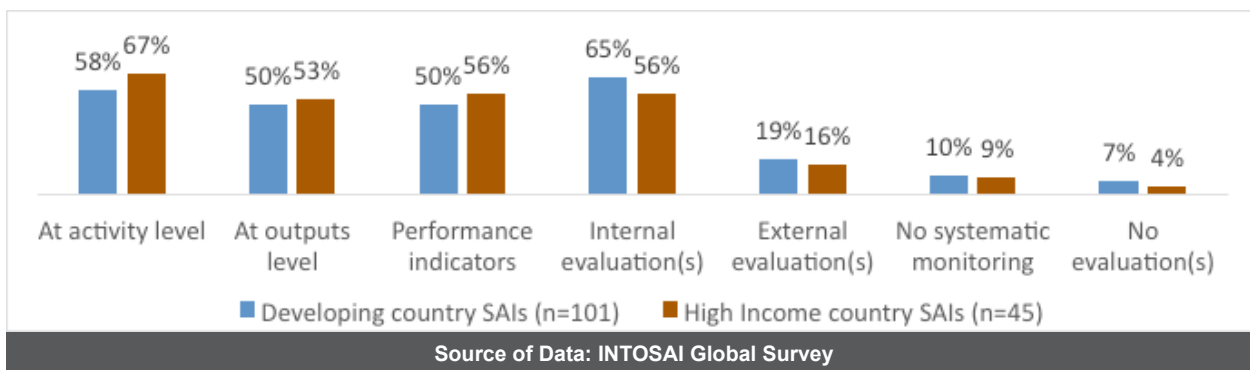
5.3 SAI STRATEGIC PLANNING

The data from the 2017 Global Survey reaffirm the finding in 2014 that the majority of SAIs have strategic plans, showing that strategic plan became a tool mainstreamed within SAIs globally. The 2017 data shows that 91% of SAIs globally had a strategic plan — 94% of SAIs in developing countries and 84% in High Income countries. The majority of SAIs (86%) have operational plans, although this number represents a decrease from 2014 (94%). Most SAIs (60%) make their strategic and/or operational plans available to the public, 29% of these making public both the strategic and operational plans, through their website for example, and 32% only making the strategic plans available to public.

Strategic and operational plans are management tools to tackle major strategic and operational issues facing a SAI. The strategic planning cycle begins with developing a clear understanding of the strengths and needs of a SAI as well as the resources available. The majority of respondent SAIs (94%) confirmed that their strategic plans were based on a holistic needs assessment of their SAI. Nevertheless, the analysis of 25 SAI PMFs conducted by August 2017 found that just 28% of the SAIs in developing country had a high quality strategic planning cycle meeting most of the specific criteria outlined in the SAI PMF.¹⁴

SAIs in both developed and developing countries reported that they make use of different mechanisms for monitoring and evaluating (M&E) their strategic and operational plans. Most SAIs (61%) in all income groups and regions reported monitoring their strategic and operational plans at activity level. Of the 146 SAIs that responded, 16% did not monitor or evaluated their strategic and operational plans.

FIGURE 27: M&E OF STRATEGIC AND OPERATIONAL PLANS



5.4 AUDIT COVERAGE

The results of the 2017 Global Survey indicate an overall high rate of audit coverage by SAIs, although results show a slight decrease from 2014. As in the 2014 Global Survey, the 2017 results on SAI coverage of audited entities within mandate is examined against a set of specified benchmarks for finance, compliance, and performance audit. These benchmark levels were set out to be consistent with the SAI PMF criteria on the audit coverage dimension, described in the figure below.¹⁵ The results show that for coverage of financial and compliance audits, there is now a relatively narrow gap between the global performance of High Income country SAIs and those from developing countries. The gap for performance audit has slightly narrowed, but a wide gap persists.

¹⁴ Measured by SAI PMF assessment score of 3 or higher on SAI-8 [Pilot version] or SAI-3 [Endorsement version].
¹⁵ The level refers to the criteria for obtaining a score of 3 on a scale from 0-4.

FIGURE 28: PERCENTAGE OF SAIS THAT MET SAI PMF CRITERIA FOR AUDIT COVERAGE

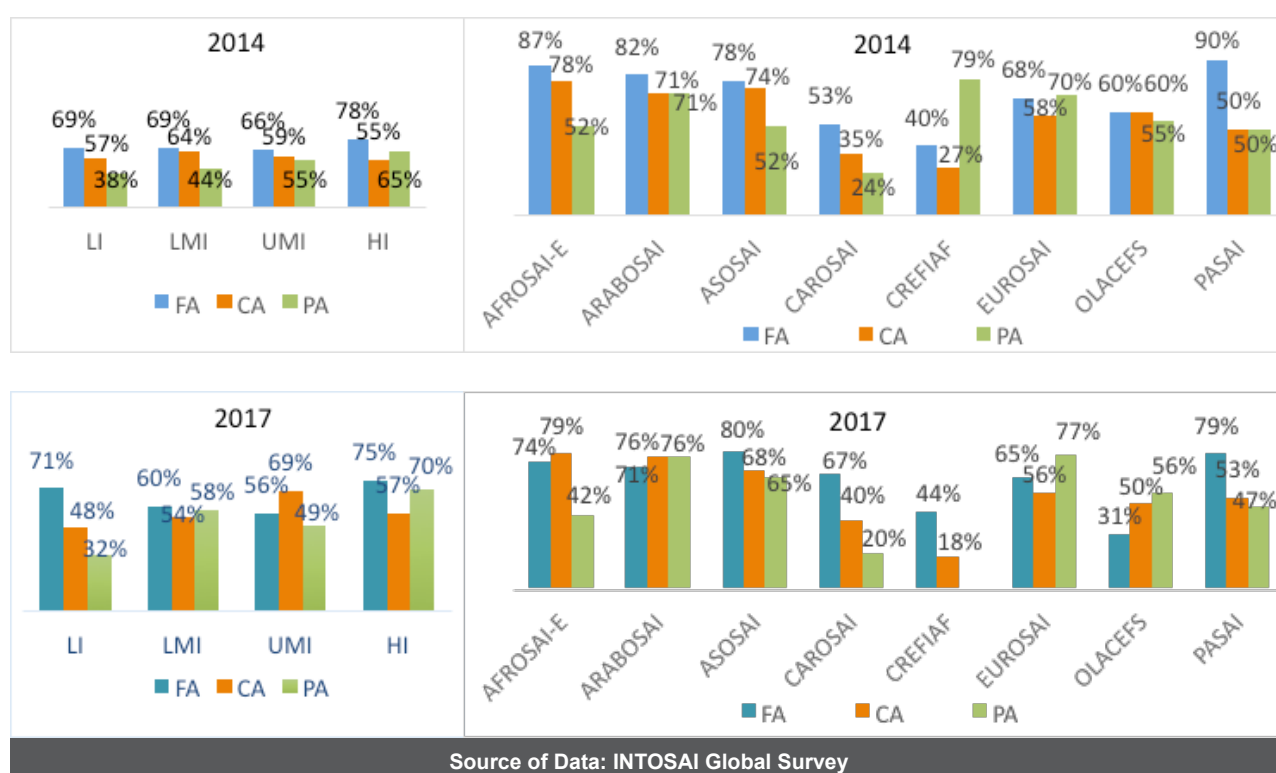
	Developing Countries	High Income Countries	Global
Financial Audit: At least 75% of financial statements received are audited (including the consolidated fund / public accounts or where there is no consolidated fund, the three largest ministries).	62% (n=100)	75% (n=52)	66%
Compliance Audit: The SAI has a documented risk basis for selecting compliance audits that ensures all entities face the possibility of being subject to a compliance audit, and at least 60% (by value) of the audited entities within the SAI's mandate were subject to a compliance audit in the last audit year.	58% (n=98)	57% (n=46)	58%
Performance Audit: On average in the past three years, the SAI has issued at least ten performance audits and/or 20% of the SAI's audit resources have been used for performance auditing.	46% (n=99)	70% (n=54)	54%

Source of Data: INTOSAI Global Survey

The data analysis suggests there exists opportunities for improving audit coverage for developing country SAIs, and in certain regions.

- Globally, 66% reported to meet the benchmark for financial audit coverage, a lower percentage than the 71% reported in 2014. As shown in the figures below, the coverage for financial audit for SAIs in Low Income countries slightly increased while it decreased for the other income categories. Fewer SAIs in CREFIAF (44%) and OLACEFS (31%) met the benchmark for financial audit whole the majority of the SAIs in the other regions did meet the benchmark.
- For compliance audit coverage, results show that around 58% of SAIs (83 of 144 SAIs) indicated that they met the benchmark, from 60% in 2014. The levels were similar for all income levels, 58% in developing countries and 57% in High Income countries. The results represent a small improvement for SAIs in Upper Middle Income and High Income countries, AFROSAI-E, ARABOSAI, CAROSAI and PASAI regions.
- For performance audit coverage, 54% of 153 SAIs globally responded that they had met the benchmark, from 52% in 2014. For developing countries, the result was 46% against 70% in High Income countries. ARABOSAI and EUROSAI reported highest coverage against this benchmark while SAIs in CAROSAI and CREFIAF reported lowest.

FIGURE 29: SAIS THAT MET SAI PMF CRITERIA FOR AUDIT COVERAGE (2014 & 2017)



Source of Data: INTOSAI Global Survey

For some SAIs, falling short of the benchmark level may be explained by the integration of compliance audit with financial audit processes. Some SAIs, for example, undertake regularity audits, which contain elements of both compliance and financial audit. It is also worth noting that SAI models may affect how audit coverage is interpreted and what can be achieved, and this may affect both overall and regional results.

Analysis of the relevant PEFA data provides additional perspective on audit coverage for developing country SAIs. The PEFA indicator PI-26 for external audit contains three separate dimensions, the first of which is concerned with ‘the scope/nature of audit performed’, including adherence to auditing standards and coverage of audited entities. As the following figure illustrates, the data shows that the overall performance of SAIs from developing countries meeting the benchmark (scoring a C or higher on PI-26 dimension (i)) improved from 64% in 2010 to 78% in 2014, but slightly decreased to 73% in 2017.

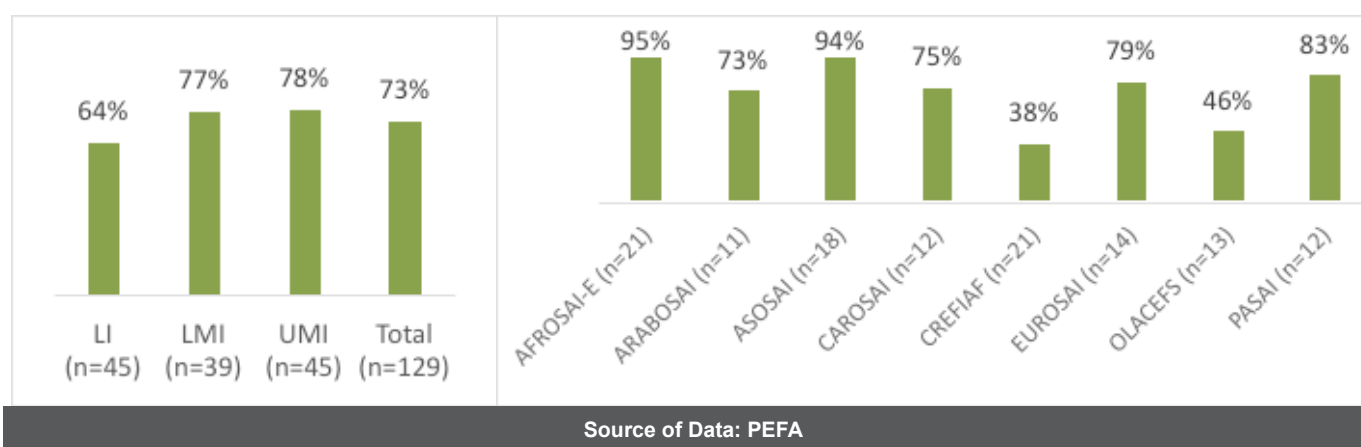
FIGURE 30: DISTRIBUTION OF PEFA PI-26 (I) SCORES, 2010 TO 2017 (DEVELOPING COUNTRIES ONLY)

Dimension	Year	Population	% A	% B	% C	% D	% of C or higher
(i) Scope/nature of audit performed (including adherence to auditing standards)	2010	81	7	31	26	36	64
	2014	119	10	30	38	22	78
	2017	129	10	29	33	23	73

Source of Data: PEFA

In 2017, 64% of SAIs from Low Income Countries scores a C or higher on PI-26 (i) while SAIs from Low Middle Income countries (77%) are only slightly lagging behind SAIs from Upper Middle Income countries (78%). Regionally, the majority of SAIs in CREFIAF and OLACEFs do not meet the benchmark while the majority of SAIs in the other regions do meet.

FIGURE 31: SAIS SCORING C OR BETTER ON PI-26 (I), 2017



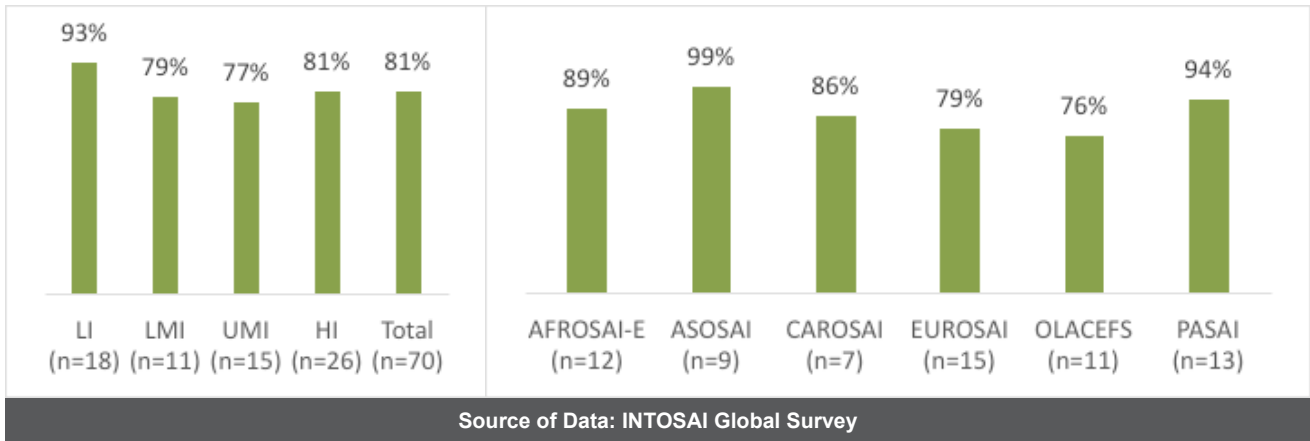
Examining the budgets of the entities SAIs are mandated to audit and those they have actually audited also gives a picture of audit coverage. In the 2017 Global Survey, SAIs were asked to provide budget figures for the entities they are mandated to audit and those they audited from 2014 to 2016.¹⁶ Examining the ratio in the average budget of mandated entities and the average budget of the entities SAI actually audited, the data show a high global audit coverage of 81%.¹⁷ SAIs in Low Income countries reported the highest coverage for the period, 93% coverage. SAIs in most regions also reported high coverage.¹⁸

¹⁶ Among 171 respondents, 103 SAIs provided budget figures for their mandated entities and 86 SAIs for the audited entities. However, just 75 SAIs provided budget figures for both mandated and audited entities, which is necessary for examining audit coverage. The figures provided by five among these 75 SAIs were problematic and eliminated from the sample. Finally, the budget figures of 70 SAIs was used for the analysis of audit coverage.

¹⁷ Note that the Global Survey question did not distinguish between types of audit (financial, performance or compliance). The interpretation of this question with regard to different audit types was left to the discretion of the SAI respondents.

¹⁸ ARABOSAI and CREFIAF do not feature in this analysis due to the small number of responses from these regions for the results to be representative.

FIGURE 32: COVERAGE OF BUDGET OF MANDATED ENTITIES, 2014-2016 (USD)

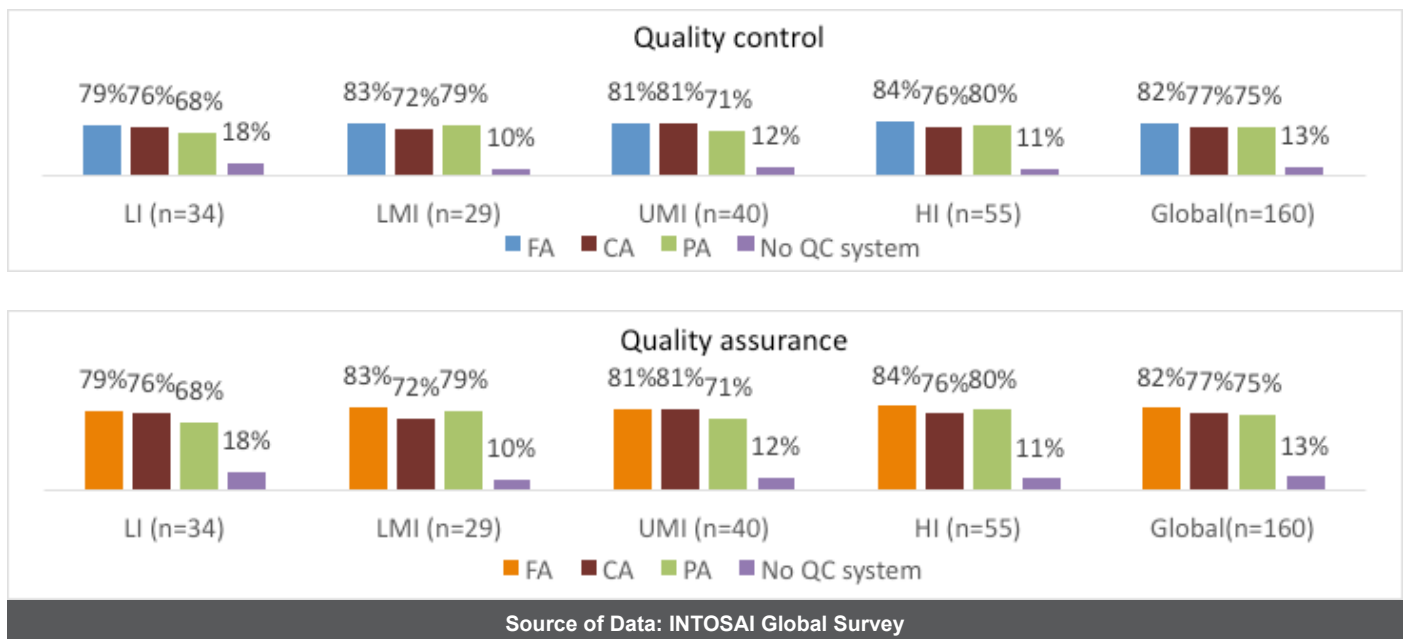


5.5 SAI QUALITY CONTROL AND QUALITY ASSURANCE SYSTEMS

Data analysis shows that there is still ample room for SAIs to improve their quality control and quality assurance systems. The results of the 2017 Global Survey show that in most SAIs, an average of 78%, the quality control system covers all three audit streams. Just 40% of SAI's quality control systems cover jurisdictional judgement (in countries where the SAI has such a function). Moreover, there is a large gap between quality control of jurisdictional judgement in High Income countries (78%) and the other income groups (33%). Of significance, a number of SAIs do not yet practice quality control of audits, 11% in High Income countries and 12% in the other income groups. This percentage is higher for jurisdictional function and judgement, not quality controlled by 67% of SAIs organized as judicial or court systems.

In the Global Survey, 71% of the SAIs reported that their quality assurance system covers all three audit streams, as show on the following figure.¹⁹ Most SAIs in developing countries (77%) do not quality assure jurisdictional function and judgement, but 67% of the SAIs in High Income countries reported doing it.

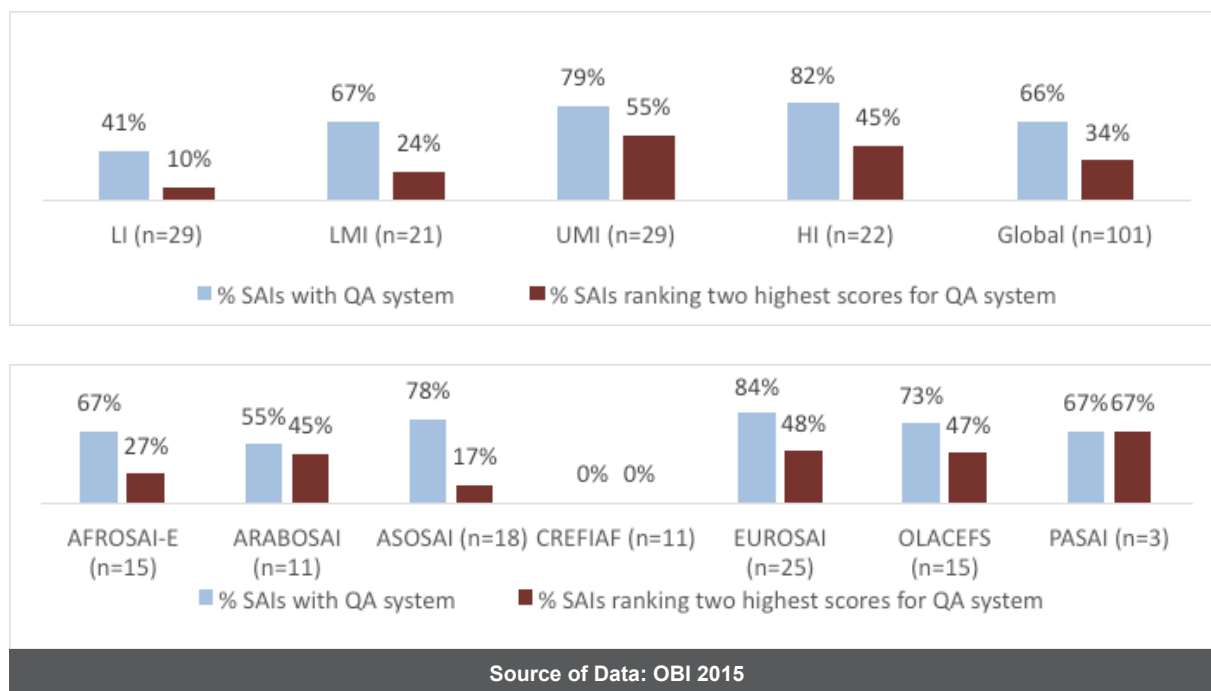
FIGURE 33: AUDIT STREAMS COVERED BY SAI'S QUALITY CONTROL AND QUALITY ASSURANCE SYSTEMS



¹⁹ According to data from the global survey for the XXII-INCOSA, 68% of the SAIs stated that they submit audits and other work to independent internal review.

The results of the OBI indicator 116 shows that 66% of the SAIs had a quality assurance system, but just 34% had quality assurance systems that met ISSAI 40 standards.²⁰ Analysis conducted by the IDI in August 2017 of 25 SAI PMFs confirms the OBI finding, showing that 20% of the SAIs had generally implemented the ISSAI 40, in practice, for Quality Control, and 18% for Quality Assurance.

FIGURE 34: SAIS WITH ESTABLISHED QA AND SAIS WITH QA SYSTEMS AT ISSAI 40 STANDARDS



Regions where most SAIs have quality assurance systems are AFROSAI-E, ASOSAI, EUROSAI and OLACEFS; however, most SAIs that have quality assurance meeting ISSAI 40 standards are in ARABOSAI, EUROSAI and OLACEFS. Of concern, 59% of the SAIs in developing countries do not follow up on the conclusions and recommendations of the quality assurance, missing an opportunity to use the quality assurance system as a learning instrument for the SAI and its staff to improve its audit work.

5.6 SAI SELF-REPORTING ON ADOPTION OF THE ISSAIS

Globally, the self-reporting of most SAIs in developing countries and in High Income countries states that they adopted the ISSAIs or comparable standards (e.g. International Standards on Audit (ISAs)). According to the global survey for the XXII-INCOSAI, 65% of SAIs reported having adopted the ISSAIs or adapted standards consistent to ISSAIs. The 2014 Global Survey results for developing countries showed that 100% of SAIs reported intention to adopt the ISSAI standards for financial audit, 97% for compliance audit and 90% for performance audit. In the 2017 Global Survey, SAIs from developing countries were asked about adoption of the ISSAIs. SAIs reported a lower level of adoption of ISSAI standards compared to their intentions in 2014. The 2017 results show that 69% of SAIs report they developed or adopted audit standards based on or consistent with ISSAIs for financial audit, 58% for compliance audit and 63% for performance audit. SAIs reporting on their adoption of standards based on or comparable to ISSAIs should be understood in the context that overtime SAIs have built a stronger understanding of what the ISSAIs actually require.

As can be seen in the following section, evidence based assessments of SAI audit standards, manuals and organisational level practices (albeit on a much smaller sample for which SAI PMF assessments were available) suggest that the level of ISSAI implementation in practice is much lower than that reported by SAIs in responding to the global survey. This finding fits with experiences of trying to measure ISSAI implementation in the 2014 Global Survey. There are many reasons for this, including the level of understanding of what ISSAI implementation requires, and that the process of ISSAI implementation often involves piloting the use of the ISSAIs. In this approach, pilot audits may be ISSAI compliant, while the remainder of an SAI's audits may not be ISSAI compliant. Survey responses tend to focus on the new, strengthened systems and procedures, while the evidence-based assessments look at ISSAI compliance across a range of SAI audits (usually selected using some form of randomised sampling).

²⁰ The 2015 OBI indicator 116 examines whether SAIs established an independent quality assurance system aimed at ensuring the quality control procedures are functioning appropriately.

5.7 PERFORMANCE INFORMATION ON ISSAI IMPLEMENTATION

Compared to the 2014 data, the 2017 results show a slow but steady development in ISSAI implementation in developing countries. In August 2017, the IDI conducted a study of 25 SAI PMFs of developing countries SAIs to examine ISSAI implementation.

The IDI looked at ISSAI implementation through the following lenses:

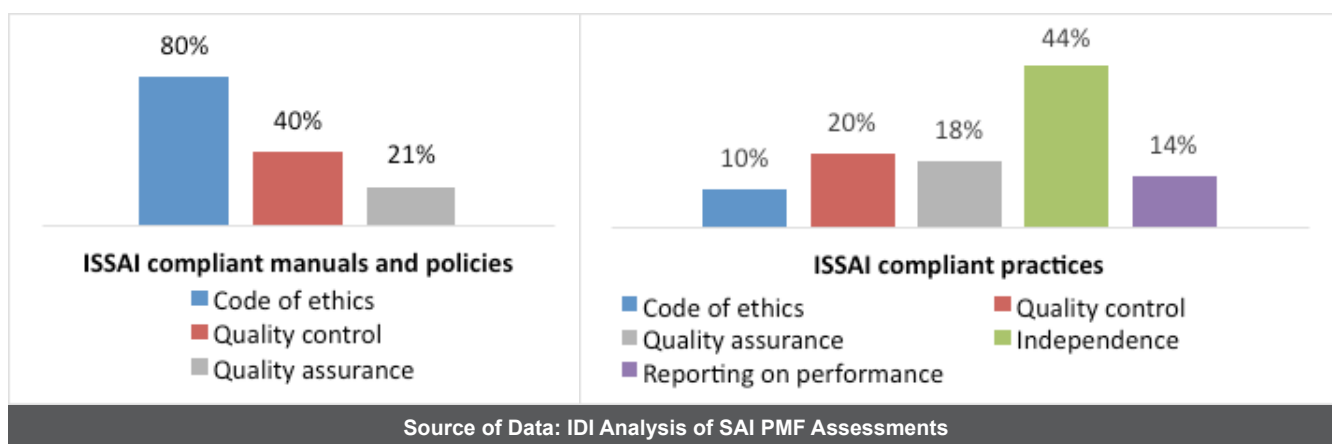
- Level 2 ISSAIs: covering independence, transparency and accountability, code of ethics, and quality. Quality is separated into quality control (part of the audit) and quality assurance (independent review after the audit that the quality control system functions effectively).
- Level 3 ISSAIs: financial audit, performance audit, and compliance audit
- Where feasible, at levels 2 and 3, the existence of appropriate policies and manuals (de jure implementation), and implementation of the ISSAIs in practice (de facto implementation)

The findings of the IDI analysis of the available SAI PMFs is consistent with INTOSAI's expectation about gradual change in the level of ISSAI implementation, moving through the stages from adoption, to de jure implementation, de facto implementation and finally full quality assurance systems to provide assurance on ISSAI implementation to stakeholders.

5.7.1 IMPLEMENTATION OF THE LEVEL 2 ISSAIS: INDEPENDENCE, ETHICS, ACCOUNTABILITY AND TRANSPARENCY, QUALITY CONTROL, QUALITY ASSURANCE

The following figure shows the findings for developing country implementation of the level 2 ISSAIs – the prerequisites for the functioning of SAIs. The data shows that while 80% of SAIs have code of ethics in place, just 10% ensure the code of ethics is properly implemented. Likewise, 40% of SAIs have quality control and 21% quality assurance policies in place, while around 20% have implemented their quality control and quality assurance systems. In addition, 44% of SAIs have secured an appropriate level of independence and mandate (considering the legal framework and practical implementation), but only 14% of SAIs met the benchmark for reporting publicly on their performance.

FIGURE 35: IMPLEMENTATION OF THE LEVEL 2 ISSAIS



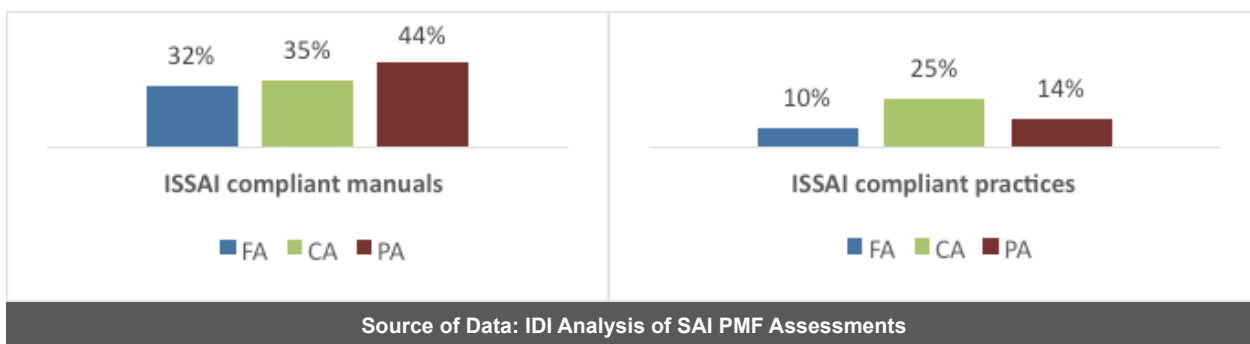
The 2014 data was derived from analysis based on results of the Global Survey, available SAI PMF and iCAT data and interviews with SAIs in a monitoring sample of 30 SAIs. The results showed that while 77% of the SAIs have code of ethics in place, just 7% ensured the code of ethics is properly implemented. Likewise, 47% of SAIs had quality assurance policies in place, but just 7% had implemented their quality assurance systems fully. In addition, just 12% of SAIs had secured an appropriate level of independence and mandate (considering the legal framework and practical implementation). Comparators on quality control systems and reporting publicly on SAI performance for 2014 were not available.

²¹ In 2014, IDI collected data from a Monitoring Sample of 30 SAIs. SAIs for the sample were selected to represent all INTOSAI regions, SAIs of different sizes, and the availability of data on the SAIs. Different sources of existing data were used to assess the 30 SAIs. In addition, a questionnaire and semi-structured telephone interviews were conducted with 15 SAIs, to crosscheck and complement other sources of information.

5.7.2 IMPLEMENTATION OF THE LEVEL 3 ISSAIS: FINANCIAL, PERFORMANCE AND COMPLIANCE AUDITING

The next figure below shows a similar pattern regarding the fundamental auditing principles, within each audit discipline. Again, in developing countries levels of compliance of audit standards and manuals (32-44%) exceed levels of compliance of audit practices (10-25%). Regarding standards and manuals, most progress on ISSAI implementation has been made in performance audit, followed by compliance and financial audit. However, the trend is different when looking at actual audit practice. Here, most progress has been made in compliance audit and the least progress in financial audit.

FIGURE 36: IMPLEMENTATION OF THE LEVEL 3 ISSAIS



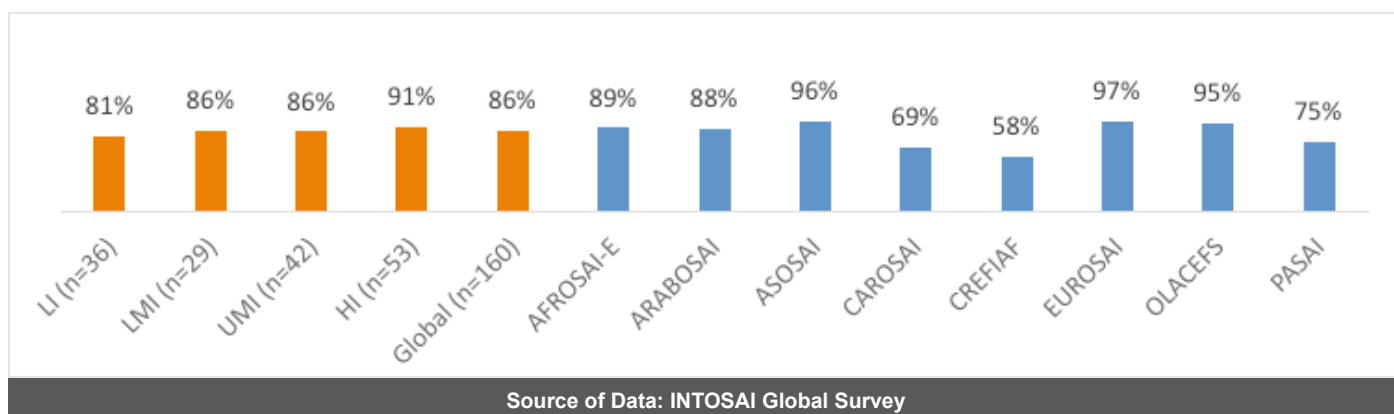
In 2017, at least a third of SAIs in developing countries have put in place ISSAI compliant standards and policies in most areas. However, implementation of these are mixed: from 25% implementing the compliance audit standards, to just 10% on financial audit. ISSAI implementation requires a professional staff operating in an SAI with robust systems and processes, with appropriate levels of resources to meet higher audit standards and audit outcomes, and an environment conducive to accountability and transparency.

2014 data was derived from analysis based on results of the Global Survey, available SAI PMF and iCAT data and interviews with SAIs in a monitoring sample of 30 SAIs. The results showed that the percentage of SAIs with practices generally in accordance with the ISSAIs were just 3% for financial audit, 10% for compliance audit, and 7% for performance audit. Thus the 2017 figures, whilst low, suggest a slow but steady improvement in ISSAI implementation. However, it should be noted that data source and populations differ between 2014 and 2017, so too much should not be read into this. Repeat panel data based on SAI PMF assessments is required to make a valid comparison of global levels of ISSAI implementation.

5.8 SAI FOLLOW-UP OF AUDIT RECOMMENDATIONS INCLUDING STAKEHOLDER ENGAGEMENT

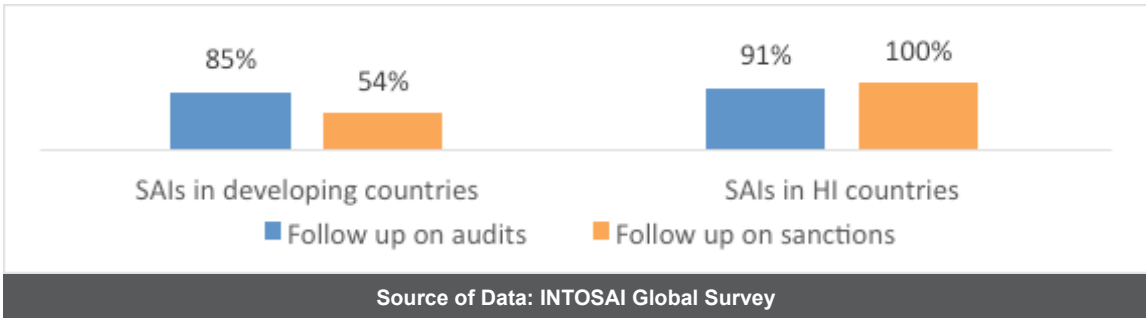
Overall, there has been a slight increase in the percentage of SAIs following up on audit recommendations. The 2017 Global Survey data shows that 86% of respondent SAIs have an internal system to follow-up on the observations and recommendations made to the audited entities. This represents 85% of developing country and 91% of High Income country SAIs.

FIGURE 37: SAIS WITH AN INTERNAL SYSTEM TO FOLLOW-UP ON AUDIT RECOMMENDATIONS



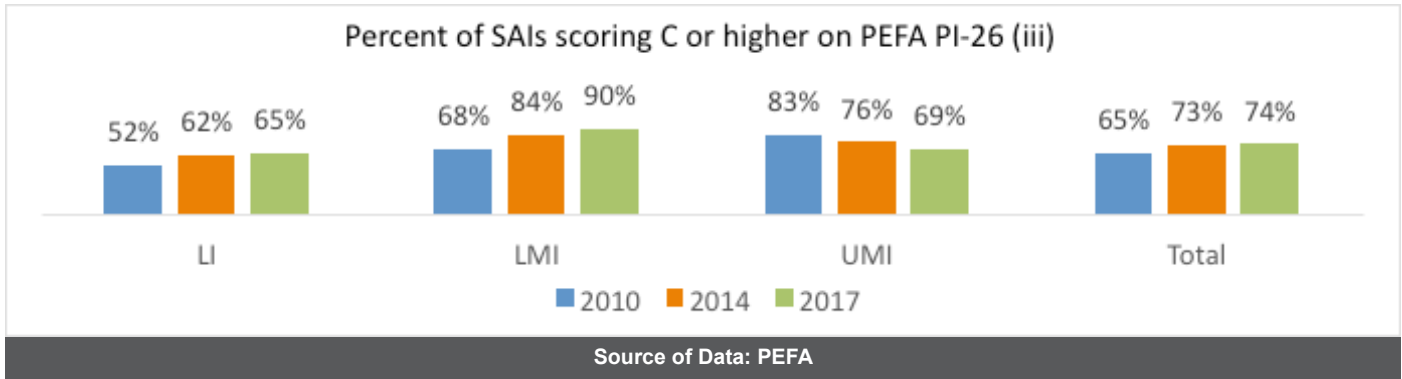
Globally, developing country SAIs follow up on sanctions to a much lesser extent. For the SAIs organized as a court system or with a mandate to issue sanctions, 54% of the respondent SAIs in developing countries reported following-up on SAI sanctions, and 85% (6 SAIs) in High Income countries.

FIGURE 38: SAIS WITH AN INTERNAL SYSTEM TO FOLLOW-UP ON SANCTIONS



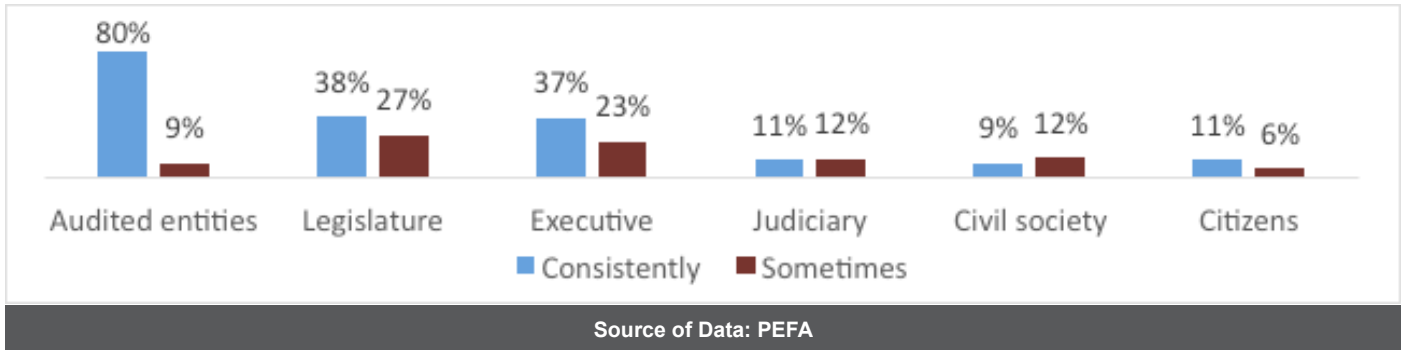
The PEFA data for indicator PI-26 (iii) “Evidence of follow up on audit recommendations”²² shows a positive development for developing countries since 2010, as shown in the figure below. There has been a slight increase from 73% in 2014 to 74% in 2017 in the number of countries meeting the benchmark (scoring C or higher) for PEFA.

FIGURE 39: SAIS SCORING C OR BETTER ON PI-26 (III) PER INCOME GROUP (2010-2017)



The extent to which SAIs involve stakeholders in audit follow-up varies by stakeholder group. The 2017 Global Survey data also shows that among 139 SAIs, 80% of SAIs in all income groups involve audited entities in their audit follow-up system. The extent to which SAIs involve the executive, legislative and judiciary varies, although 65% of SAIs do involve the legislature and 60% the executive either consistently or occasionally. The least involved group of SAI’s stakeholders are civil society (22%) and citizens (17%), for all income groups.

FIGURE 40: STAKEHOLDERS INVOLVED IN SAI’S FOLLOW-UP SYSTEM

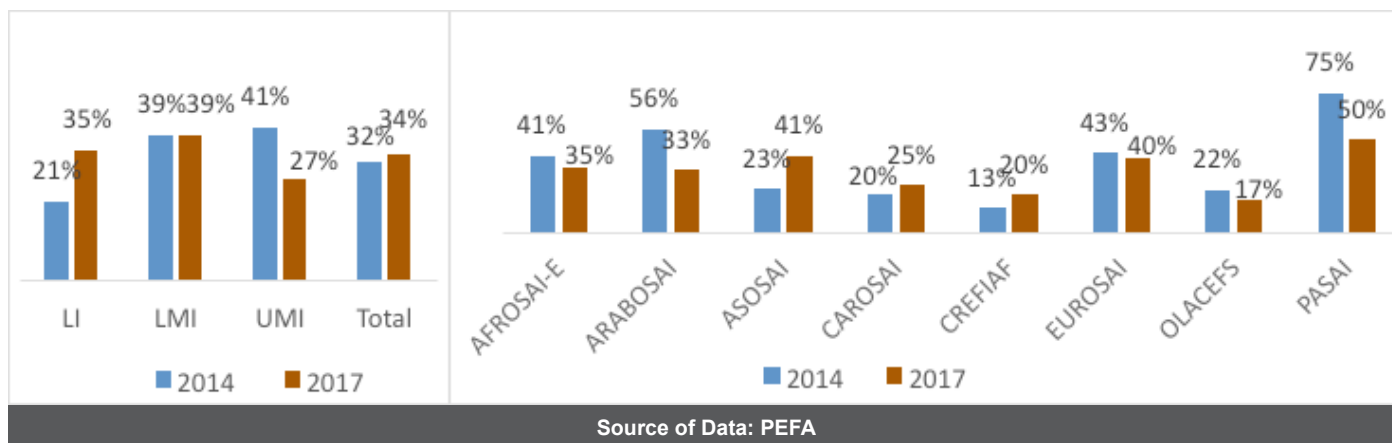


²² PEFA indicator PI-26 for external audit, dimension (iii) is concerned with ‘evidence of follow up on audit recommendations’. The benchmark measurement set is a score of C or higher, which requires that at minimum formal response is made to audit recommendations, though delayed or not very thorough, but there is little evidence of any follow up.

5.9 LEGISLATIVE SCRUTINY AND FOLLOW-UP OF AUDIT REPORTS

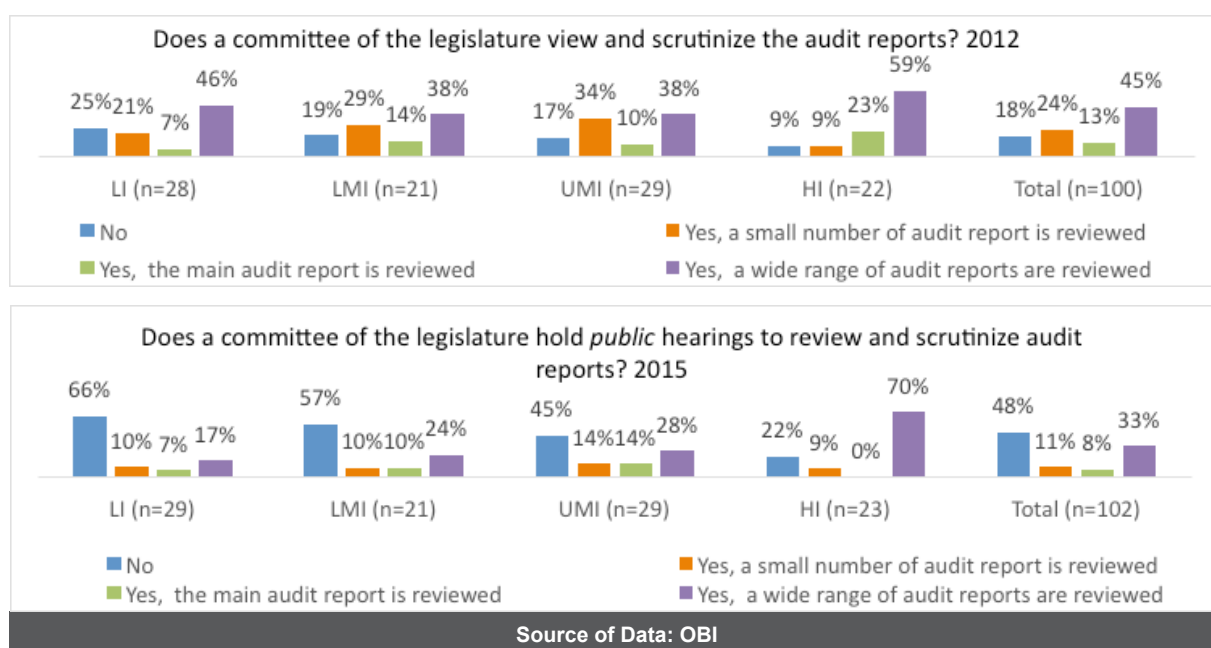
The legislature is one of the main actors collaborating with SAs in the chain of accountability to citizens. In this regard, the global picture is worrisome. The results of the PEFA PI-28, which examines legislative scrutiny of external audit reports, show a slight increase from 32% in 2014 to 34% in 2017 in legislative scrutiny of external audit reports.²³ However, the percentage of countries that achieve the benchmark remains quite low. There were positive developments in Low Income countries and Low Middle Income countries, but a regression for Upper Middle Income countries. Regionally, PI-28 results show advances in ASOSAI, CAROSAI and CREFIAF.

FIGURE 41: LEGISLATIVE SCRUTINY OF EXTERNAL AUDIT REPORTS



OBI 2015 indicator 114 examines whether a committee of the legislature hold public hearings to review and scrutinize audit reports. The related – but significantly different – indicator in 2012 (indicator 107) asked whether a committee of the legislature view and scrutinize the audit reports (but not whether these hearings were public). As the figure below shows, in 2012 only 18% of the legislature of 100 assessed countries did not hold any hearings to review audits. The 2015 data shows that 48% of the 102 countries assessed did not hold public hearings to review and scrutinize audit reports.

FIGURE 42: LEGISLATURE HOLDING HEARINGS TO REVIEW AND SCRUTINIZE AUDIT REPORTS

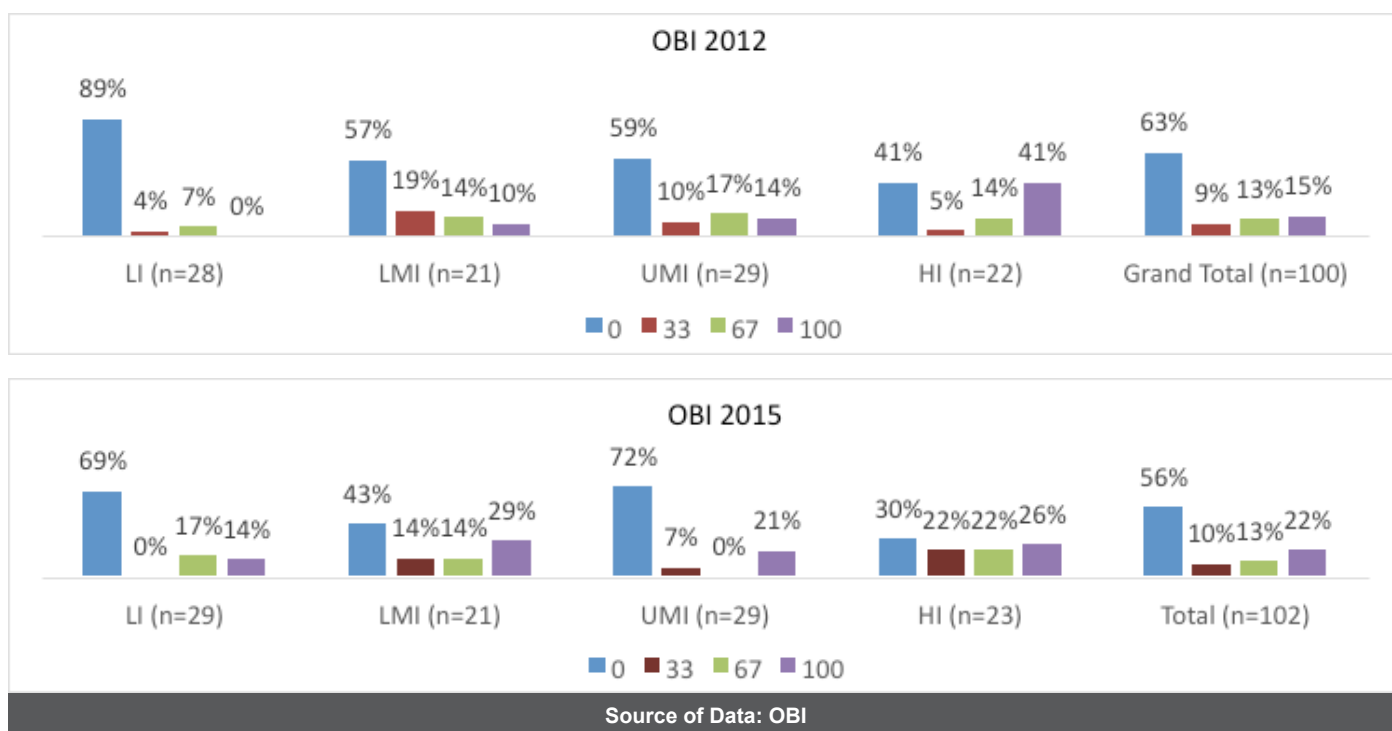


²³ This indicator has three dimensions: (i) timeliness of examination of audit reports by the legislature; (ii) extent of hearings on key findings undertaken by the legislature; and, (iii) issuance of recommended actions by the legislature and implementation by the executive. The benchmark is C or higher, which requires that at minimum in-depth hearings on key findings take place occasionally, covering a few audited entities or may include with ministry of finance officials only.

The 2016 PEFA data on indicator 31, “Legislative scrutiny of audit reports”, confirms the OBI finding, showing that among the 18 assessed countries, in just 33% of the countries the legislature scrutinized and held hearings on key findings of audit reports, issued recommendations on actions to be implemented by the executive and followed up on their implementation.²⁴

OBI indicator 102 examines whether the SAI or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations. The results show that in 2015, for over half of the assessed SAIs (56%), neither the SAI nor the legislature make public executive actions on audit recommendations (0 score). This represents a decline from 63% in 2012. There is, however, a positive development from 28% in 2012 to 35% in 2015 in the number of countries where the SAI or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations (score of 67 or 100). As show in the figure below, improvements from 2012 to 2015 have mostly taken place in Low Income and Low Middle Income countries.

FIGURE 43: PERCENT OF SAIS OR LEGISLATURES THAT RELEASE TO THE PUBLIC A REPORT THAT TRACKS AUDIT RECOMMENDATIONS

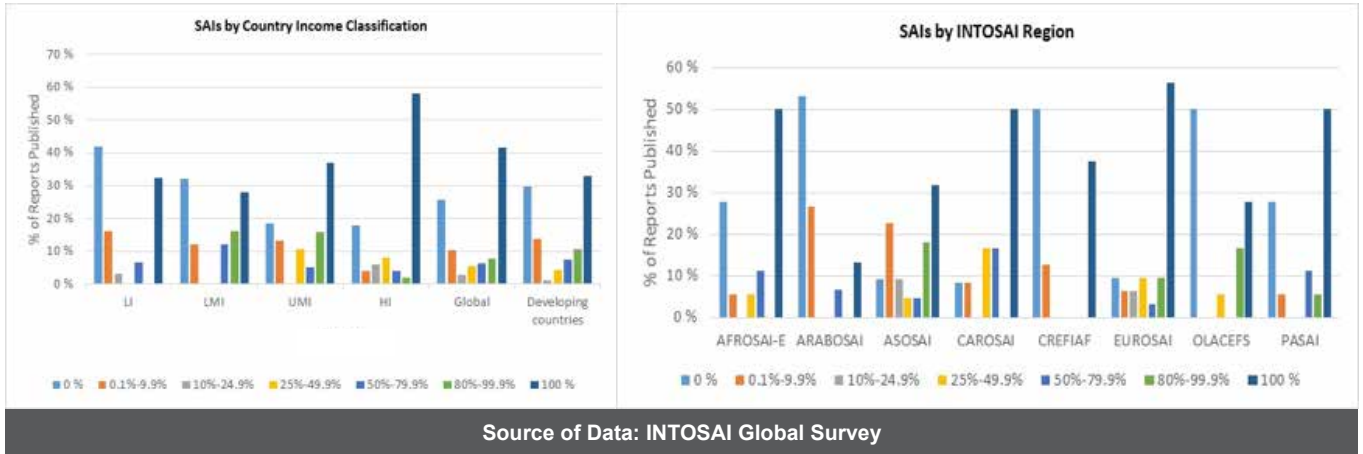


5.10 SAI PUBLICATION AND COMMUNICATION OF AUDIT REPORTS

There are significant gaps in SAIs’ communication of audit work to the public. The results of the 2017 Global Survey represent a substantive reduction in the number of SAIs that made at least 80% of their completed audit reports available to the general public, from 70% of SAIs in 2014 to 49% of SAIs in 2017. There has also been a worrying increase from 15% in 2014 to 26% in 2017 in the percent of SAI that made no reports public in the previous financial year. On the other hand, for SAIs organized as judicial or court systems, they report that 95% of the judgements or sanctions completed were made public.

²⁴ PEFA 2016 PI-31 focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf.

FIGURE 44: PERCENTAGE OF AUDIT REPORTS SAIS MADE AVAILABLE TO THE PUBLIC



The PEFA indicator PI-10 on external audit reports, criteria (iv) examines whether reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. Examining PI-10 criteria (iv) data, the overall results show a small increase in the number of SAIs making their audit reports public, from 53% in 2010, to 57% in 2014, and 58% in 2017. The increase is due to more SAIs in Low Income and Low Middle Income countries making their audit reports publicly available. There was a retraction on the percentage for Upper Middle Income country SAIs.

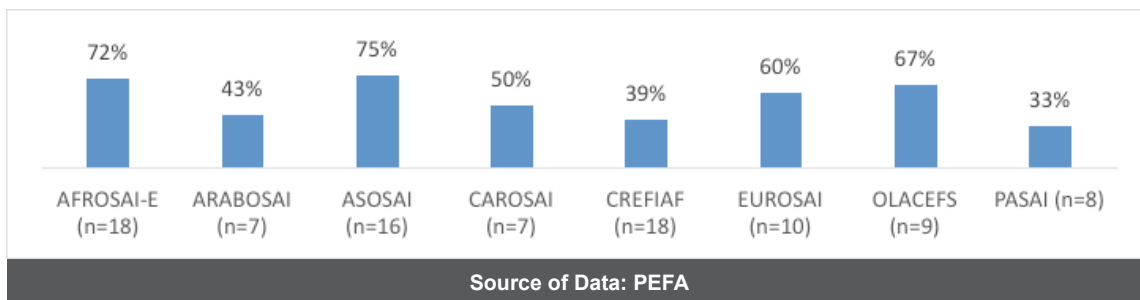
FIGURE 45: SAIs IN DEVELOPING COUNTRIES FULFILLING PEFA PI-10 CRITERIA (IV), 2012-2017

	LI	LMI	UMI	Total
2012	35% (n=34)	62% (n=21)	78% (n=18)	53% (n=73)
2014	39% (n=41) ²⁵	70% (n=23)	77% (n=22) ²⁶	57% (n=86)
2017	41% (N=41)	73% (N=30)	64% (N=28)	58% (n=99)

Source of Data: PEFA

Examining the PI-10 data for 2017, as illustrated on the figure below, SAIs that performed better in making their report available to the public were in AFROSAI-E and ASOSAI, although most SAIs in EUROSAI and OLACEFS performed well. The percent of SAIs in ARABOSAI, CREFAF and PASAI are quite low.

FIGURE 46: SAIs THAT MADE AUDIT REPORTS PUBLIC, PI-10 (IV), 2017



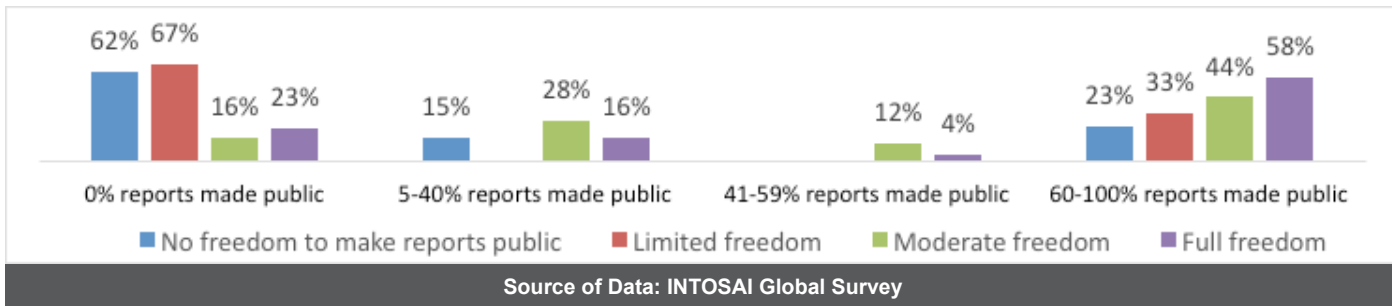
²⁵ A figure of 40% is quoted in the IDI results framework for 2014. These figures can change over time due to the late publication of old assessments.

²⁶ A figure of 80% is quoted in the IDI results framework for 2014. These figures can change over time due to the late publication of old assessments.

What, when and how the SAI publishes may be under the control of the SAI. However, as emphasised in the Mexico Declaration ²⁷, a SAI must also have a legal framework giving it the right and obligation to publish its reports, and be free from undue pressure to prevent such publication. Submission can be caused by lack of legal powers and interference from outside bodies.

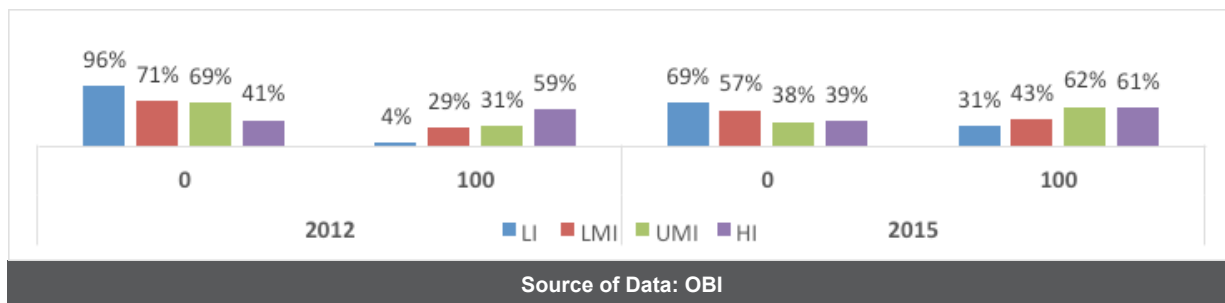
Examining the percentage of audit work SAIs made available to the public and the percentage of SAIs that experience restrictions in their right to publish audit reports, it becomes apparent that a minority of SAIs do not fully exercise the right to make the results of their audit work available to the public. As shown on the figure below, 23% of the SAIs that made no audit report public (0%) have full right to make reports available to the public. On the other hand, among the SAIs that made 60-100% of their audit reports public, 33% reported having limited right to make reports publicly available.

FIGURE 47: PERCENT OF REPORTS SAIS MADE PUBLIC IN RELATION TO THEIR RIGHT TO MAKE REPORTS PUBLIC



The 2015 OBI data shows an increase in the number of SAIs that maintained communication with the public beyond publishing reports, from 29% in 2012 to 49% in 2015.²⁸ This is a positive development, but this figure also represents that only about half of the SAIs conducted outreach activities to publicize their audit findings more widely. The OBI findings are consistent with the finds in the 2017 Global Survey that shows that 35% of respondent SAIs involved civil society and 20% involved their citizens in their audit follow-up systems. It also shows that most SAIs restrict the dissemination of their audit work to the SAI's webpage and could make better use of other means of communication with their stakeholders.

FIGURE 48: SAI COMMUNICATION WITH THE PUBLIC BEYOND MAKING AUDIT REPORTS PUBLICLY AVAILABLE

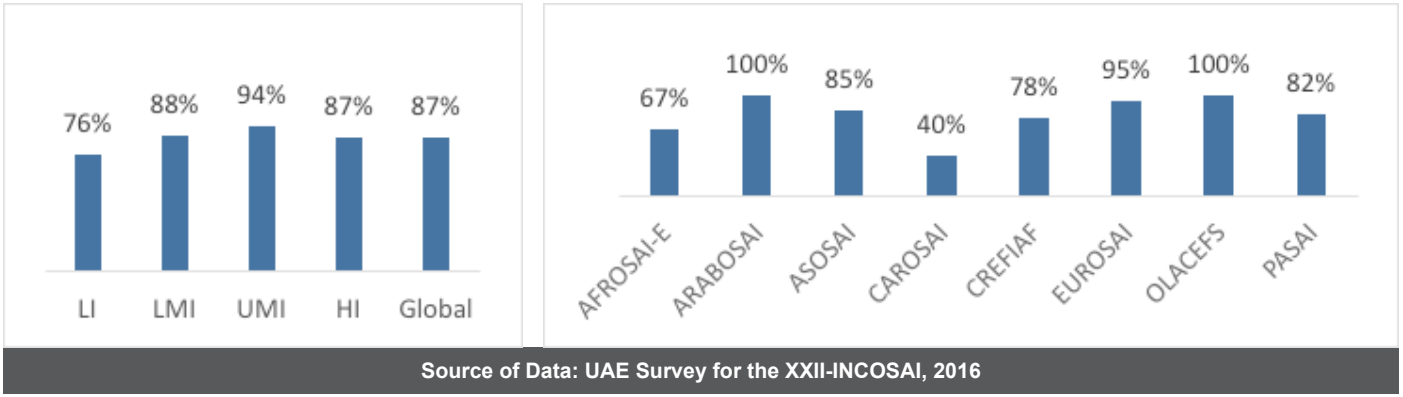


The large majority of SAIs (87%) reported that they publish annual reports on their work and operation, 86% of SAIs in developing countries and 87% in High Income countries. In general, these reports are presented to the national assembly or the legislator of the relevant countries and often published on the SAI's website.

²⁷ Mexico Declaration on SAI Independence, Principle 6

²⁸ OBI indicator 132 examines whether the SAI maintains any communication with the public regarding its audit reports beyond simply making these reports publicly available.

FIGURE 49: SAI PRODUCE AND PUBLISH AN ANNUAL ACTIVITY REPORT



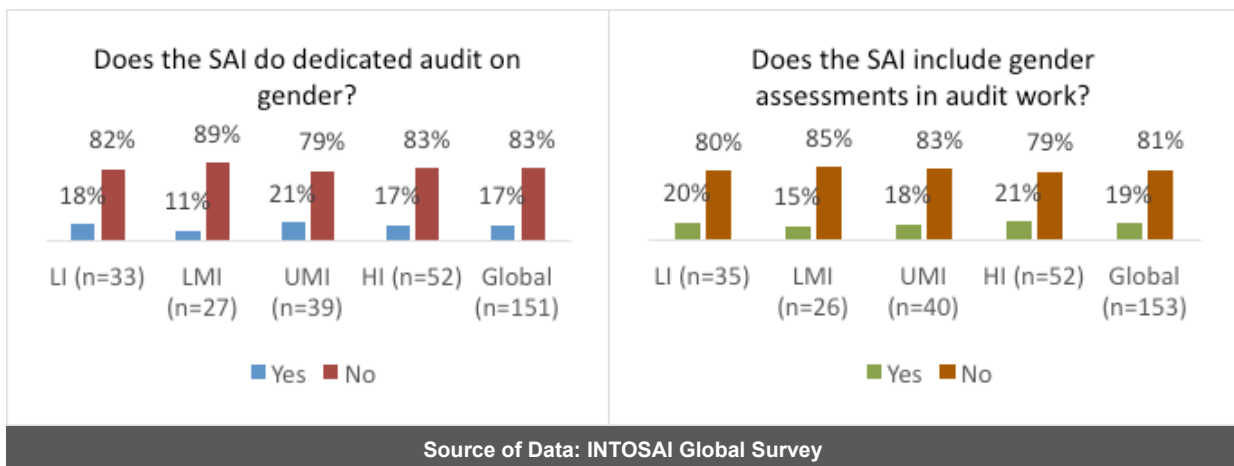
5.11 SAIS AND THE SUSTAINABLE DEVELOPMENT GOALS

Although 193 countries subscribed to the Sustainable Development Goals (SDGs), the 2016 data from the global survey for the XXII-INCOSAI show that there is much room for improving SAI's readiness to be fully involved in the review and/or audit on the progress of **SDG implementation**. Globally, just 56% of the respondent SAIs expressed their intention to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme. According to respondent SAIs, only 21% of governments have defined baseline data for monitoring and evaluating progress in SDG implementation, and 24% are in an early stage of preparation.

5.12 SAIS AND GENDER EQUITY

The results obtained in the 2017 Global Survey reveal a very slow development within the SAI community regarding gender equity. Gender equity is highly relevant for the attainment of the SDGs, with many targets specifically recognizing girls and women's equality and empowerment as both the objective, and as part of the solution. Just 41% of respondent SAIs confirmed having a gender policy, an increase from 35% in 2014. Moreover, in the past three years, 17% of SAIs confirmed that they did a dedicated audit on gender and just 19% included gender assessments in their audit work. The latter would entail, for example, assessments of the degree of government compliance with the implementation of national gender legislation, policy and/or action plan in the course of auditing institutions and funds.

FIGURE 50: SAIS ADDRESSING GENDER THROUGH AUDIT WORK



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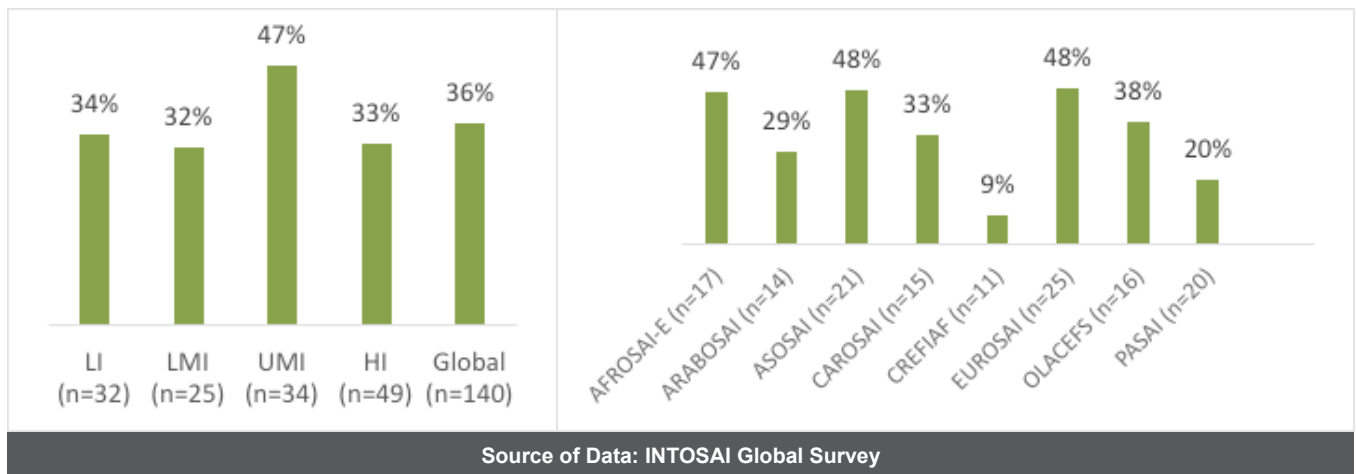
CAPACITY DEVELOPMENT

This chapter focuses on capacity development resources at the disposal of SAIs and capacity development products and activities that take place within SAIs, between peer SAIs, and between SAIs and external partners such as INTOSAI regional organisations and committees, the IDI and international development partners. It begins by examining SAI's internal resources and efforts to develop their own capacities, including how SAIs manage the integration and sustainability of external support into their organisations. This chapter ends with an examination of SAIs' assessment of the capacity development programmes and activities designed specifically to support them.

6.1 SAI PROFESSIONAL DEVELOPMENT INCLUDING BUDGETS

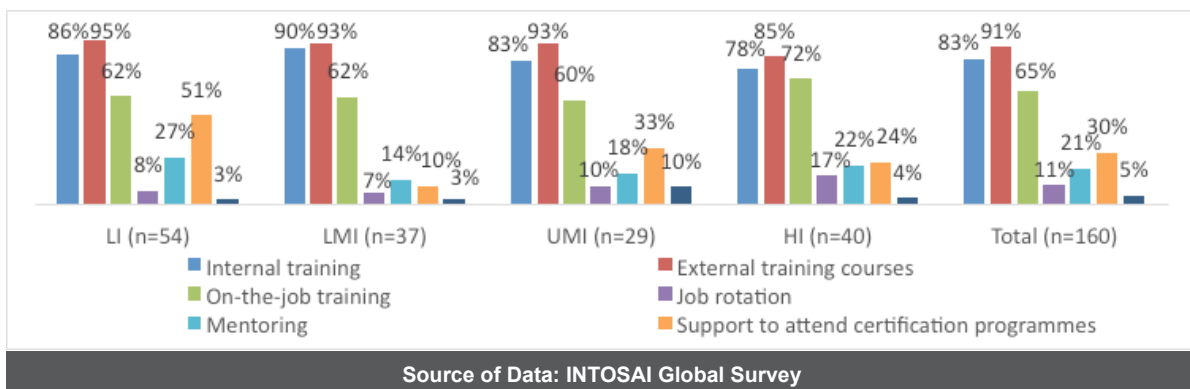
While SAIs are expected to strengthen their audit standards and increase the quality of audit reports, for most SAIs their budget in general and budget for their own professional development have not kept up with the demand. Just 36% of SAIs reported an increase in real terms in their budget for professional development in the past three years. Very few SAIs in CREFIAF had an increase in their budget for professional development.

FIGURE 51: SAIS WHOSE BUDGET FOR PROFESSIONAL DEVELOPMENT INCREASED IN REAL TERMS



Although 80% of respondent SAIs confirmed they develop and implement a training plan, not all SAIs do, particularly SAIs with the most stringent budget for professional development. For most SAIs in developing countries, the training unit, department or institute is a main actor in administering training, although human resources and department managers also play a role in staff training. The three most utilized approach SAIs use for professional development are training courses, administered internally (83%) and externally (91%), and on-the-job training (65%). This applies to SAIs in all income groups and regions.

FIGURE 52: APPROACHES SAIS USE FOR PROFESSIONAL DEVELOPMENT



6.2 TRANSFER OF KNOWLEDGE FROM EXTERNAL TRAINING

The development of professional capacities for SAI management and staff is supported by several INTOSAI organisations and committees, peer SAs and by international cooperation partners. The use and transfer of knowledge and skills acquired through participation in external capacity development programs is critical for such resources to have an effect on SAs.

The most utilized approaches for staff to transfer knowledge and skills acquired through external training are:

- In 50% of the SAs, trained staff help to develop or update audit methodology tools and/or manuals.
- In 48% of the SAs, trained staff run presentation to peers about the training experience.
- Just 38% of the SAs use trained staff to run formal training courses to peers.

FIGURE 53: APPROACHES FOR TRANSFERRING KNOWLEDGE AND SKILLS FROM EXTERNAL TRAINING

	Staff run formal training courses to peers	Staff run presentation to peers about the training experiences	Staff run presentation to management about the training experiences	Staff help to develop or update audit methodology tools and/or manuals	Through on the job training within the trained staffs' unit/department
LI (n=36)	39%	54%	54%	31%	33%
LMI (n=29)	48%	45%	41%	24%	21%
UMI (n=39)	33%	53%	60%	35%	20%
HI (n=53)	36%	47%	38%	12%	49%
Global (n=157)	38%	50%	48%	24%	33%
AFROSAI-E (n=19)	32%	44%	32%	67%	42%
ARABOSAI (n=17)	65%	41%	24%	65%	24%
ASOSAI (n=24)	33%	54%	29%	58%	29%
CAROSAI (n=16)	25%	56%	27%	31%	31%
CREFIAP (n=12)	42%	75%	33%	25%	17%
EUROSAI (n=31)	23%	47%	19%	58%	55%
OLACEFS (n=17)	65%	33%	11%	50%	11%
PASAI (n=20)	35%	45%	25%	30%	30%

Source of Data: INTOSAI Global Survey

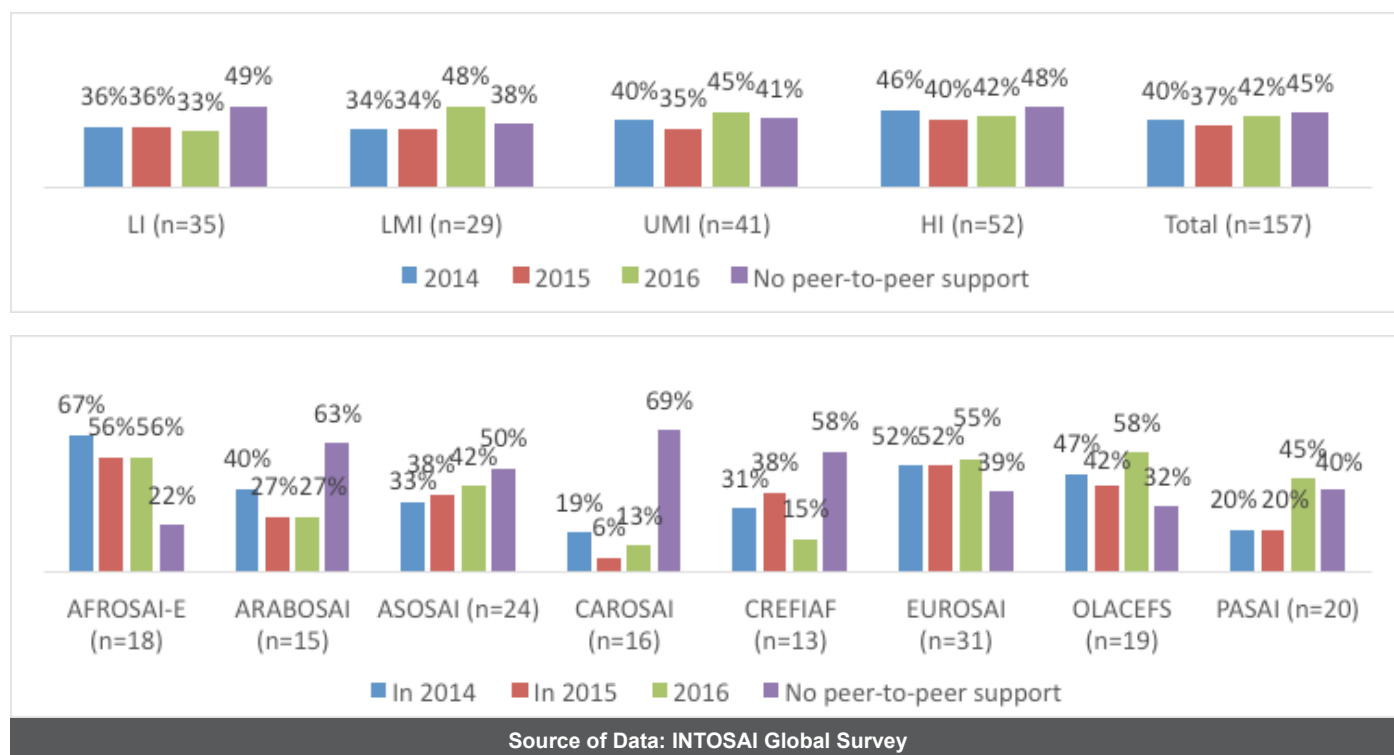
Seemingly, most staff sent to external training are not a member of the SAI's training department or institute, which is the focal point for training in most SAs in developing countries. Given their limited budget for capacity development, SAs need to think strategically to ensure integration of external training with their training department or institutes.

6.3 SAI PEER TO PEER SUPPORT

Just over half of the SAs provided peer-to-peer support, mostly with SAs from their own regions, although peer-to-peer support between SAs from different regions also takes place. The results of the 2017 Global Survey shows that 87 SAs (55%) indicated that they had participated in peer-to-peer support since 2014. This signifies an increase in peer-to-peer support, from 55 SAs in 2014 and 48 SAs in the 2010. However, the nature and extent of this peer to peer support varies significantly, from long-term institutional support to partner SAs, to provision of individuals for ad hoc training courses and audits.

The figure below shows that there was no significant variation in peer-to-peer support by income groups. Regionally, most instances of peer-to-peer support since 2014 has taken place in AFROSAI-E, EUROSAI and OLACEFS while the numbers remained low for ARABOSAI, CAROSAI and CREFIAP. It has mostly focused on audit areas through joint audits (78%), environment-related audits being the most mentioned by SAs.

FIGURE 54: PEER-TO-PEER SUPPORT (2014 TO 2017)



Of 159 respondent SAIs, 94 (59%) participated in coordinated or joint audits with peers, across all regions and income groups. Most joint audits have taken place in SAIs in Upper Middle Income and High Income countries, in EUROSAI and OLACEFS. Regional organisations have been a key player in supporting peer-to-peer activities, most SAIs (60%) reporting that they facilitated joint audits.

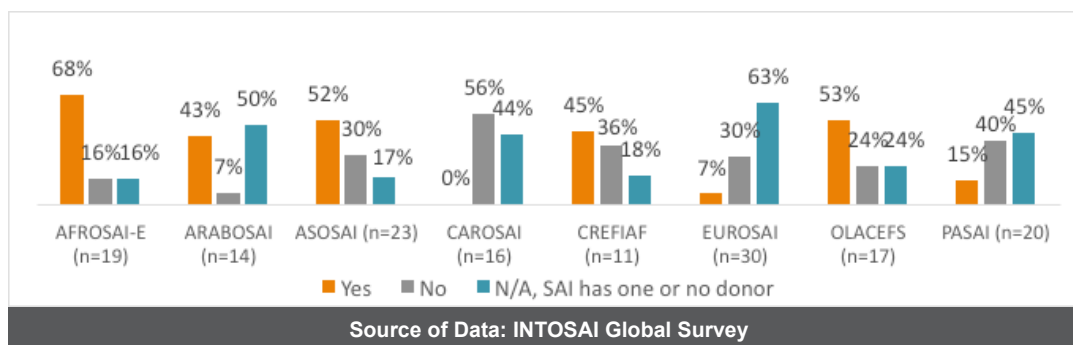
6.4 SAI USE OF GLOBAL PUBLIC GOODS

On average, 69% of SAIs globally have used products produced by external partners in the past three years. SAI's partners such as the IDI, the CBC, KSC and the regional organisations, have produced a sizable number of publications and made these available freely to SAIs globally. These publications range from handbooks to audit manuals and guidelines. The most used products among SAIs are the ISSAI Implementation Handbooks and the SAI PMF.

6.5 COORDINATION OF SUPPORT PROVIDED TO SAIS

There has been a small increase in the percentage of developing country SAIs that have a donor coordination group to support their capacity development, from 35% in 2014 to 47% in 2017. Among the 95 SAI for which donor coordination is relevant, just over half of these SAIs confirmed having an established donor coordination group, most from Low Income countries, in AFROSAI-E, ARABOSAI, ASOSAI, CREFIAF, and OLACEFS.

FIGURE 55: SAIS THAT HAVE DONOR COORDINATION GROUP PER REGION



Based on SAIs' inputs to the 2017 Global Survey, for most SAIs coordination of support with donors have been productive. Most SAIs mentioned that a productive SAI coordination with donors requires the SAI to take responsibility and leadership for the cooperation. Conversely, SAIs noted that ineffective coordination of support relates to both SAI and donors' mismanagement of the partnership. Poor coordination and communication was the commonly mentioned factor for unsuccessful support experiences.

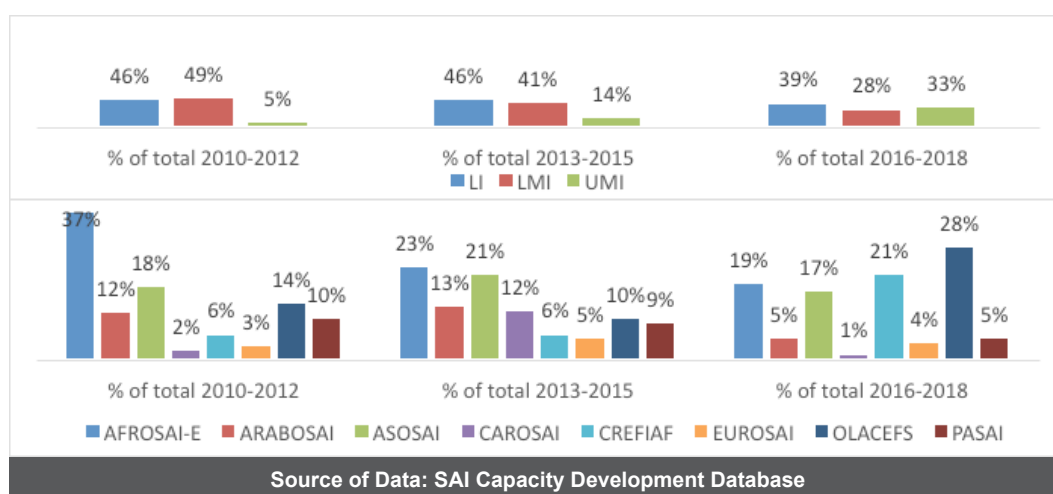
6.6 EFFECTIVENESS OF SUPPORT PROVIDED TO SAIS

SAI respondents put much emphasis on planning and programmatic factors as both contributing and limiting the effectiveness of the support they received from their partners. Many SAIs mentioned that identifying and targeting SAI's needs and priorities is a major contributing factor for the effectiveness of the support received. As for training, support based on a blend of virtual training and practical approaches like pilot and cooperative audits are in their view, most effective. Many SAIs considered that methodological issues limited the effectiveness of the support they receive, particularly the adaptation of the training received to their own contexts and to mainstreaming, or transferring, the knowledge gained by the participants.

6.7 VOLUME AND DISTRIBUTION OF SUPPORT TO SAIS

The annual financial support for SAI capacity development increased by 10% from 2014 to 2015, and increased slightly (1%) from 2015 to 2016, reaching USD 68.7 million. However, the percentage of developing countries benefitting from a substantial capacity development initiative (in size or duration) fell from 51% in 2015 to 41% in 2016, reflecting a reduction of support provided to Middle Income Countries.

FIGURE 56: EXTERNAL FINANCIAL SUPPORT FOR SAIS (PROJECTS)



During the 2010-2016 period, SAIs in AFROSAI-E received the largest sum of funding for externally financed support for project, followed by SAIs in ASOSAI and CREFIAF. From 2016, SAIs in OLACEFS received more funding for projects than the other regions, doubling funds received in the 2010-2012 period. Funding for SAIs in CREFIAF increased, from 6% during 2010-2015 to 21% for the 2016-2018 period. On the other hand, funding for SAIs in ARABOSAI and PASAI almost halved in the 2016-2018 period.

SUMMARY OF SAI PERFORMANCE BY INTOSAI REGION

FIGURE 57: REGIONAL SUMMARIES OF 10 PERFORMANCE INDICATORS

Key Performance Indicators (Average Percentage for all SAIs in the Region) ²⁹			AFROSAI-E	ARABOSAI	ASOSAI	CAROSAI	CREFAF	EUROSAI	OLACEFS	PASAI
1.	Strength of Audit Cycle: Percentage of SAIs scoring a C or higher on PEFA PI-26 'Scope, nature and Follow-up of External Audit' (Published PEFA reports for developing countries)	2010	56	33	36	33	6	45	67	43
		2014	68	45	47	27	6	79	46	50
		2017	57	55	78	38	19	67	31	36
2.	Financial Audit Coverage: Percentage of SAIs responding that at least 75% of financial statements received are audited (INTOSAI/IDI Global Survey) ³⁰	2010	60	60	56	20	20	55	29	47
		2014	87	82	78	53	40	68	60	90
		2017	74	71	80	67	44	65	31	79
3.	Compliance Audit Coverage: Percentage of SAIs responding that they have a documented risk basis for selecting Compliance Audits, and at least 60% (50% in case of 2010) of entities were subject to a Compliance Audit in the year (INTOSAI/IDI Global Survey)	2010	79	67	56	58	23	59	69	47
		2014	78	71	74	35	27	58	60	50
		2017	79	76	68	40	18	56	50	53
4.	Performance Audit Coverage: Percentage of SAIs responding that in the past three years, they have issued at least ten Performance Audit reports and/or 20% of their audit resources were used for Performance Auditing (INTOSAI/IDI Global Survey) ³¹	2010	-	-	-	-	-	-	-	-
		2014	52	71	52	24	7	70	55	50
		2017	42	76	65	20	0	77	56	47
5.	Timely Reporting: Percentage of SAIs that issue their annual audit reports within the established legal time frame (INTOSAI/IDI Global Survey)	2010	71	83	100	29	43	100	95	79
		2014	67	93	83	50	58	92	93	60
		2017	53	69	79	53	44	84	84	53
6.	Report Publication: Percentage of SAIs in which all external audit reports on central government consolidated operations are published within six months of completed audit (Published PEFA reports for developing countries)	2012	85	17	55	100	12	71	89	40
		2014	83	43	56	50	18	67	90	40
		2017	72	43	75	50	39	60	67	33
7.	Budgetary Independence: Percentage of SAIs responding that their budget is presented directly to the legislature (INTOSAI/IDI Global Survey) ³²	2010	-	-	-	-	-	-	-	-
		2014	35	29	36	31	7	68	30	21
		2017	50	24	62	22	14	56	68	43
8.	Financial Independence: Percentage of SAIs responding that there have been cases of interference from the executive regarding the SAI's budget in the past three years (INTOSAI/IDI Global Survey)	2010	-	-	-	-	-	-	-	-
		2014	65	29	33	62	47	31	40	35
		2017	89	75	68	83	79	33	58	57
9.	Independence of the Head of the SAI: Percentage of SAIs for which a branch of government other than the executive must give final consent for removal of the Head of the SAI (Open Budget Survey, developing countries only) ³³	2010	64	25	71	N/A	56	89	100	50
		2012	63	25	79	N/A	70	89	100	50
		2015	73	20	82	64	88	100	50	73
10.	Strategic Planning: Percentage of SAIs with a Strategic Plan (INTOSAI/IDI Global Survey)	2010	95	78	86	47	30	78	75	81
		2014	100	94	91	100	93	82	90	95
		2017	100	88	96	94	86	85	100	80

²⁹ Figures include both developed and developing countries and territories, based on primary INTOSAI membership (see Annex volume, List of survey respondents). The PEFA and OBI data includes only data on developing countries. "N/A" is used when data is not available for a region.

³⁰ For 2010, the indicator shows the percentage of SAIs that stated they audited more than 70% of financial statements.

³¹ This question was phrased differently in 2010 and cannot be compared.

³² Indicators 7 and 8 not covered in 2010 INTOSAI Stocktaking.

³³ xxxxxxxx

7.1 AFROSAI-E

STRENGTH OF THE AUDIT CYCLE:

The proportion of member SAIs that achieved the benchmark for PEFA PI-26 on overall strength of the audit cycle decreased from 68% in 2014 to 57% in 2017.

SAI PERFORMANCE ASSESSMENTS:

About 95% of the member SAIs in AFROSAI-E have undergone a performance assessment of their SAI since 2013. Of these, 72% used the ICBF, 22% used the SAI PMF, 22% the Peer Review Guide and Checklist, 6% a blend of SAI PMF and Peer Review Guideline and Checklist and 13% a tool developed by their own SAI. Of those who did a performance assessment, 83% submitted their performance assessments to external quality assurance and 33% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

All respondent SAIs in AFROSAI-E confirmed having strategic and operational plans.

SAI INDEPENDENCE AND BUDGETS:

The results for the OBI and 2017 Global Survey shows a slight weakening in the independence of SAIs in the region. The percent of SAIs that achieved the OBI score for “adequate” level of independence decreased from 73% in 2012 to 67% in 2015. The Global Survey shows that areas of particular concern are executive interference in the budget process, which increased from 65% in 2014 to 89% in 2017 of SAIs that reported executive interference in the budget process. The OBI results also show a decline in budgetary independence of SAIs in the region, from 53% in 2012 to 27% in 2015. In addition, 37% of the SAIs do not yet have full independence to publish and disseminate audit reports in the public domain.

Most SAIs in AFROSAI-E (61%) reported that their budget increased in real terms from 2014 to 2016.

AUDIT COVERAGE:

The findings in the Global Survey shows a decrease against the benchmarks for the SAI PMF criteria for financial audit (from 87% in 2014 to 74% in 2017) and performance audit coverage (from 52% in 2014 to 42% in 2017). There was an increase in compliance audit coverage, from 78% in 2014 to 77% in 2017.

QUALITY ASSURANCE:

The quality assurance of most members cover all three audit streams, but there is room for improvement, particularly in bringing the quality assurance systems of member SAIs to ISSAI standards. The data showed that while 67% of members SAIs have a quality assurance system, just 27% meet ISSAI 40 standards.

TIMELY REPORTING:

Among AFROSAI-E members, 52% SAIs met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 72% of the member SAIs in AFROSAI-E make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that just 61% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that 27% of the member SAIs maintain communication with the public regarding its audit reports beyond simply making these reports publicly available, an increase from 7% in 2012.

SAIS AND THE SDGS:

Around 75% of AFROSAI members³⁴ intend to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

There has been an increase in the number of member SAIs that have a gender policy, from 35% in 2014 to 50% in 2017. Just 22% of member SAIs have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, just 39% of member SAIs included gender assessments in audit work. There has not been much change in the gender profile of member SAIs since 2010. Currently, 42% of the staff in SAIs in AFROSAI-E is female, 79% of Heads of SAI are male and 66% of members of senior management are male.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in AFROSAI-E decreased by 47% for the 2016-2018 period, after experiencing the highest financial support among the regions in the prior five years. Despite the decrease, the volume of support remains one of the highest among the regions. In addition, 47% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is a high percentage compared to SAIs in other regions. Most SAIs in AFROSAI-E (68%) reported having a donor coordination group to facilitate coordination of capacity development support to their SAI. In addition, AFROSAI-E is one of the better resourced regional organisations and it is particularly active in providing capacity development support for its members.

7.2 ARABOSAI

STRENGTH OF THE AUDIT CYCLE:

The relevant PEFA data shows that most SAIs in ARABOSAI performed well regarding overall strength of the audit cycle. 73% met the benchmark for the PEFA PI-26 'the scope/nature of audit performed'.

SAI PERFORMANCE ASSESSMENTS:

Most of the member SAIs in the region (62%) have undergone a performance assessment of their SAI since 2013. Of these, 40% used the SAI PMF, 30% the Peer Review Guide and Checklist and 40% a tool developed by their own SAI. Just 30% submitted their performance assessments to external quality assurance and 56% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

Almost all SAIs reported having a strategic plan (88%) and 93% have operational plans.

SAI INDEPENDENCE AND BUDGETS:

The OBI and Global Survey data shows that the strength of SAI independence for most SAIs in ARABOSAI remains a challenge. For most members, their countries' legal framework does not provide sufficient protection to their independence, including the removal of Heads of SAI, and limited protection against executive interference in the budget process. Most members experience limitation in obtaining timely, unconstrained and free access to all necessary documents and information for the proper discharge of their statutory responsibilities as well as restrictions in their freedom to publishing and disseminating audit reports. One quarter of member SAIs experience limitations regarding the content and timing of the audit reports. The percent of SAIs that achieved the OBI score for "adequate" level of independence decreased from 18% in 2012 to 8% in 2015. Executive interference in the budget process increased from 29% in 2014 to 75% in 2017. The OBI results also show a decline in budgetary independence of SAIs in the region, from 55% in 2012 to 25% in 2015.

Just 44% of member SAIs in ARABOSAI reported that their budget increased in real terms from 2014 to 2016. Around 29% of member SAIs reported that their budget for professional development increased during the same period.

³⁴ The Global Survey for the XXII-INCOSAI (2016) did not separate the responses from the two regions within AFROSAI.

AUDIT COVERAGE:

The 2017 Global Survey shows that most SAIs in ARABOSAI met the benchmarks for audit coverage according to SAI PMF criteria. The 2017 figures represent a decrease in the number of SAIs meeting the benchmark for financial audit (82% in 2014 to 71% in 2017), and an increase for compliance and performance audits. (71% in 2014 to 76% in 2017).

QUALITY ASSURANCE:

The relevant OBI data shows that there is room to improve the quality assurance system in member SAIs. The results show 55% of the SAIs in ARABOSAI have an established quality assurance system, but 45% have a system comparable to ISSAI 40 standards. Jurisdictional function and judgement is covered by 25% of the SAIs with such function.

TIMELY REPORTING:

Among ARABOSAI members from developing countries, 45% met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 43% of the member SAIs in ARABOSAI make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that just 13% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that 8% of the member SAIs maintain communication with the public regarding its audit reports beyond simply making these reports publicly available.

Just 18% of member SAIs in ARABOSAI confirmed they submit their financial statements to external audit. Possibly this area can be improved.

SAIS AND THE SDGS:

Most member SAIs (86%) reported that they intend to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

There has been an increase in the number of member SAIs that have a gender policy, from 33% in 2014 to 47% in 2017. Just 13% of member SAI have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, just 14% of member SAIs included gender assessments in audit work. The staff profile of SAIs in ARABOSAI is predominantly male, which has not changed significantly since 2010. Currently, 37% of the staff in SAIs in ARABOSAI is female, 84% of Heads of SAI are male and 55% of members of senior management are male.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in ARABOSAI increased for the 2013-2015 period, but decreased for the 2016-2018 period. In addition, 29% of the SAIs reported that their budget for professional development increased in real terms in the past three years. Most SAIs in ARABOSAI (56%) reported having a donor coordination group to facilitate coordination of capacity development support to their SAI.

7.3 ASOSAI

Strength of the Audit Cycle: The relevant PEFA data shows that most SAIs in ASOSAI performed well regarding strength of the audit cycle. 94% scored C or higher in the indicator 'the scope/nature of audit performed'.

SAI PERFORMANCE ASSESSMENTS:

Most of the member SAIs in ASOSAI (72%) have undergone a performance assessment of their SAI since 2013. Of these, 33% used the SAI PMF, 11% the Peer Review Guide and Checklist and 33% a tool developed by their own SAI. Just 47% submitted their performance assessments to external quality assurance and 53% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

Almost all SAIs reported having strategic and operational plans (96%), although 4% of member SAIs reported that their plans were not based on a holistic needs assessment of their SAIs.

SAI INDEPENDENCE AND BUDGETS:

The relevant OBI data shows that 78% of the SAIs in ASOSAI have an adequate level of independence. The OBI results also show an increase in budgetary independence of SAIs in the region, from 61% in 2012 to 67% in 2015. However, the Global Survey data shows that executive interference in the SAI's budget process increased from 33% in 2014 to 68% in 2017.

Most SAIs in ASOSAI (83%) reported that their budget increased in real terms from 2014 to 2016. Around 48% of member SAIs reported that their budget for professional development increased during the same period.

AUDIT COVERAGE:

The 2017 Global survey shows that the majority of SAIs in ASOSAI met the benchmarks for SAI PMF criteria for financial audit coverage (80%), compliance (68%) and performance (65%) audit coverage. The 2017 figures represent an increase in audit coverage from the figures reported in 2014 for both financial and performance audit, but a slight decrease for compliance audit (from 71% to 68%).

QUALITY ASSURANCE:

The relevant OBI data shows that there is room to improve the quality assurance system in member SAIs. The results show 78% of the SAIs in ARABOSAI have an established quality assurance system, but only 17% have a system comparable to ISSAI 40 standards.

TIMELY REPORTING:

Among ASOSAI-E members, 41% (developing countries only) met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 75% of the member SAIs in ASOSAI make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that 48% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that 78% of the member SAIs maintain communication with the public regarding its audit reports beyond simply making these reports publicly available, an increase from 33% in 2012.

SAIs and the SDGs: Around 63% of ASOSAI members intend to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

There has been an increase in the number of member SAIs that have a gender policy, from 26% in 2014 to 54% in 2017. Nevertheless, just 30% of member SAI have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, just 30% of member SAIs included gender assessments in audit work. The staff profile of SAIs in ASOSAI is predominantly male. Currently 90% of Heads of SAI are male and 77% of members of senior management is male. The number of female staff decreased from 40% in 2010 to 21% in 2017.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in ASOSAI increased for the 2013-2015 period, but decreased by 49% for the 2016-2018 period. In addition, 48% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is a high percentage compared to SAIs in other regions. Most SAIs in developing countries in the region (60%) reported having a donor coordination group to facilitate coordination of capacity development support to their SAI.

7.4 CAROSAI

STRENGTH OF THE AUDIT CYCLE:

The relevant PEFA data shows that most SAIs in CAROSAI (75%) met the benchmark for PEFA PI-26 indicator on 'the scope/nature of audit performed', a strong performance.

SAI PERFORMANCE ASSESSMENTS:

Just 37% of the member SAIs in CAROSAI have undergone a performance assessment of their SAI since 2014. Of these, 67% used the SAI PMF, 33% the Peer Review Guide and Checklist and 17% a tool developed by their own SAI. Of those who did a performance assessment, 83% submitted their performance assessments to external quality assurance and 20% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

Almost all SAIs reported having a strategic plan (94%) and 53% have an operational plan, although 27% of member SAIs reported that their plans were not based on a holistic needs assessment of their SAIs.

SAI INDEPENDENCE AND BUDGETS:

The Global Survey data shows that some challenges remain for the strength of SAI independence for SAIs in CAROSAI. For about half of the member SAIs, their countries' legal framework does not provide sufficient protection to their independence, and about one quarter of the members have restrictions on the planning, programming, conduct, reporting, and follow-up of audits. Executive interference in the SAI's budget process increased from 62% in 2014 to 83% in 2017.

Most SAIs in CAROSAI (60%) reported that their budget increased in real terms from 2014 to 2016. Around 33% of member SAIs reported that their budget for professional development increased during the same period.

AUDIT COVERAGE:

The 2017 Global survey shows an improvement in the number of SAIs meeting the benchmarks for the SAI PMF criteria for financial and compliance audit coverage by SAIs in CAROSAI. The scores for the benchmarks for financial audit coverage increased from 53% in 2014 to 67% in 2017 and for compliance audit from 35% in 2014 to 40% in 2017. There was a reported decrease in the coverage of performance audit, from 24% in 2014 to 20% in 2017.

QUALITY ASSURANCE:

There is no data for CAROSAI SAIs on quality assurance systems from the OBI or SAI PMF data³⁵. However, the Global Survey shows that just 36-43% of SAIs in the region have quality assurance systems that cover the different audit disciplines. The majority of SAIs in the region do not have quality assurance systems.

TIMELY REPORTING:

Among CAROSAI members, 33% (developing countries only) met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 50% of the member SAIs in CAROSAI make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that 57% of the SAIs make at least 60% of their audit reports publicly available.

³⁵ Only the available SAI PMF data for developing countries has been analysed. Some developed countries in the region have undertaken SAI PMF assessments at the time of analysis.

SAIS AND THE SDGS:

Around 60% of CAROSAI members reported their intention to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

Few SAI in CAROSAI have a gender policy, 6% in 2017. Just 13% of member SAI have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, just 13% of member SAIs included gender assessments in audit work. CAROSAI is the only region where SAI staff is predominantly female, 73%. Currently, 45% of Heads of SAI are female and 63% of members of senior management are female.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in CAROSAI increased for the 2013-2015 period, but decreased for the 2016-2018 period. In addition, just 33% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is an average percentage compared to SAIs in other regions. No SAIs in the region reported having a donor coordination group to facilitate coordination of capacity development support to their SAI.

7.5 CREFIAF

Strength of the Audit Cycle:

The relevant PEFA data for strength of the audit cycle shows an increase from 6% in 2014 to 19% in 2017 of SAIs in CREFIAF that met the benchmark for the PI-26indicator 'the scope/nature of audit performed'.

SAI PERFORMANCE ASSESSMENTS:

Just 38% of the member SAIs in the region have undergone a performance assessment of their SAI since 2013. Of these, 20% used the Peer Review Guide and Checklist, 20% a blend of SAI PMF and Peer Review Guideline and Checklist and 60% other tools. Of those who did a performance assessment, 40% submitted their performance assessments to external quality assurance and 20% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

Almost all SAIs reported having a strategic plan (86%) and 50% have an operational plan, although 17% of member SAIs reported that their plans were not based on a holistic needs assessment of their SAIs.

SAI INDEPENDENCE AND BUDGETS:

Although independence remains a main challenge for member SAIs in CREFIAF, there has been positive development from 2014. The OBI data shows that more SAIs moved from "limited" to "adequate" level of independence, from 36% in 2012 to 55% in 2015. The OBI data shows a doubling in the percent of SAIs with budgetary independence, from 9% in 2012 to 18% in 2017. The Global Survey data found that for most members, their countries' legal framework do not provide sufficient protection to their independence. Most SAIs experience executive interference in the selection of audit programme and limitation to their freedom to publishing and disseminating audit reports. There was an increase in incidences of executive interference in the budget process, from 47% in 2014 to 79% in 2017.

Just 23% of the SAIs in CREFIAF reported that their budget increased in real terms from 2014 to 2016. This is a low percentage compared to SAIs in the other regions. Just 9% of member SAIs reported that their budget for professional development increased during the same period.

³⁶ The Global Survey for the XXII-INCOSAI (2016) did not separate the responses from the two regions within AFROSAI.

AUDIT COVERAGE:

The 2017 Global survey shows a slight improvement in the number of SAIs meeting the benchmark for the SAI PMF criteria for financial audit coverage (from 40% in 2014 to 44% in 2017) and a decrease for compliance audit coverage (from 27% in 2014 to 18% in 2017). In 2014, 79% of member SAI reported meeting the criteria for performance audit and 0% in 2017.

QUALITY ASSURANCE:

The relevant OBI data shows that there is ample room to establish and improve the quality assurance system in member SAIs. The results show that no member SAI have an established quality assurance system, and none comparable to ISSAI 40 standards.

Timely Reporting: Among CREFIAF members, 33% met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 39% of the member SAIs in CREFIAF make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that just 33% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that 18% of the member SAIs maintain communication with the public regarding its audit reports beyond simply making these reports publicly available.

Just 8% of member SAIs confirmed they submit their financial statements to external audit. Possibly this area can be improved.

As to audit follow up, the relevant PEFA data shows that 57%, and 2017 Global Survey data shows 58%, of the member SAIs have an internal system to follow-up on the observations and recommendations made to the audited entities. The challenge is to ensure all member SAIs have such a system.

SAIS AND THE SDGS:

Around 75% of AFROSAI members³⁶ intend to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

There has been an increase in the number of member SAIs that have a gender policy, from 29% in 2014 to 46% in 2017. Nevertheless, just 10% of member SAI have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. No member SAI included gender assessments in audit work. The staff profile of SAIs in CREFIAF is highly gender unbalanced with high predominance of male employees in all ranks. The number of female staff slightly increased from 29% in 2010 to 35% in 2017, but it remains very low. Currently, 88% of Heads of SAI are male and 70% of members of senior management is male.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in CREFIAF has steadily increase since 2010, increasing by 108% for the 2016-2018 period. However, from 2010 to 2015, it was one of the regions receiving the lowest level of funding. Just 9% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is the lowest percentage compared to SAIs in other regions. Less than half of the SAIs in the region (45%) reported having a donor coordination group to facilitate coordination of capacity development support to their SAI.

7.6 EUROSAI

STRENGTH OF THE AUDIT CYCLE:

The relevant PEFA data shows that most SAIs in EUROSAI performed well regarding overall strength of the audit cycle, with 79% of member SAIs meeting the benchmark for PI-26 indicator 'the scope/nature of audit performed'.

SAI PERFORMANCE ASSESSMENTS:

About 59% of the member SAIs in the region have undergone a performance assessment of their SAI since 2013. Of these, 25% used the SAI PMF, 37% the Peer Review Guide and Checklist, 5% a blend of SAI PMF and Peer Review Guideline and Checklist and 21% a tool developed by their own SAI. Of those who did a performance assessment, 53% submitted their performance assessments to external quality assurance and 61% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

Almost all SAIs reported having a strategic plan (85%) and 92% have an operational plan, although 8% of member SAIs reported that their plans were not based on a holistic needs assessment of their SAIs.

SAI INDEPENDENCE AND BUDGETS:

The relevant OBI data shows that most SAIs in EUROSAI have an “adequate” level of independence, 92% of the SAIs achieving the highest OBI score for strength of SAI independence. It also shows improvement in the percent of SAIs that scored high on OBI indicator for budgetary independence, from 83% in 2012 to 88% in 2015. Challenges remain for a small number of member SAIs in the areas of executive interference in the budget process, which slightly increased from 31% in 2014 to 33% in 2017, limitations in the selection of audit programmes, free and timely access to information as well as deciding on the content and timing of the audit reports.

Most SAIs in EUROSAI (63%) reported that their budget increased in real terms from 2014 to 2016. Around 48% of member SAIs reported that their budget for professional development increased during the same period.

AUDIT COVERAGE:

The 2017 Global survey shows that there was a decrease in the number of SAIs in EUROSAI that met the SAI PMF benchmarks for both financial audit coverage (from 68% in 2014 to 65% in 2017) and compliance audit coverage (from 58% in 2014 to 56% in 2017). There was an increase for performance audit coverage from 70% in 2014 to 77% in 2017.

QUALITY ASSURANCE:

The relevant OBI data shows that there is room to improve the quality assurance system in member SAIs. The results show 84% of the SAIs in EUROSAI have an established quality assurance system, but 48% have a system comparable to ISSAI 40 standards.

TIMELY REPORTING:

Among EUROSAI members, 14% (developing countries only) met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 60% of the member SAIs in EUROSAI make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that just 69% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that 64% of the member SAIs maintain communication with the public regarding its audit reports beyond simply making these reports publicly available, an increase from 54% in 2012.

SAIS AND THE SDGS:

Just 27% of EUROSAI members reported their intention to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

Forty-seven percent (47%) of the member SAIs in EUROSAI have a gender policy, which represent not much change since 2014. Just 13% of member SAI have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, just 19% of member SAIs included gender assessments in audit work. There has been a slight increase in female staff in the region, from 50% in 2010, to 51% in 2014, to 55% in 2017. Currently, 55% of the staff in SAIs in EUROSAI is female, 62% of Heads of SAI are male and 56% of members of senior management are female.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in EUROSAI increased for the 2013-2015 period, but decreased by 54% for the 2016-2018 period. In addition, 48% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is a high percentage compared to SAIs in other regions. Around 25% of the SAIs reported having a donor coordination group to facilitate coordination of capacity development support to their SAI.

7.7 OLACEFS

STRENGTH OF THE AUDIT CYCLE:

The relevant PEFA data shows a decrease from 46% in 2014 to 31% in 2017 of the SAIs that met the PEFA benchmark for the indicator 'the scope/nature of audit performed'.

SAI PERFORMANCE ASSESSMENTS:

About 79% of the member SAIs in OLACEFS have undergone a performance assessment of their SAI since 2013. Of these, 87% used the SAI PMF, 20% the Peer Review Guide and Checklist, 13% a blend of SAI PMF and Peer Review Guideline and Checklist and 13% a tool developed by their own SAI. Of those who did a performance assessment, 57% submitted their performance assessments to external quality assurance and 21% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

All SAIs reported having strategic and operational plans.

SAI INDEPENDENCE AND BUDGETS:

The relevant OBI data shows that most SAIs in OLACEFS have an adequate level of independence. Although the OBI data shows that SAIs in the region achieved greater degree of budgetary independence, from 53% in 2012 to 60% in 2015, the 2017 Global Survey data found an increase in the region of executive interference in the budget process, from 40% in 2014 to 58% in 2017. Challenges remain for a small number of member SAIs in the areas of limitations in the selection of audit programmes, free and timely access to information, deciding on the content and timing of the audit reports as well as freedom to publish audit reports.

Most SAIs in OLACEFS (61%) reported that their budget increased in real terms from 2014 to 2016. However, just 38% of member SAIs reported that their budget for professional development increased during the same period.

AUDIT COVERAGE:

The 2017 Global Survey shows that the majority of SAIs in OLACEFS met the benchmarks for the SAI PMF criteria for audit coverage. The 2017 figures represent a decrease in the number of member SAIs meeting the benchmark for financial audit coverage (from 60% in 2014 to 31% in 2017) and compliance audit coverage (from 60% in 2014 to 50% in 2017). There was a slight increase in the performance audit coverage from 55% in 2014 to 56% in 2017.

QUALITY ASSURANCE:

The relevant OBI data shows that there is room to improve the quality assurance system in member SAIs. The results show 73% of the member SAIs have an established quality assurance system, but 47% have a system comparable to ISSAI 40 standards.

TIMELY REPORTING:

Among OLACEFS members, 17% (developing countries only) met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that 67% of the member SAIs in OLACEFS make reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that just 45% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that 53% of the member SAIs maintain communication with the public regarding its audit reports beyond simply making these reports publicly available, an increase from 47% in 2012.

SAIS AND THE SDGS:

Around 82% of OLACEFS members reported their intention to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

About 39% of the member SAIs in OLACEFSI have a gender policy, which represent not much change since 2014. Just 28% of member SAI have carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, just 22% of member SAIs included gender assessments in audit work. There has not been much change in the gender profile of member SAIs in the region since 2010. Currently, 51% of the staff in SAIs in OLACEFS is male, 69% of Heads of SAI are male and 62% of members of senior management is male.

SAI CAPACITY DEVELOPMENT SUPPORT:

Funding channelled from international cooperation partner to SAIs in OLACEFS steadily increased since 2010, increasing by 74% for the 2016-2018 period. In addition, 38% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is an average percentage compared to SAIs in other regions. Most SAIs in the region (50%) reported having a donor coordination group to facilitate coordination of capacity development support to their SAI.

7.8 PASAI

STRENGTH OF THE AUDIT CYCLE:

The relevant PEFA data shows a decrease from 50% in 2014 to 36% in 2017 of the SAIs that met the PEFA benchmark for the indicator 'the scope/nature of audit performed'.

SAI PERFORMANCE ASSESSMENTS:

About 75% of the member SAIs in PASAI have undergone a performance assessment of their SAI since 2013. Of these, 47% used the SAI PMF, 56% the Peer Review Guide and Checklist, and 6% a tool developed by their own SAI. Of those who did a performance assessment, 94% submitted their performance assessments to external quality assurance and 63% shared the results of their performance assessments to external stakeholders (e.g. legislative body, publicly, etc.).

SAI STRATEGIC PLANNING:

The majority of member SAIs (80%) reported having strategic and operational plans, although 7% of member SAIs reported that their plans were not based on a holistic needs assessment of their SAIs.

SAI INDEPENDENCE AND BUDGETS:

The Global Survey and relevant OBI data shows that SAI independence remains a challenge for member SAIs. For half of PASAI members, their country's legal frameworks do not fully protect their independence. About a quarter of SAIs experience restriction in their freedom to publishing and disseminating audit reports in the public domain. Most members (67%) lack budget independence and have increasingly experienced interference from the executive in the process of formulating their budget, from 35% in 2014 to 57% in 2017.

Over half of the SAIs in PASAI (55%) reported that their budget increased in real terms from 2014 to 2016. Just 20% of member SAIs reported that their budget for professional development increased during the same period.

AUDIT COVERAGE:

The 2017 Global Survey shows that the majority of SAIs in PASAI met the benchmarks for the SAI PMF criteria for financial audit coverage. Nevertheless, the 2017 figures represent a decrease in the number of member SAIs meeting the benchmark for financial audit coverage (from 90% in 2014 to 79% in 2017) and performance audit coverage (from 50% in 2014 to 47% in 2017). There was a slight increase in the compliance audit coverage from 50% in 2014 to 53% in 2017.

QUALITY ASSURANCE:

PASAI is the only region where the majority of SAIs have a quality assurance system at high standards. The relevant OBI data shows that 67% of the member SAIs have an established quality assurance system comparable to ISSAI 40 standards. There is room for the remaining 33% of the SAIs to develop their quality assurance to ISSAI standards.

TIMELY REPORTING:

Among PASAI members, 33% (developing countries only) met the PEFA benchmark for timely submission of audit reports.

REPORT PUBLICATION:

PEFA data shows that just 33% of the member SAIs in PASAI make reports on central government consolidated operations available to the public through appropriate means within six months of completed audit. The 2017 Global Survey data shows that just 58% of the SAIs make at least 60% of their audit reports publicly available. OBI data shows that all SAIs assessed in PASAI maintain communication with the public regarding its audit reports beyond simply making these reports publicly available.

SAIS AND THE SDGS:

Around 45% of PASAI members reported their intention to include themes related to the preparation for and/or implementation of the SDGs in their next audit strategy and/or work programme.

SAIS AND GENDER:

Twenty-five percent (25%) of the member SAIs in PASAI have a gender policy, which does not represent much change since 2014. No member SAI has carried out audits specifically designed to assess the implementation of gender policies, strategies, programmes and corresponding budgets. Likewise, no member SAI included gender assessments in audit work. There has been a slight decrease in female staff in SAIs in PASAI, from 56% in 2010 to 52% in 2014 and 2017. Currently, 74% of Heads of SAI are male and 49% of members of senior management is male.

SAI CAPACITY DEVELOPMENT SUPPORT:

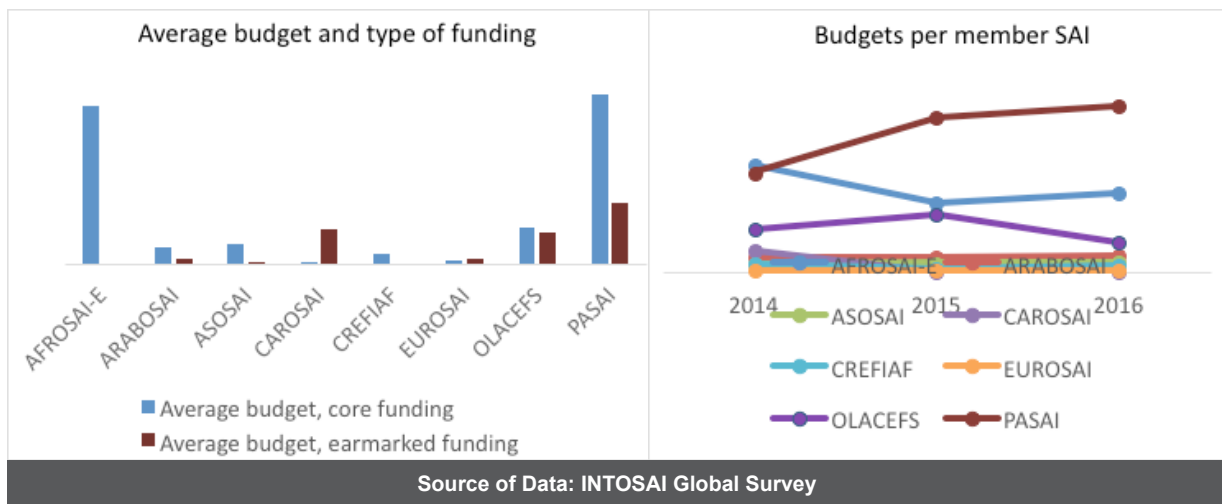
Funding channelled from international cooperation partner to SAIs in PASAI increased for the 2013-2015 period, but decreased by 62% for the 2016-2018 period. In addition, just 20% of the SAIs reported that their budget for professional development increased in real terms in the past three years. This is a low percentage compared to SAIs in other regions. Around 21% of the SAIs have a donor coordination group to facilitate coordination of capacity development support to their SAI.

INTOSAI REGIONAL ORGANISATIONS

This chapter examines the data collected through the survey with the INTOSAI regional organisations, which was part of the INTOSAI Global Survey. It provides analysis of the results of the survey in the areas related to the profile of the regional organisations, their strategic plans and priorities, policies, and capacity development efforts.

The resource basis among regional organisations varies significantly, in terms of total funding and the human resources to support their operations. AFROSAI-E, OLACEFS and PASAI have had the largest budgets, the largest budget per member SAI and they are the only organisations that experienced increase in real term in their budgets during the 2014-2016 period. The regional bodies were mostly funded through core funding,³⁷ except for EUROSAI, where slightly more than half of its funding is earmarked.³⁸

FIGURE 58: AVERAGE BUDGETS OF REGIONAL ORGANISATIONS, BUDGET PER MEMBER AND TYPE OF FUNDING



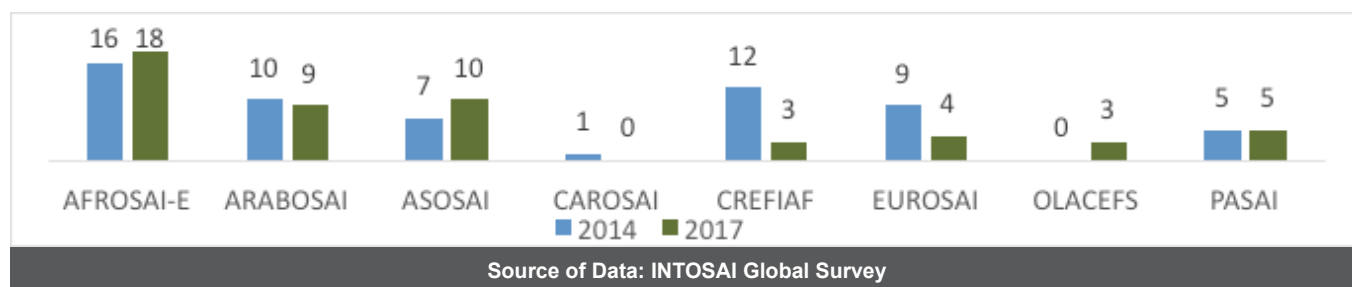
Although CAROSAI and CREFIAF have the lowest budgets among the organisations and the fewest staff, they did not report experiencing budget gaps (funding received in relation to operational plans). On the other hand, ASOSAI, ARABOSAI and PASAI report experiencing consistent budget gaps from 2014 to 2016.

The regional organisations have quite different human resources in the secretariats. AFROSAI-E, ARABOSAI and ASOSAI have the largest number of staff with full time commitment to the secretariats. Comparing the 2017 and the 2014 results from the Global Survey, overall the number of full time staff decreased by 13%, mostly due to significant decrease in the number of staff with full time commitment to the secretariats in CREFIAF and EUROSAI, although the number of staff in ARABOSAI and CAROSAI also decreased. From 2014, the number of full time staff increased in AFROSAI-E, ASOSAI and OLACEFS. CAROSAI is the only regional organisation with no full time dedicated staff to the secretariat.

³⁷ Core funding is financial support provided to without conditions and can be used to cover basic organisational and administrative costs, including the implementation of capacity development initiatives prioritized by the organisation.

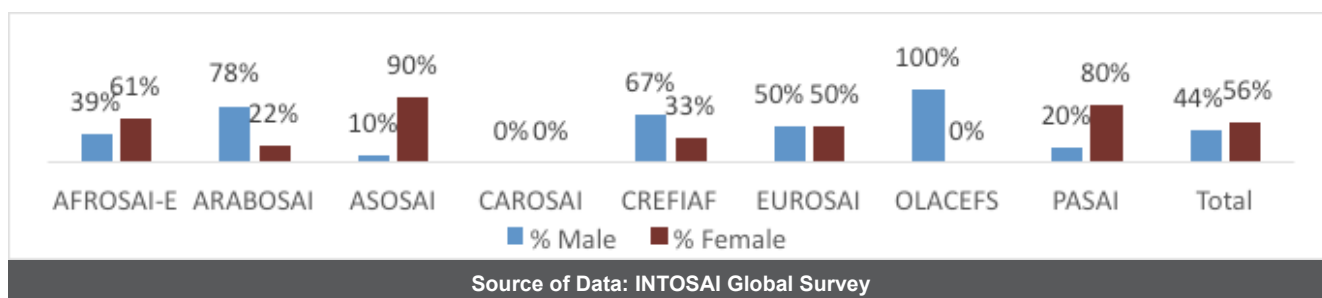
³⁸ Earmarked funding is financial support provided for a specific activity or initiatives or to be used to support specific SAIs within a region.

FIGURE 59: NUMBER OF STAFF WITH FULL-TIME COMMITMENT TO THE SECRETARIAT DUTIES, 2014 AND 2017



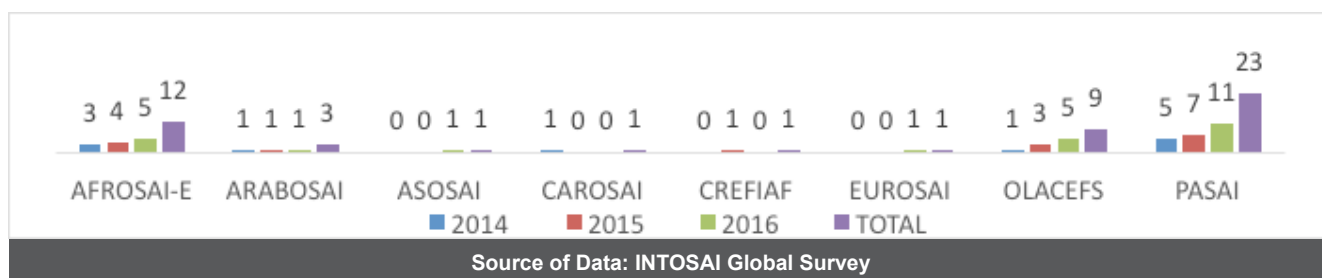
Except for EUROSAI, the secretariats of regional organisations show imbalance in terms of gender representation among their staff, some with overrepresentation of female staff and others of male staff. Staff seconded to the secretariats also shows the same pattern of gender imbalance in each secretariat.

FIGURE 60: SECRETARIAT STAFF WITH FULL-TIME COMMITMENT, DISAGGREGATED BY GENDER



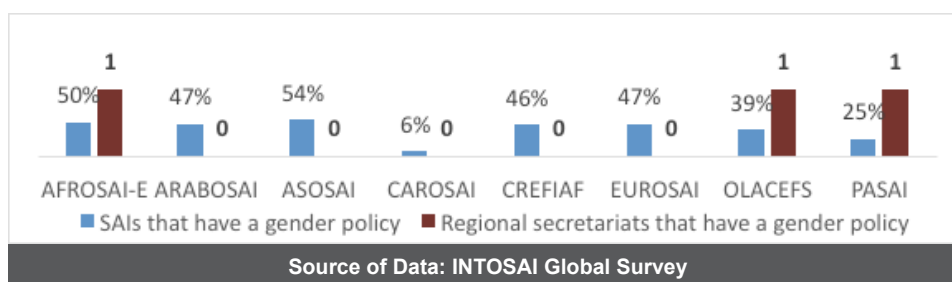
In aggregate, the use of consultants by the regional organisations increased from 2014 to 2016, with AFROSAI-E, OLACEFS and PASAI making much more use of consultants than the other regions. The regional organisations mostly engage consultants for training related activities, such as to develop training methodology and products as well as to deliver training.

FIGURE 61: NUMBER OF CONSULTANTS USED PER REGION (2014-2016)



Two (25%) of the regional organisations have a code of ethics and six (75%) have a communication policy and/or strategy. They reported that e-mail and websites are the primary channels for communicating with member SAIs. Three (38%) regional organisations have a gender policy. As shown in the figures below, crosschecking the data for SAIs and for regional organisations, it shows no correlation between the regional organisations having a gender policy and most SAIs in the regions having a gender policy. AFROSAI-E, OLACEFS and PASAI have a gender policy, but the number of SAIs in these regions with a gender policy is not significantly higher than in ASOSAI, which has no gender policy but it is the region with the highest number of SAIs confirming having a gender policy.

FIGURE 62: SAIS AND REGIONAL SECRETARIATS THAT HAVE A GENDER POLICY



All eight regional organisations have strategic plans, five of which confirmed that they were fully informed by the needs and priorities of the member SAI. All of them develop operational or annual plans to implement their strategic plans. Six of the regional organisations monitor the implementation of their strategic plans and six organisations report publicly against their strategic and/or annual plans and budgets.

The regional organisations have a number of priorities, but all reported that they support SAI strategic management, performance measurement and reporting as well as support for communication and stakeholder management as strategic priorities.

FIGURE 63: PRIORITIES OF REGIONAL ORGANISATIONS

	% of organisations stating priority (n. of organisations)
Support for SAI Strategic Management, Performance Measurement & Reporting	100% (8)
Support for communication and stakeholder management	100% (8)
Support for ISSAI compliant audit practices (PA, CA & FA)	88% (7)
Support for professional staff development, human resources management, IT and resource management	75% (6)
Support for SAI Independence	63% (5)
Support for implementing code of ethics	63% (5)
Support for auditing Sustainable Development Goals (SDGs)	63% (5)
Support for other core services provided by SAIs	63% (5)
Support for leadership	38% (3)
Professionalization of public sector auditing and accounting	13% (1)
Strengthening of SAIs, gender equity, citizen participation	13% (1)

Source of Data: INTOSAI Global Survey

The regional organisations use various approaches to support the capacity of SAIs, as shown in the table below. The main approaches for most organisations are development of guidance and tools, advocacy in and for SAIs, and support of partnerships and stakeholder engagement such as through peer review, cooperative/pilot audits and learning programmes.

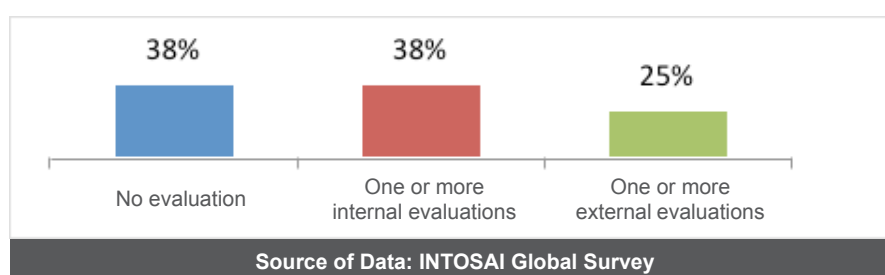
FIGURE 64: APPROACHES FOR SUPPORTING THE CAPACITY OF SAIS

Approaches	Extent used			
	Not at all	Limitedly	Moderately	Fully
Institutional Support	0	1	5	2
Certification Programmes	1	4	2	1
Research and Development of Guidance and Tools	1	1	2	4
Advocacy in and of SAIs	0	1	2	5
Quality Assurance Mechanisms	1	0	3	4
Fostering communities of practices	2	2	2	2
Knowledge sharing	1	1	3	3
Learning Programmes	1	1	1	5
Donor coordination and support in getting donor funding	1	2	3	2
Cooperative/pilot audits	1	1	1	5
Partnerships and stakeholder engagement	0	1	2	5

Source of Data: INTOSAI Global Survey

Five regional organisations have undergone an assessment of their performance in the past three years. Two conducted an external evaluation and three an internal assessment. Three organisations had no evaluation of its performance during the period, as shown on the figure below.

FIGURE 65: PERFORMANCE EVALUATIONS CONDUCTED BY REGIONS 2014-2016



Regional organisations attributed various factors for achieving the desired results stated in their last strategic plans, most noted that support and high levels of participation from member SAIs in the regional activities was a critical factor, including the commitment of the Heads of member SAIs. They also identify a variety of limiting factors, most remarking that limited participation of member SAIs also generated challenges, specifically the limited availability of SAI resource persons, implementation of action plans by SAIs, delayed procedures due to less SAI participation in the feedback process, and independence of SAIs.

In the past 3 years, the regional organisations received capacity development support in a variety of areas, most aimed at strengthening their organisational and institutional capacities.

The capacity development products developed by the regional organisations between 2014 and 2016 are numerous and cover a wide range of topics. The result of the INTOSAI Global Survey of SAIs shows that 63% of the SAI respondents report currently using, or having previously used, products developed by an INTOSAI regional organisation.