



GUIDANCE ON SUPREME AUDIT INSTITUTIONS' ENGAGEMENT WITH STAKEHOLDERS



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Abbreviations

INTOSAI: International Organisation of Supreme Audit Institutions

IDI: The INTOSAI Development Initiative

SAI: Supreme Audit Institution

CSOs: Civil Society Organisations

AFROSAI-E: African Organisation of English-speaking Supreme Audit Institutions

CAROSAI: Caribbean Organisation of Supreme Audit Institutions

ASOSAI: Asian Organisation of Supreme Audit Institutions

ARABOSAI: Arab Organisation of Supreme Audit Institutions

CREFIAF: African Organisation of French-speaking Supreme Audit Institutions

PAC: Public Accounts Committee

ISSAIs: International Standards of Supreme Audit Institutions

UN: United Nations

NGOs: Non-Governmental Organisations

EIP: Effective Institution Platform

Glossary of common terms used in SAI stakeholder engagement

Stakeholder: A person, group or organization that has interest or concern in a SAI and who can be affected by the SAI action or can affect its operations.

Engaging: Use of strategies and tools to hold someone's attention.

Accountability: The obligation of an individual or organization to account for its activities, to accept responsibility for them, and to disclose the results in a transparent manner

Citizen participation: A process in which ordinary people take part—whether on a voluntary or obligatory basis and whether acting alone or as part of a group—with the goal of influencing a decision involving significant choices that will affect their community

Communication: Process of using words, sounds or signs to convey information, express ideas, or send a message to someone else. Involves a sender, a message, a channel, a decoder, and a receiver of the message

Effectiveness: Production of an intended result

Efficiency: Ability to produce something without wasting materials, money, time or effort

Environment: Conditions that surround someone or something that influences and affects the organization. Composed of people, organizations and facts that affect the performance of the organization, positively or negatively

Expectations: A belief or feeling that something will happen or is likely to happen

Impact: Have a strong effect on something or someone

Independence: Freedom from outside control

Legal framework: a broad system of rules that governs and regulates decision-making, agreement, laws etc.

Mapping: Process to identify actors or facts that surround the organization that could affect or be affected by an action

Opportunity: Right time or situation in which something can be accomplished

Positioning: The place of someone or something in relation to other people or things

Reputational risk: Chance that the organisation will lose or affect its credibility or legitimacy by a decision it takes

Risk: The possibility that something bad, such as an injury or a loss, will happen to the organisation

Strategy: A plan or method for achieving a particular goal, usually over a period of time

Strategic planning: Systematic and continuous analysis of current and future internal and external factors that affect the organisation; relevant for decision making and achievement of objectives

Target: Group of interests, identified and analyzed by the organization for a better approach

Transparency: Openness, communication, and accountability for actions

Chapter 1 Introduction to SAI Engagement with Stakeholders

1.0 Background

Supreme Audit Institutions (SAIs) play a critical role in holding governments to account and enabling legislative oversight. SAIs are a critical part of the national accountability architecture. Given their mandates to “watch” over government accounts, operations and performance, they should be natural partners of citizens in exercising public scrutiny. The scope of the SAI’s work is to increase transparency for the benefit of citizens, through external auditing. Effectiveness of SAI operations can be ensured only through sustained interaction with the various stakeholders, which include the executive, the legislature, media, civil society organizations and citizens.

During XX INCOSAI in Johannesburg, South Africa (November 2010), the INTOSAI members recognized, “The effectiveness with which SAIs fulfill their role of holding government to account for the use of public money not only depends on the quality of their work, but also on how effectively they are working in partnership with the accountability functions of the legislature as well as the executive arm of government in making use of audit findings and enacting change.”

While many SAIs face both internal and external challenges in their engagement with stakeholders, there are SAIs that provide excellent examples of good practices in stakeholder engagement. SAI engagement with stakeholders is impacted by both the SAI’s own capacity to engage and the readiness and capacity of different stakeholders to engage meaningfully with the SAI. Enhanced SAI stakeholder engagement would definitely lead to greater audit impact and enable the SAI to deliver envisaged value and benefits.

The challenges to effective engagement between SAIs and stakeholders are many, raising questions such as:

- How can space be opened for SAIs and stakeholders, including the citizens, to interact in order to enhance external oversight through greater participation, transparency and accountability?
- How can tools and mechanisms be created for SAIs and stakeholders to interact and jointly work toward improving the audit impact?

Recognizing the importance of stakeholder engagement and the need to address some of the challenges SAIs face in engaging with stakeholders, on the basis of a global survey the INTOSAI Development Initiative (IDI) introduced a programme in 2015 on SAIs engaging with stakeholders. The programme’s objective is ***greater audit impact through effective stakeholder engagement.***

1.1 Purpose of the guide

This guidance is intended to help SAIs formulate and implement strategies aimed at enhancing audit impact through stakeholder engagement. The guidance describes a comprehensive set of mechanisms by which SAIs can engage with stakeholders, and the different stakeholders the SAI may consider engaging with to achieve greater audit impact. The guidance addresses ways for SAIs to develop strategies that can help enhance stakeholder engagement. Further, it brings out various models and tools that the SAI can use to select and prioritize its stakeholders for greater audit impact. The guide is **not** intended to create new requirements for SAIs that go beyond those established in their current regulations or mandates.

1.2 How to use this guide

This guide does not establish a legally enforceable responsibility but instead describes the best practices that SAIs could use in engaging with stakeholders; it should be viewed only as recommendations and not obligations. The use of the word *should* in this guide means that something is suggested or recommended.

The guide applies to all types of SAI models in the INTOSAI community: Court, Westminster, and Board systems, and other models. This guidance is for SAIs that intend to enhance their audit impact and also enhance their independence through effectively engaging key stakeholders in the audit process.

Civil Society Organisations (CSOs) and other stakeholders are encouraged to familiarise themselves with the guide to help build on their interactions with SAIs.

The different chapters of this guide should not be read in isolation from each other but in combination with other chapters that further elaborate on the engagement process and strategies.

1.3 Who should use the guide

This guide is primarily for SAIs intending to develop stakeholder management practices by developing strategies and procedures to communicate more effectively with stakeholders. It is therefore intended for the heads of SAIs, senior managers responsible for stakeholder engagement, communication staff, and other SAI managers and staff involved in communicating or executing the audits.

This guide could also be useful to a variety of stakeholders with whom the SAI interacts, such as the legislature, executive, judiciary, CSOs, media and others. In particular, stakeholders may find details in this guide that will help them understand how SAIs operate with their external environment. Most important, they may find good practices that could make their interaction with the SAIs more beneficial to achieving their own goals.

Chapter 2 The Foundation/Framework of SAI Engagement with Stakeholders

2.0 Overview of the landscape of SAI engagement with stakeholders

Traditionally, the legislature, judiciary and other organs of government were the main stakeholders of SAI work. Interaction with these stakeholders was mainly aimed at fulfilling the SAI's reporting requirements; very limited interaction was extended to other stakeholders. This is evidenced from the several research efforts or evaluations by a number of institutions carried out in the field of SAI engagement with stakeholders.

However, in the past decade, SAIs in many countries have started to broaden their engagement with a wide variety of stakeholders to increase the effectiveness and scope of their auditing practices. That effort includes pioneering various stakeholder engagement models to increase the effectiveness of the audit process and the impact of the SAI's work.

Engaging citizens throughout the audit process is fraught with potential complications because of the formal mandate of SAIs and the generally limited experience and capacity of both SAIs and citizens to collaborate in a meaningful and results-oriented way.

2.1 Frameworks supporting SAI engagement with Stakeholders

The international community has, over the years, recognized the importance of SAI engagement with stakeholders to enhance the effectiveness of audits, leading in turn to improved accountability and transparency in the management of public resources. This has led to the development of frameworks highlighting the importance of SAI/stakeholder engagement. To engage effectively with stakeholders, the SAI must have an appropriate legal framework. Below is a brief analysis of the main frameworks developed to support SAIs in their efforts to engage with stakeholders.

2.2 International frameworks

The Mexico Declaration (INTOSAI 2007) on SAI independence, which was further enhanced through the UN Resolution A/66/209 (UN 2011) and Resolution A/69/228 (UN 2014), places SAI engagement with stakeholders—especially the citizens—as key.

Through the International Standards of Supreme Audit Institutions (ISSAIs) numbers 1, 10, 12 and 20, INTOSAI acknowledged that oversight institutions can make a difference in the lives of citizens through their roles and responsibilities. Below is the analysis of some of the key principles of communication as contained in the above-mentioned ISSAIs.¹

¹ All the relevant ISSAIs mentioned in this guidance could be found on this link (<http://www.issai.org/>)

i. ISSAI 1 Lima Declaration

This standard highlights the purpose of public sector auditing. Communication of information to public authorities and the general public through the publication of reports is one of the objectives of the Lima Declaration. This ensures extensive distribution and discussion, and enhances opportunities for enforcing the findings of a SAI. The Declaration also states that reporting should be objective, clear and easily understood.

ii. ISSAI 10 Mexico Declaration on Independence

The 5th principle of the Declaration brings out the right and obligation of SAIs to report on their work. The 6th principle declares the “freedom to decide the content and timing of audit reports and to publish and disseminate them”. Another important aspect is the 7th principle, which says that there should be an effective follow-up mechanism for SAI recommendations.

iii. ISSAI 12 Value and Benefits of SAIs

The ISSAI highlights the importance of SAI engagement with stakeholders. In particular principles 3 to 6, as detailed below, bring out key issues for engaging with stakeholders:

Principle 3 Enabling those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action:

- SAIs should, as appropriate, ensure good communication with audited entities and other related stakeholders and keep them well informed during the audit process about matters arising from the SAI’s work.
- SAIs should, in accordance with their mandate, provide the legislature, its committees, or audited entities’ management and governing boards with relevant, objective and timely information.
- SAIs should develop professional relationships with relevant legislative oversight committees and audited entities’ management and governing boards, to help them better understand the audit reports and conclusions and take appropriate action.

Principle 4 Reporting on audit results and thereby enabling the public to hold government and public sector entities accountable:

- SAIs should report objective information in a simple and clear manner, using language that is understood by all their stakeholders.
- SAIs should make their reports publicly available in a timely manner.
- SAIs should facilitate access to their reports by all their stakeholders, using appropriate communication tools.

Principle 5 Developing strategic plans that respond to key issues that affect society, and establishing mechanisms for information gathering and decision making to enhance relevance to stakeholders.

Principle 6 Communicating effectively with stakeholders:

- SAIs should communicate in a manner that increases stakeholders' knowledge and understanding of the role and responsibilities of the SAI as an independent auditor of the public sector.
- SAIs' communication should contribute to stakeholders' awareness of the need for transparency and accountability in the public sector.
- SAIs should communicate with stakeholders to ensure their understanding of the SAI's audit work and results.
- SAIs should interact appropriately with the media in order to facilitate communication with the citizens.
- SAIs should engage with stakeholders, recognizing their different roles, and consider their views without compromising the SAI's independence.
- SAIs should periodically assess whether stakeholders believe the SAI is communicating effectively.

iv. ISSAI 20 Principles of Transparency and Accountability

Principle 8 "SAIs communicate widely and on a timely basis on their activities and audit results through the media, website and by other means."

Other frameworks for engaging stakeholders are indicated below.

i. United Nations Convention against Corruption

Article 2 Developing coordinated anticorruption policies involving social participation

Article 9(2) Fostering transparency and accountability in the management of public finances

Article 13 Promoting civic engagement in the prevention and fight against corruption and providing wide access to information, promoting effective civic engagement in accountability processes (i.e. external auditing)

ii. INTOSAI Guideline - Communicating and Promoting the Value and Benefits of SAIs

Provides instruments and tools to promote stakeholder participation in auditing, such as:

- Facilitating civil complaints
- Authorizing audit requests by citizens
- Conducting joint/participatory audit projects with non-SAI organizations
- Gathering feedback from citizens on issues under review by SAI

iii. SAI Strategic Management Framework

In 2016, the IDI developed a SAI strategic management framework, aligned to the SAI Performance Measurement Framework (SAI PMF). This strategic management framework envisages a well-functioning SAI as one that delivers value and benefits for the citizens of its country (see Figure 1 below). SAIs deliver value by conducting high-quality audits and reporting on them without fear or favour, in order to contribute to the accountability, transparency and ethical behaviour of those charged with governance. SAIs can also add value by contributing to the fulfilment of the commitments made by their nations to the United Nations Sustainable Development Goals (SDGs).

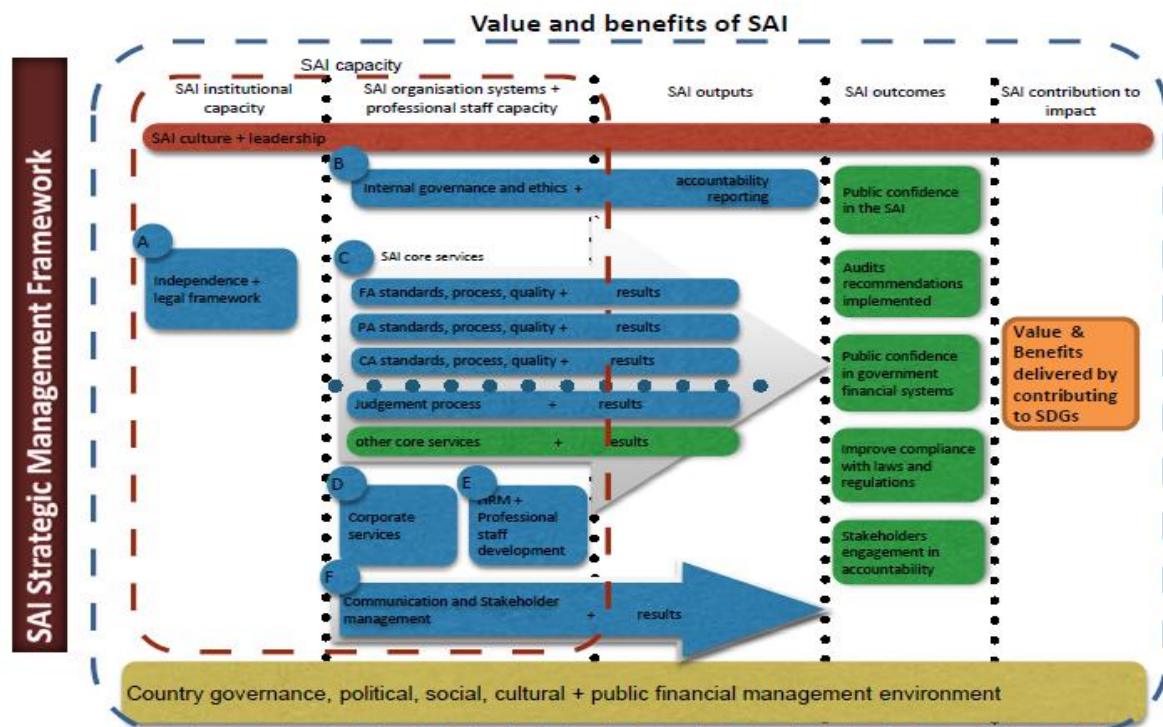


Figure 1

SAI engagement with stakeholders is recognized as a key cross-cutting function in the SAI's strategic management framework. In order to be effective and deliver value and benefits, each SAI needs the capacity to engage with stakeholders, both internal and external. Such engagement is at the centre of all SAI processes and is also a necessary element in achieving the SAI's outcomes, e.g. implementation of audit recommendations, improvement in service delivery, etc. Engaging with stakeholders also impacts the domain of the SAI's independence and legal framework. Any SAI would require capacity to engage effectively as it endeavours to achieve greater independence. Greater SAI/stakeholder engagement not only responds to the needs of the SAI but also improves the effectiveness of a critical functional area that impacts both the capacity and performance of the SAI.

2.3 The link between SAI legal framework and stakeholder engagement

The existence in some SAIs of a legal framework and mandate supportive of stakeholder engagement has created an enabling environment for increased collaboration, as it has paved the way for the institutionalisation of that agenda within SAIs.

For instance, the legislation and mandate of the SAI set the baselines for engaging with stakeholders by providing it with:

- A sufficiently broad mandate and full discretion in the discharge of SAI functions
- Unrestricted access to information
- The right and obligation to report on SAI work
- The freedom to decide the content and timing of audit reports and to publish and disseminate them

All these principles are also part of ISSAI 10 and ISSAI 11 principles, which, when they are clearly specified in the SAI legislation, enable the SAI to acknowledge the importance of opportunities for stakeholder participation in public oversight as a way to enhance transparency and fight corruption. In jurisdictions that clearly recognize the right and the mandate of the SAI to communicate and engage with all stakeholders before, during and after the audit process, the SAI is encouraged to foster interaction with external stakeholders—given their role within the broad accountability system—and promote active participation of all stakeholders including citizens, media, NGOs, civil society, etc.

However, SAIs may be subject to undue political/external influence, particularly when they lack guarantees of independence and functional autonomy.² This deficiency can seriously undermine the SAI's ability to successfully achieve its mission and engage with stakeholders. Independence remains a matter of concern for most SAIs. The lack of appropriate independence in many jurisdictions limit the SAI's ability to engage with all relevant stakeholders and to effectively accomplish its tasks.

2.4 Benefits of increased engagement with stakeholders

There is increasing evidence to demonstrate the added value of SAI/stakeholder engagement around the audit process and budget oversight. SAI/stakeholder engagement mechanisms create

² These political challenges that SAIs face have also been addressed in detail by Van Zyl, Albert, Ramkumar, Vivek and Paolo de Renzio (2009): "Responding to the challenges of Supreme Audit Institutions: Can legislatures and civil society help?" U4 Issue N°1, Bergen, U4 Anti-Corruption Resource Centre - Chr. Michelsen Institute. (<http://www.e-participatoryaudit.org/module-01/challenges-facing-supreme-audit-institutions.php#political>)

complementarities that allow each party to leverage and amplify its capacity and voice, which is necessary in order to ensure a response to the audit recommendations presented to the executive. Increased engagement leads to synergies that raise the effectiveness of SAIs and stakeholders alike, and ultimately translates into improved service delivery and more effective use of public resources. More specific discussion follows below.

➤ **Benefits for Supreme Audit Institutions**

❖ **Increased efficiency**

Stakeholders can help identify areas of possible mismanagement, inefficiency, or corruption, thus expanding the SAI's scope.

External stakeholders can provide valuable information for the audit process and even take part in it, which can enrich the audit results, especially for areas in which those stakeholders have specific knowledge and expertise.

❖ **More accountability from the audited entity**

Stakeholders such as citizens, media and CSOs can put pressure on legislative, judiciary and executive agencies to take and enforce corrective actions. They can also help monitor the executive's follow-up on audit reports, judgments/sanctions and subsequent decisions taken by parliamentary committees or any other body responsible for oversight functions.

❖ **Strengthened legitimacy and independence**

Citizens and other stakeholders, such as the media, can act as both users and replicators of information produced by SAIs, thus increasing the audience and contributing to building bonds with other agents that may benefit from SAIs' work.

As SAIs make their work visible and engage with external stakeholders, they can build trust and a strong reputation for the operations they perform, which ultimately reinforces their independence.

Both external and internal stakeholders, especially citizens and CSOs, can monitor transparency in the process of appointing SAI authorities, thereby reinforcing SAI independence.

Stakeholders can play a key role in strengthening SAIs institutional autonomy by playing a watchdog role over the appointment of the SAI head and lobbying for greater SAI independence.

➤ **Benefits for stakeholders³**

❖ **Enriched strategies and agendas**

Stakeholders working in specific fields can draw and build upon the information SAIs produce to promote advocacy strategies aligned with their own agendas. Increased and sustained

³ All these benefits have been extensively covered in module 1 of ACIJ-WB E-guide (<http://www.e-participatoryaudit.org/module-01/benefits-of-increased-engagement.php>)

engagement with stakeholders, especially grassroots movements, has the potential to scale up and extend consideration, engagement and utilisation of SAI material to promote accountability.

❖ **Improved service delivery**

Generating alliances with SAIs can help stakeholders to improve service delivery and respect for democracy and human rights.

❖ **Efficiency**

Stakeholders can be trained in methodologies for financial management and auditing so that they implement those methodologies when developing their own research and reports.

Chapter 3 SAI Stakeholders and Expectations

3.0 SAI stakeholders and clients/users

Who is a SAI stakeholder?

ISSAI 12 (Value and Benefits) defines a stakeholder as a person, group, organization, member or system that can affect or can be affected by the actions, objectives and policies of government and public entities.

Table 1 below shows a few examples of stakeholders and how they relate with the SAI.

Table 1

Stakeholder	Definition and key characteristics in relation to oversight function
Legislature	The legislature or parliament is that branch of the state which performs the function of lawmaking through deliberations. The control and regulation of national finances is done by the legislature. The legislature performs an oversight function; this is usually done by committees of parliament such as the public accounts committee in the Westminster system and the finance committee in the Court system.
Executive	The executive is the branch of government charged with the execution and enforcement of laws and policies and the administration of public affairs. The executive is charged with the responsibility of implementing the recommendations issued by the Auditor General. The ministries of finance and justice are some of the key ministries that the SAI interacts with most.
Audited Entity	These are the departments of the executive that the SAI is mandated to audit.
Judiciary	The judiciary is the branch of the state charged with the responsibility of administering the justice system. The judiciary may deal with cases relating to fraud and corruption that the SAI may come across in the course of the audit. In addition, in the Court system, the functioning and independence of the SAI is dependent on the laws and regulations governing the judiciary.

Civil Society Organisations	<p>The term civil society refers to the wide array of nongovernmental and not-for-profit organizations that have presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or other considerations.⁴ CSOs are an important sector of the demand side of accountability and play a critical role in promoting transparency and holding the government to account. There has also been a growth in social movements that may be less formally organized than more traditional CSOs but that have shown themselves capable of implementing ambitious advocacy initiatives.</p> <p>Increasingly, many SAIs are recognizing that engaging CSOs and leveraging their capacity can considerably enhance the overall effect, relevance, and legitimacy of audit processes. Therefore, effectiveness of SAIs requires active interaction with all the relevant CSOs for the accountability system to hold the government and public sector entities accountable.</p>
The Media	<p>The media are non-state actors involved in the collection and communication of information to the citizens. Medium is defined as "one of the means or channels of general communication, information, or entertainment in society", such as newspapers, radio, etc.</p>
Other accountability institutions (anti-corruption and internal control agencies, ombudsmen, etc.)	<p>These accountability institutions or internal control agencies can turn out to be allies in fostering effective accountability. They often relate with SAIs through exchange of information, or in follow-up of audit.</p>

⁴ This definition of CSO builds around the [World Bank explanations on CSOs](http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20101499~menuPK:244752~pagePK:220503~piPK:220476~theSitePK:228717,00.html). See the link:<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20101499~menuPK:244752~pagePK:220503~piPK:220476~theSitePK:228717,00.html>

3.1 What are the expectations of the key stakeholders?

The expectations of the SAI and the stakeholder are derived from the relationships that exist between them. There are at least two types of identifiable relationship between the SAIs and their stakeholders: the relationship based on laws and regulations (relationship with institutionalised stakeholders) and the relationship that arises out of interactions that are not supported by law or regulations (relationship with non-institutionalised stakeholders).

In the first scenario, the expectations of the parties involved are clearly highlighted and each party needs to perform its function as required by law or regulations. Each party meets the other's expectations by performing the functions it is mandated to do. Stakeholders such as the legislature, executive, judiciary, and audited entities fall into this category. Internal stakeholders (staff of SAIs) could also be in this category, depending on the culture, leadership, commitment and management style of the SAI's authorities.

Relationships with non-institutionalised stakeholders have developed in contexts where there is no explicit law, regulation or policy requiring this but where the SAI and stakeholders have a mutual interest in building such relations. With increasing demand for more accountability and transparency—coupled with the evolution of social relationships, activism around the functions of the SAI, the new social order (new actors in social relations) and new trends in relations with the state (more demands on its actions)—these interactions and growing relations have introduced new fields of work for the SAI, especially where the parties are able to better realise shared objectives. In this category are the citizens, the media, academic and professional bodies, and the cooperating parties.

Figure 3 below gives a summary of the expectations of key stakeholders from the SAI, classified into two categories: common expectations, i.e. those that are applicable to all the stakeholders, and expectations of specific stakeholders. Figure 4 shows the SAI's expectations from the stakeholders, as identified across the INTOSAI community.

Common Expectations from Stakeholders

Related to SAI mandate, reputation and strategies

- Conducts quality audits and other functions which help in strengthening the accountability systems of public resources, implementation of SDGs and the fight against corruption
- SAI leads by example in terms of professionalism, transparency and accountability, ethical

Before, during and after the audit process

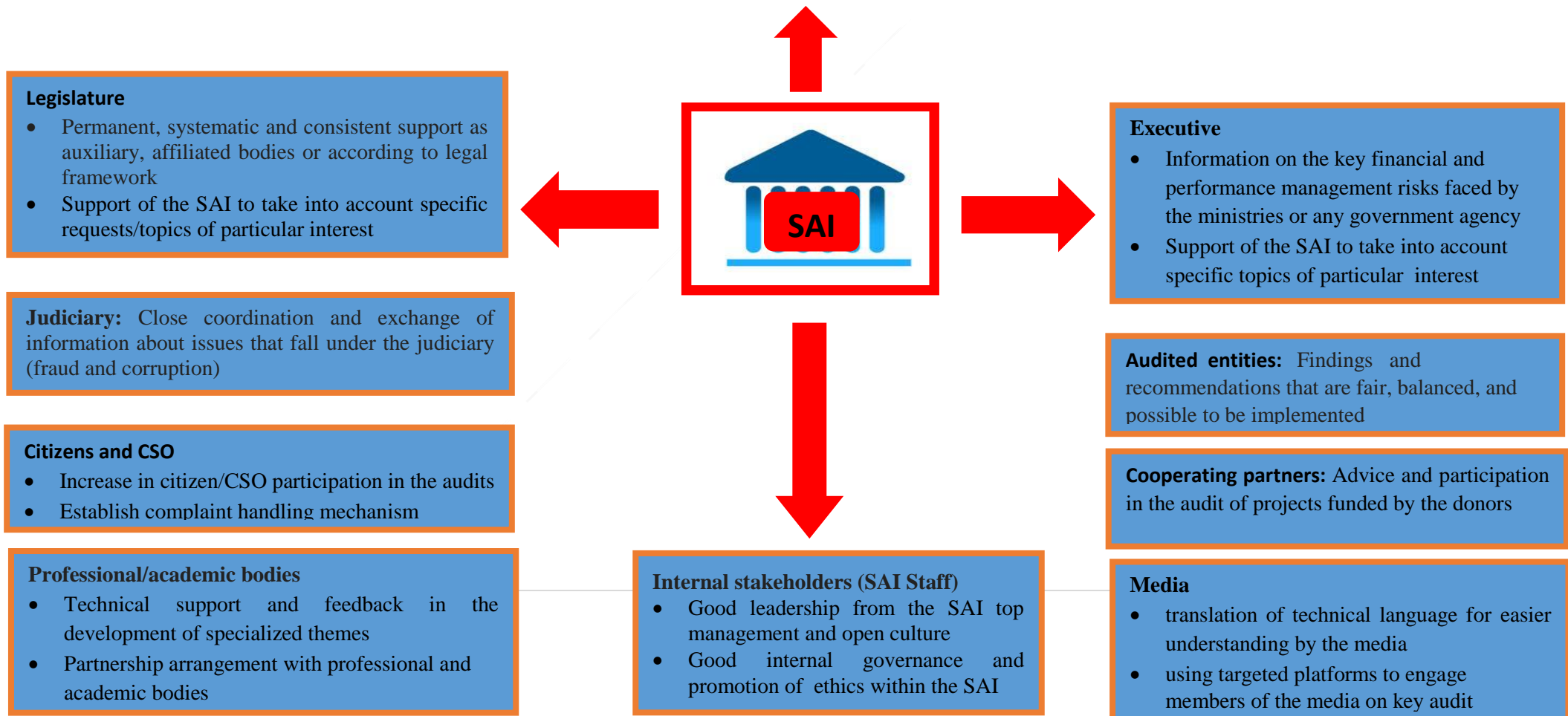
- Uses stakeholders information in selecting audit topics that are of public interest
- Complies with standards in conducting the audits
- Shares the standards used in conducting the audits
- Provides timely, quality and user-friendly audit reports

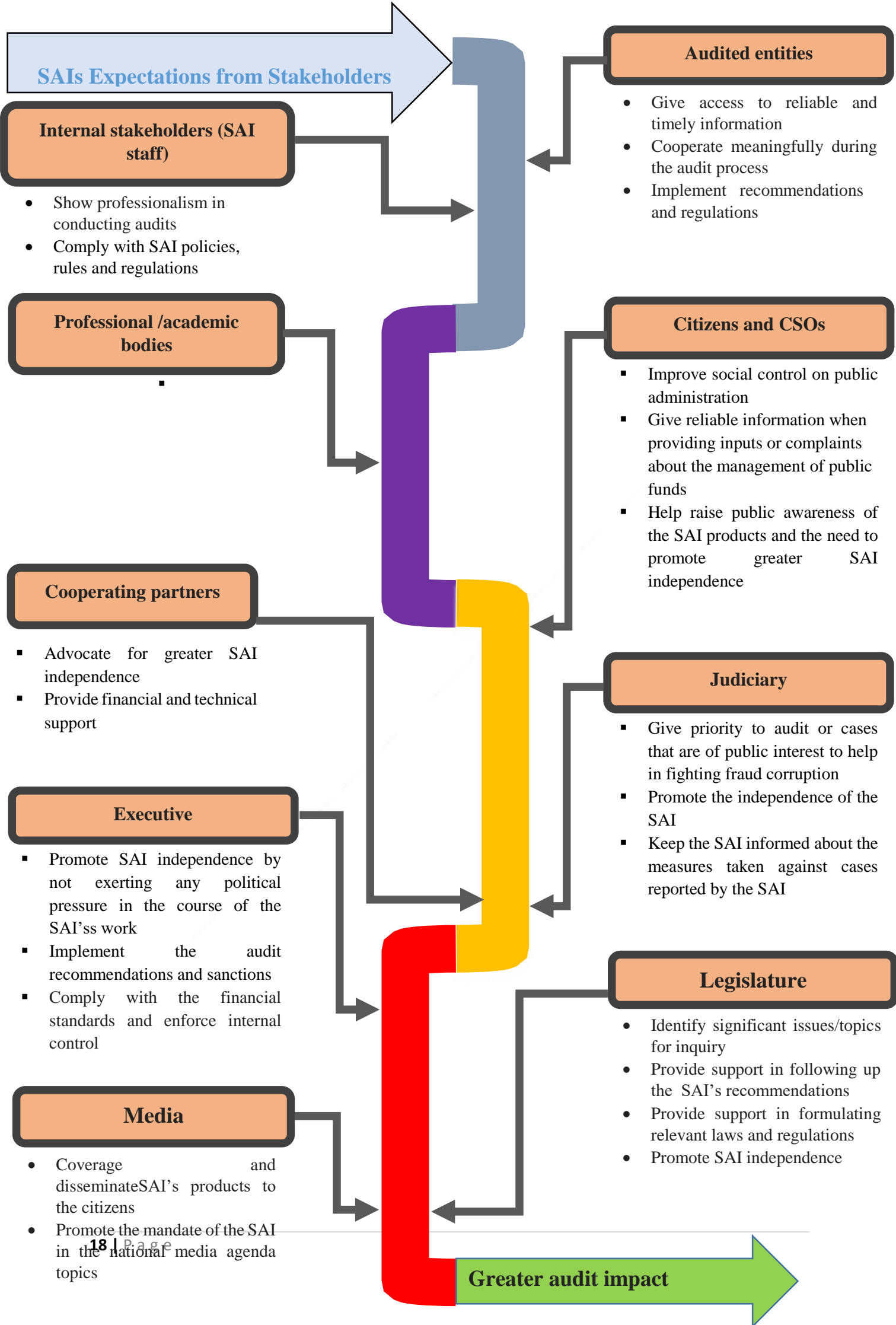
Related to sharing of information/communication

- Provides reliable and easy access to all information on the mandate, activities and products of the SAI
- Shares insights and key audit messages relating to the stewardship of public funds, implementation of government policies and compliance with key legislation

Related to capacity building

- Provides capacity-building support for easy understanding of SAI mandate and products in the course of executing of their different roles and responsibilities
- Offers technical support on specialized topics/reports for easy decision-making





3.2 Conclusion on expectations

In ensuring that the expectations of stakeholders are met, each SAI across the INTOSAI regions has the difficult task of meeting the needs of its key stakeholders while at the same time protecting its independence by remaining non-partisan and free from political influence. The SAI needs to maintain good links with the executive, to encourage administrative accountability; with the judiciary, to encourage legal enforcement of accountability; and with the legislature, to facilitate political oversight and accountability. The SAI also needs to maintain good relations with the media and CSOs to ensure that its findings reach the citizens—the number one client of the SAI.

Cooperating partners, professional and academic bodies, and internal stakeholders also play a key role in operations of the SAI, such as conducting the audits, by acting as advocates in improving the SAI's own capacity, among others.

Chapter 4 Current SAI Practices in Engaging with Key Stakeholders

4.0 Introduction

In the past few years, SAIs have begun to recognize the value of stakeholder engagement as a mechanism to help them increase the effectiveness and scope of their auditing practices. This has been demonstrated through a number of initiatives that SAIs have developed in engaging with stakeholders. The INTOSAI community and individual SAIs are increasingly looking for innovative ways to engage stakeholders such as citizens, media, parliaments, and the judiciary, among others, for greater audit impact.

Levels of SAI stakeholder engagement⁵

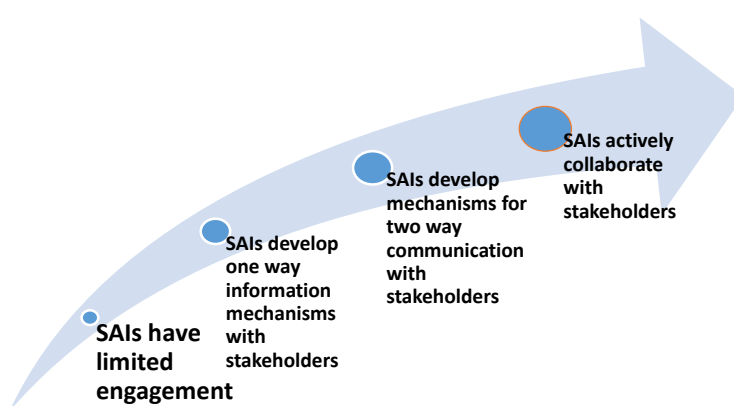
SAIs are not at the same level of maturity in terms of engaging with stakeholders:

1. Some SAIs are limiting their engagement with the stakeholders to the requirements of their legal framework which may, for instance, request them to

table an annual plan to the parliament, or send engagement letters and audit reports to auditees at the beginning and then at the end of each audit engagement etc.

2. When they recognize the need for their reports to reach a wider audience, SAIs start to use more information mechanism to keep their stakeholders better informed about their audit outputs. Examples of one-way information mechanisms may include: Dissemination of audit reports via internet, writing summary reports, holding meetings with relevant Parliament committees to explain audit findings, organizing press conferences, translation of audit reports to local languages, sending newsletters to journalists, disclosure of institutional information etc.

3. In another stage, SAIs not only endeavor to inform their stakeholders but also seek inputs from them using double way communication mechanisms like use of social media to get feedback and provide explanations to citizens, creating Citizen complaint mechanisms, holding meetings with CSOs/ relevant Parliament committees to get suggestions on future audit subjects, etc.



⁵ Adapted from “The Effective Institutional Platform (EIP) in its stocktaking report”

4. In a more advanced stage SAIs actively collaborate with their stakeholders by for instance involving them in the conduct of the audits.

4.1 Factors contributing to SAI stakeholder engagement

The Effective Institutional Platform (EIP) in its stocktaking report,⁶ Supreme Audit Institutions and Stakeholder Engagement Practices, highlighted some key factors that contribute to effective SAIs engaging with stakeholders:

- Model of SAI
- SAI's independence and powers
- SAI's capacities
- Capacities of other actors including civil society organisations, parliament, the media, etc.
- Political will and presence of champions
- Political culture and historical patterns of engagement
- Linkages with other accountability institutions
- Role of SAI's organisations and donors

4.2 Current SAI strategies for engaging with stakeholders

For a SAI to engage effectively with stakeholders, it must have a strategy to guide the engagement. This chapter gives examples of initiatives that the INTOSAI, SAIs and other institutions have developed in engaging with stakeholders, and the challenges they have faced.

i. INTOSAI – Capacity Building Committee: How to increase the use and impact of audit reports (A Guide for Supreme Audit Institutions)

The guide looks at the stages of preparing an audit report, explores the practices that can be introduced at each stage to enhance the use of audit reports, and explains how consultation can promote the use of audit reports. It also discusses how SAIs can interact with the main recipients of the audit report, and how this interaction can be fine-tuned to make audit reports more relevant and useful to auditees and other key stakeholders. The guide looks at how SAIs can ensure that the audit report is of good quality. A quality audit is the result of internal management checks and external review, good communication with the auditee, and rigorous structure and drafting, which together lead to clear messages and effective recommendations.

ii. The Philippines: Engage Civil Society in Public Audits (The Joint COA-Citizen Audit Process)

⁶ <http://iniciativatpa.org/2012/wp-content/uploads/2014/09/Stock-take-report-on-SAIs-and-citizen-engagement2.pdf>

The Commission on Audit created an internal unit to institutionalize the engagement of civil society organizations in conducting participatory audits of government projects. The Commission used the following strategy for ensuring that stakeholder engagement led to improved audit coverage and wider engagement of stakeholders in conducting public audits:

- Discussion about the Commission on Audit: its mandate, vision, mission, goals, core values and principal function
- Capacity building for stakeholders involved in the audits (introduces the concepts, principles, approaches and tools of good governance and social accountability)

iii. South Africa Auditor General Office

The Office has developed a stakeholder management framework addressing the following focus areas:

- Stakeholder identification
- Stakeholder analysis
- Planning for stakeholder engagement
- Engaging with stakeholders
- Stakeholder engagement monitoring, evaluation and reporting

The development of the framework has greatly helped to improve the SAI's engagement with stakeholders.⁷

iv. SAI Colombia – Citizen participatory audit

The SAI developed a guide on the promotion of joint audits with citizens and CSOs and with beneficiaries of public interventions. The actors provide input throughout the execution of audits: on-site, at meetings and roundtables, or through reports and any other form of information that can help the SAI improve the audit process.

v. SAI Argentina - Participatory audit planning

Argentina's SAI (Auditoría General de la Nación, AGN) holds annual public meetings and informational gatherings with CSOs to receive proposals on institutions and programs to be audited, for their potential inclusion in the AGN's Operational Action Plan (OAP). The ultimate goal of participatory planning, an example of a non-binding consultation mechanism, is to improve the OAP through technical knowledge and information provided by CSOs.

The AGN does not have a legal obligation to invite CSOs every year. However, even when participatory planning has not taken place, the AGN has maintained close contacts with CSOs. This has facilitated co-operation and collaborative work as well as the implementation of further

⁷ Source website of South Africa Audit Office (www.agsa.co.za)

mechanisms to enhance the AGN's transparency. To date, there have been five instances of participatory planning since 2003, when it first took place.⁸

vi. South Korea Audit Office - Citizen complaint mechanisms

The Office established a complaint hotline and whistle-blower mechanism through which citizens can report areas of suspected irregularities or corruption, and can request audits. The hotline collects “reports on unjust handling of petitions by administrative agencies, complaints, and particularly behaviors such as unjustly refusing receipt and handling of petitions on the grounds that they may be later pinpointed by audit and inspection”. The hotlines also receive “reports of corruption and fraud of public officials, including bribery, idleness, embezzlement and the misappropriation of public funds.”⁹

This mechanism has been widely disseminated in South Korean society and has a dedicated page on the SAI's Web site.

vii. SAI Senegal

SAI Senegal has put in place a system of collecting feedback and questions from the public on the work of the SAI, and it provides its findings, sanctions and recommendations in different languages at the local level across the country. This has increased the knowledge about the SAI and its work in the country.

4.3 Challenges SAIs face in engaging with stakeholders

In performing their functions and responsibilities, SAIs face a number of challenges that may hinder effective stakeholder engagement. Table 3 below shows some specific challenges that SAIs can face in dealing with stakeholders.

⁸ (Source: Guillan Montero -2012)

⁹ <http://iniciativatpa.org/2012/wp-content/uploads/2014/09/Stock-take-report-on-SAIs-and-citizen-engagement2.pdf>

Table 3

Stakeholder	Challenges SAIs Can Face in Engaging with Stakeholders
Legislature/Parliament	<ul style="list-style-type: none"> ▪ Lack of SAI capacity (finances, qualified staff, organisational structure, policies etc.) to engage with the legislature/parliament ▪ Lack of or inadequate SAI mandate to engage with the legislature and parliament ▪ Lack of formal planning and monitoring mechanism of activities planned annually by the SAI with parliament ▪ Risk of compromising SAI independence ▪ Lack of political will on the part of the legislature ▪ High turnover of elected representatives, affecting institutional memory and capacity to engage meaningfully with SAI reports
Executive	<ul style="list-style-type: none"> ▪ Lack of appropriate SAI independence ▪ Lack of follow-up and monitoring mechanisms for the implementation of recommendations and judgements.
Judiciary	<ul style="list-style-type: none"> ▪ Possible resistance to change and reforms recommended by the SAI (change management) ▪ Lack of or inadequate SAI mandate to engage with the judiciary ▪ Lack of appropriate SAI mandate or independence to engage with the judiciary (especially in the Court system, where there is a risk of judiciary control over the SAI)
Audited Entity	<ul style="list-style-type: none"> ▪ Lack of SAI independence (operational and administrative autonomy) ▪ Insufficient access to information • Lack of follow-up and monitoring mechanisms for the implementation of SAI recommendations ▪ Possible resistance to change and reforms recommended by the SAI (change management) ▪ Lack of capacity
Citizens/ CSOs	<ul style="list-style-type: none"> ▪ Expectations of citizens⁹ ▪ Inadequate budgetary support for engaging with citizens/CSOs¹⁰ ▪ Limited dissemination of information by other stakeholders such as the media

	<ul style="list-style-type: none"> ▪ Limitations on SAI Independence¹¹ ▪ Institutionalisation of participatory practices in the SAI law or regulations and SAI practices ▪ CSOs that are weak and not very active
Media	<ul style="list-style-type: none"> ▪ Expectations gap between media and the SAIs. ▪ SAI culture and leadership readiness in engaging with the media ▪ Top SAI management capacity and skills to deal with the media ▪ Independence of the SAI in dealing with the media¹³ ▪ Absence of SAI communications policy
Professional /Academic Bodies	<ul style="list-style-type: none"> ▪ Production of a report that meets the interests of the professional bodies ▪ Establishment of efficient channels between parties ▪ Limited use of reports by professional and academic bodies live up to this expectation is limited¹⁴ ▪ SAI leadership and culture open to cooperating with professional and academic bodies
Cooperating Partners	<ul style="list-style-type: none"> ▪ Independence of the SAI¹⁰
Internal Stakeholders	<ul style="list-style-type: none"> ▪ SAI administrative independence ▪ SAI culture and leadership (the environment of the SAI, e.g. favourable or open to discussing and sharing with the staff)

¹⁰ Some SAIs have challenges in engaging with external cooperating partners due to limitations on their mandates

Another relevant issue to consider in stakeholder engagement is the risks involved, both perceived and actual. The identification of risks is very important in understanding some of the barriers that prevent SAIs from adopting and implementing transparency and participation mechanisms to effectively engage with stakeholders in the audit process.

Below are some of the risks that are linked to the implementation of two-way communication with stakeholders:

- Threats to SAIs independence
- Objectivity and credibility of the engagement on the audit outcome
- Delays and higher costs of the audit process
- Work overload that may lead to fatigue

4.3 Conclusion on current SAI/stakeholder practices

In most examples cited in this chapter, the initiatives that SAIs have developed provide entry points for stakeholder engagement. They help to create an enabling environment for those activities, by both promoting dialogue that addresses the topic and promoting coordination and knowledge exchange between internal and external stakeholders. SAIs have been engaging more with their main stakeholders that are well connected to their mandates or reporting frameworks. Engagement has been mainly in the form of one-way communication through the provision of audit results.

SAIs that have been involving stakeholders in the audit process have done so in the field of performance audits but not the other two audit streams, compliance and financial audits.

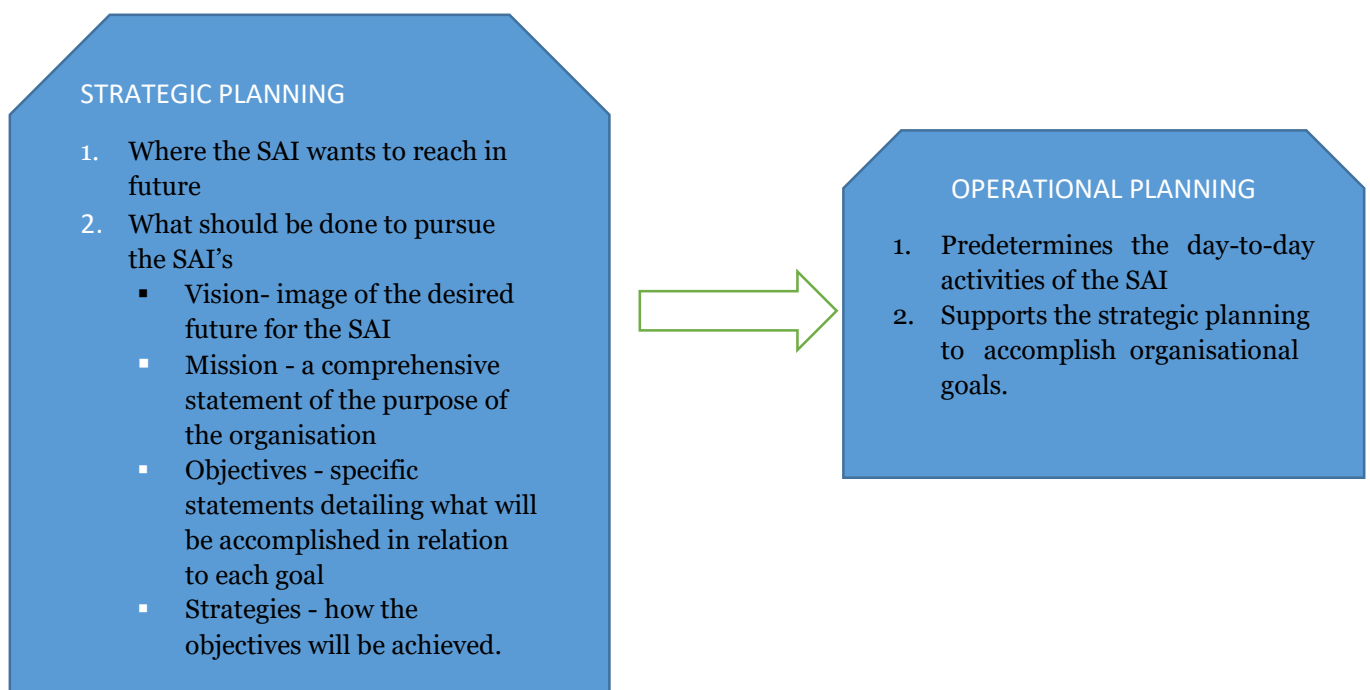
The analysis of the research and evaluations carried out on stakeholder engagement also shows that very few SAIs have well-developed strategies for engaging with stakeholders. In addition, very few SAIs have developed the monitoring and evaluation of engagement with stakeholders, which are key elements of management stakeholder engagement practices.

Chapter 5 Linking Stakeholder Engagement to the SAI Strategic and Operational Planning Processes

5.0 Introduction

Enhancing stakeholder engagement is one of the important elements of SAI operations. At every stage of its planning process, the SAI will need to take into consideration how key stakeholders will be brought on board. Stakeholder engagement should be taken into account at both the strategic and operational planning stages of the SAI. Figure 5 below shows the distinctions between the two types of planning.

Figure 5. Strategic Planning and Operational Planning



Strategic planning is a systematic process through which an organisation sets priorities that are essential to its mission and responsive to its environment. Strategic planning guides the acquisition and allocation of resources to achieve these priorities. It involves articulating a vision, mission and values statement that determines the strategic direction of the organisation. It also guides the organisation in determining goals and objectives that describe how it intends to achieve its vision and fulfil its mission.

The process is strategic because it involves preparing a best-estimate response to the circumstances of the organisation's dynamic environment within which stakeholders operate. It involves planning for and taking decisions that will lead to long-term consequences for the organisation.

5.1 Stakeholder engagement in SAI strategic planning

For SAIs, strategic planning is also about building commitments. In this sense, key stakeholders need to be engaged in the process of deciding on priorities for which there is broad consensus on the way forward and buy-in for the implementation of the strategy.

Stakeholder involvement and communication are key to the successful development and implementation of the strategic plan. At this stage, it is necessary for the SAI to know what the external stakeholders expect from the SAI and in what kind of initiatives they would like to participate.

In order to consider or engage stakeholders during the strategic planning process, the SAI must consider, among others:

- i. **Needs assessment.** Conducting a needs assessment allows the SAI to determine the gaps by comparing the current situation of the SAI with the desired situation. Causes of the gaps will be identified and addressed in a strategy. At this step, important stakeholders such as the legislature, executive, judiciary, audited entities, media and citizens may be consulted to take into account their expectations (through consultations, surveys, interviews, questionnaires etc.). Chapter 3 has highlighted some of the key expectations of selected stakeholders.
- ii. **Articulation of the vision, mission and core values.** At this stage, the SAI also has to take into account what it wants to reaffirm and build on in its relationship with stakeholders, based on their expectations and the SAI's mandate and strategic direction.
- iii. **Setting of goals and strategic objectives.** At this stage, the SAI needs to develop goals and objectives that are to some extent linked to the SAI vision of stakeholder engagement. The goals and objectives should also reflect the added value that the SAI will create for its stakeholders. Based on the expected value, the stakeholders will realise that the SAI considers their input and they will be more willing to engage. SAIs could also consider involving key stakeholders in formulating the goals and objectives that are specific, measurable, accurate, realistic and time-bound.

The SAI's strategic plan is its main communication and marketing document with both internal and external stakeholders. The communication/marketing process of the SAI's strategic plan is important because it helps to do the following:

- Create ownership and buy-in of staff within the SAI
- Create awareness and good understanding about the content of the strategic plan
- Enhance the SAI's image and reputation
- Obtain support of external stakeholders
- Manage stakeholder expectations

The SAI could explore many channels to effectively disseminate the strategic plan to its stakeholders. Some of the means the SAI could use include, but are not limited to, the Web site, press releases, print media, social media, etc.

Printed copies of the strategic plan could also be sent to cooperating partners and other stakeholders supporting the SAI.

5.2 Stakeholder engagement in operational planning

The purpose of operational planning is to ensure that the strategic plan is implemented in a coordinated and effective manner. The strategic plan must therefore be converted into an annual operational plan with an annual budget to support it. The annual operational plan provides details about the projects, activity timelines, required resources, budget, specific deliverables, responsibilities and possible risks of each operating unit.

Stakeholders can be involved at either the development or the implementation stage of the operational plan.

Development of the operational plan. For this stage the SAI could engage key stakeholders well in advance, such as donors and other partners that could provide funding or technical support for specific activities or projects. In addition, the operational plan's activities or projects may affect the operations of key stakeholders, or they may not be completely under the SAI's control. This calls for the SAI to engage these stakeholders during the development of the annual operational plan so they can set and commit to priorities. Examples are engaging with CSOs in undertaking the audit, with the Public Accounts Committee in deliberating on the report and following up, with the judiciary in handling findings in relation to fraud and corruption, and with the executive in implementing SAI recommendations and sanctions (Court system).

Implementation of the operational plan. At the implementation stage of the operational plan, the SAI needs to consider the monitoring and evaluation of the projects or activities. The purpose of monitoring is to track continuously the progress of the different projects and activities against the plan. The evaluation aims to ascertain whether the projects or activities undertaken have produced the results expected and contained in the strategic plan. Monitoring and evaluation help the SAI to achieve better results, to determine the level of performance and to identify the lessons learned.

During monitoring and evaluation, the SAI could consider engaging the stakeholders by obtaining feedback and suggestions on the implementation of the projects or activities. This could be done via different tools such as questionnaires, surveys and meetings (forums, seminars, etc.).

In order for the SAI to engage effectively with stakeholders, SAI staff need specific skills and competencies. The analysis, identification and development of the identified skills and competencies should be done in both the strategic and the operational planning processes.

Table 4 below is an example of a competency framework that the SAI could use in identifying and developing competencies in effective engagement with stakeholders.

Table 4 Core competencies for SAI audit professionals in effective engagement with stakeholders	
Competency	Explanation
Demonstrates an understanding of stakeholders	Ability to identify key stakeholders and understand their needs, expectations and operations. These stakeholders include both internal stakeholders (SAI management, peers and team) and external stakeholders (legislature, executive, judiciary, audited entities, media, CSOs/citizens, professional and academic bodies, cooperating partners)
Communicates effectively with stakeholders	<ul style="list-style-type: none"> ▪ Ability to communicate effectively with stakeholders, both verbally and in writing ▪ Active listening skills and openness in communicating with stakeholders ▪ Ability to take into consideration the views of the stakeholder and engage constructively when circumstances require ▪ Ability to use different types of media tools, including general presentations and electronic and social media (use of audio-visual communication tools where applicable) in communicating with stakeholders ▪ Ability to cooperate with stakeholders and obtain their commitment to achieve common goals
Specific competencies for SAI audit professionals in engaging effectively with stakeholders for each audit stream and judgement process	
Financial Audit	
Specific Competency	Explanation
Communicates with stakeholders throughout the financial audit process	<ul style="list-style-type: none"> ▪ Ability to identify key stakeholders in the financial audit process and communicate effectively, both verbally and in writing, throughout the audit process ▪ Ability to engage in two-way communication to obtain information required in assessing the risks of material misstatements, gathering audit evidence to support the audit opinion, and conveying the audit matters to the management and those charged with governance ▪ Ability to maintain a professional relationship with the audited entity
Identifies the stakeholder charged with governance and communicates financial audit results appropriately	<ul style="list-style-type: none"> ▪ Ability to identify the stakeholders charged with governance for the purpose of communicating audit matters before, during and after the audit

	<ul style="list-style-type: none"> ▪ Ability to explain and communicate the audit opinion, and any key corrective actions required, to the stakeholders charged with governance ▪ Ability to identify to whom, and how, matters related to fraud should be communicated
Follows up on systemic recommendations with stakeholders	Ability to follow up with responsible stakeholders on recommendations made through management letters or included under key audit matters for improving entity system
Compliance Audit	
Specific Competency	Explanation
Communicates with stakeholders throughout the compliance audit	Ability to identify key stakeholders in the compliance audit and to communicate effectively, both verbally and in writing, throughout the audit process
Communicates audit results in accordance with the mandate of the SAI	<ul style="list-style-type: none"> ▪ Ability to communicate audit results in light of audit objectives and in keeping with prescribed formats and communication processes ▪ Ability to report findings of fraud and corruption to relevant stakeholders in accordance with ISSAI requirements
Follows up on compliance audit results with stakeholders	<ul style="list-style-type: none"> ▪ Ability to monitor the implementation of compliance audit observations ▪ Ability to develop and implement a plan for following up on audit results with responsible stakeholders
Performance Audit	
Specific Competency	Explanation
Engages stakeholders in selecting performance audit topics and portfolio based on criteria that are significant and auditable	Ability to select a portfolio of performance audit topics based on a set of criteria to include significant, relevant and auditable topics that will add value for the users of the report
Communicates with stakeholders throughout the performance audit process	<ul style="list-style-type: none"> ▪ Ability to identify key stakeholders in the performance audit process and to communicate effectively, both verbally and in writing, throughout the audit process ▪ Ability to engage in two-way communication with a wide variety of stakeholders to gather evidence for arriving at balanced conclusions and useful recommendations

	<ul style="list-style-type: none"> ▪ Ability to identify to whom, and how, matters related to fraud should be communicated
Writes and communicates audit results in accordance with the mandate of the SAI	<ul style="list-style-type: none"> ▪ Ability to write an audit report that is comprehensive, convincing, timely, reader-friendly and balanced for easier understanding by key stakeholders, taking special care when writing the recommendations ▪ Ability to communicate audit results in light of audit objectives and in keeping with prescribed formats and communication process
Follows up on performance audit recommendations with stakeholders	<ul style="list-style-type: none"> ▪ Ability to monitor the implementation of performance audit recommendations with stakeholders ▪ Ability to develop and implement a plan for following up on audit results with responsible stakeholders
Judgement Process (only applicable to SAIs in Court model with jurisdictional function)	
Specific Competency	Explanation
Communicates with stakeholders in exercising jurisdictional power to give judgements and sanctions	<ul style="list-style-type: none"> ▪ Ability to identify key stakeholders in the judgement process and communicate effectively, both verbally and in writing, throughout the judgement process ▪ Ability to comply with the basic communication principles of the rule of law of the country while enforcing judgment ▪ Ability to engage in two-way communication with key stakeholders to ensure the application of judgement and sanctions

Chapter 6 Key Factors in Engaging with Stakeholders

6.0 SAI readiness to engage

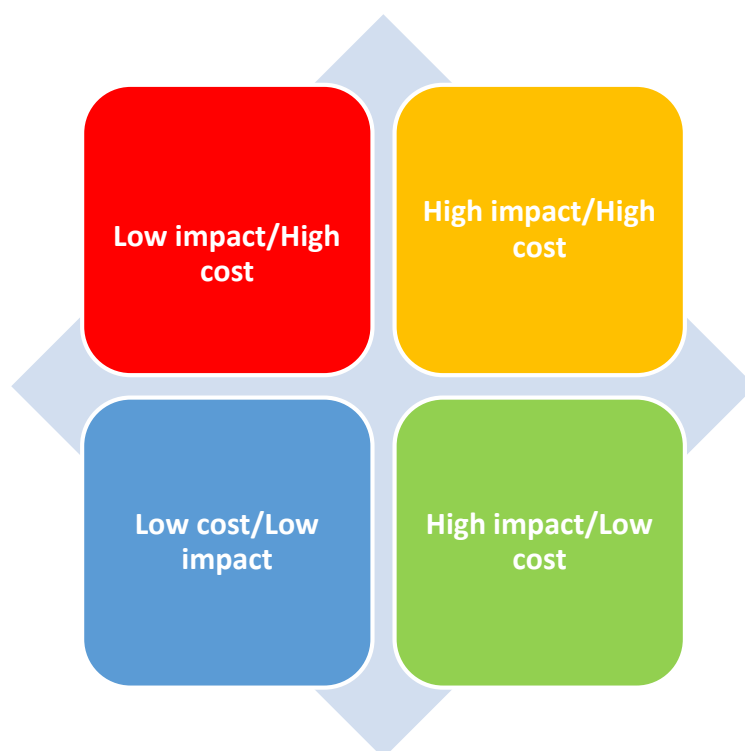
Adequate planning and clear objectives are fundamental to success when engaging with stakeholders. SAIs need to assess the cost of the engagement in relation to the potential impact on outcomes.

The most direct and immediate cost in the implementation of engagement mechanisms is the staff involved.¹¹ In addition, mechanisms of stakeholder engagement will involve costs related to record keeping and processing of information. In order for stakeholder engagements to be effective, SAIs are required to establish mechanisms for follow-up on audit findings and recommendations. The development of the monitoring and evaluation frameworks to assess the impact of stakeholder engagement is a huge cost activity for SAIs.

In most instances, stakeholders do not all respond in the same manner to the SAI's engagement interventions. It is important to assess the relationship between cost and the achievement of desired outcomes as part of the planning process in engaging with stakeholders.

The figure 4 below provides a graphic presentation of various outcomes in terms of the impact and cost of stakeholder engagement.

The most desirable situation is stakeholder engagement that yields high impact in the achievement of predetermined outcomes with lower associated cost.



¹¹ Effective Institutions Platform: Supreme Audit Institutions and Stakeholder Engagement Practices. A stock-taking Report, September 2014.

Low impact and high cost (LI/HC) This type of stakeholder engagement requires a change of strategy. This can be done by means of a detailed analysis of the root causes of non-improvement, including a review of the quality of key audit messages the SAI is sharing with the stakeholder. Another important area to focus on is the review of communication channels currently being used to carry the SAI's message and insights.

High impact and high cost (HI/HC) This type of stakeholder engagement is generally not sustainable. SAIs need to conduct an analysis of the root causes for the high costs associated with such engagements and devise innovative and cost-effective mechanisms to sustain the impact on the achievement of outcomes.

High impact and low cost (HI/LC). This type of stakeholder engagement represents the most desirable situation for the SAIs to achieve. Such engagement requires a minimal investment of time, effort and financial resources to carry out and yield the greatest results in terms of achieving the desired outcomes.

Low impact and low cost (LI/LC) This type of stakeholder engagement needs to be robust in order to achieve the desired impact. Such an engagement generally represents “low-hanging fruit” for the SAI to influence stakeholders to implement the audit recommendations aimed at improving audit outcomes.

Below is an example of a table the SAI could use in carrying out the cost/benefit analysis of stakeholder relationships.

Stakeholder	LI/HC	HI/HC	HI/LC	LC/LI
Legislative authority			X	
Executive authorities			X	
Judiciary				X
Citizens/civil society organizations (CSOs)				X
Media			X	
Professional/academic bodies		X		
Cooperating partners/donors			X	

Traditionally, the linkage between the SAI and the **legislative authority** (parliament) is through the public accounts committee (PAC). In cases where the PAC is well organized and has full technical capacity to analyse SAI audit reports and hold those charged with leadership and oversight in the public sector to account, the engagement between the SAI and the PAC is one of high impact and low cost.

However, the effectiveness of the PAC to achieve high impact in enforcing corrective measures depends on the context and is not the same across all SAIs. For example, SAIs which have strained relations with parliaments may actively seek to engage with civil society organisations or other institutions in order to strengthen their position.¹² On the other hand, SAIs that enjoy strong relations with parliaments are better positioned to more effectively influence a social demand for accountability and transparency. SAIs are encouraged to build strong mutual relationships with parliaments in order to increase the reach of the public oversight carried out.

The case study in Box 1 below illustrates SAI South Africa's experience of working with the PAC.

Box 1: SAI South Africa's capacity-building support to the PAC

The engagement between the SAI of South Africa and the PAC in the National Assembly results in high impact in enforcing corrective actions with low cost. However, it is important to indicate that during the initial stages of the relationship building and engagement, SAI South Africa invested a lot of effort, time and human resources in building the technical capacity of the PAC to analyse audit reports, contextualise audit findings and scrutinize performance of those charged with leadership and oversight in the public sector.

Over a period of time, the cost of investing in the effectiveness of the PAC has yielded value-adding results, as the PAC is able to enforce corrective measures that reinforce accountability, probity and discipline in the stewardship of public funds.

In the same vein, SAIs' engagement with the **executive authorities** can deliver high impact at lower cost. However, a number of enabling factors in the quality of the SAI's engagement with the executive authority require some attention, in particular the executive's political will. Similarly, it must be noted that the extent to which these engagements deliver impactful results at minimal cost can vary with individual members of the executive authority on the one hand and members of SAI on the other hand.

¹² Effective Institutions Platform: Supreme Audit Institutions and Stakeholder Engagement Practices. A stocktaking Report, September 2014.

Political will is one of the enabling factors in the effectiveness of the executive authorities to influence accountability in the respective portfolios they oversee.

The case study in Box 2 below illustrates how SAI South Africa was able to drive improvements in accountability through working closely with the executive authorities.

Box 2 SAI South Africa's quarterly key controls engagements with the executive authorities

A few years ago, SAI South embarked on a journey to empower the executive authorities and those charged with governance and leadership in the public sector through sharing of key audit insights on a quarterly basis.

These engagements were premised on improvements or lack thereof in internal key control environments. Through these engagements, executive authorities were empowered with knowledge of and insight into what they could do to effect positive change in their internal control environment. The end results were that executive authorities were able to own successes in performance and financial management within their portfolios. They embraced the power of knowledge through regular interactions with the SAI, and saw how this knowledge drives beneficial outcomes in the overall audit results for their portfolios. Through this process, executive authorities were able to commit to crucial actions required to turn things around.

The net effect of this concerted effort by SAI South Africa has been the gradual improvement in the overall audit outcomes over a period of time in the public sector.

The interaction between the **media** and the SAI results in the achievement of desired outcomes at minimal cost.

The case study in Box 3 below is an example from Costa Rica of how the SAI can improve its interactions with the media, thus making the media its strategic partner, encompassing the public engagement and accountability measures implemented by the SAI and significantly strengthening them.

Box 3 Costa Rica's SAI media communication unit

The press and communication unit of Costa Rica's Comptroller General is the formal liaison between the SAI and the media, and it develops an active communication policy.

Audit reports and newsletters containing the CGR's most relevant activities are delivered to journalists working in newspaper, radio, television, digital television, and weekly journals; media directors; press agencies; and regional media. Above all, the press office of the audited body is informed first-hand of what information has been given to the press, in order to prevent any misunderstanding about audit results. Press officials of state institutions and Parliament also are informed before the media publishes the documents. Although the media can be a key to bolstering the effectiveness of SAI reports, the CGR also disseminates its findings to directly reach other relevant stakeholders, such as civil society organizations, universities, survey firms, political consultants and experts, organizations related to public administration, and professional associations, among others.

The CGR uses different communication and information products beyond newsletters and reports. These include summaries of audit findings in everyday language, along with pictures, graphics, audio (summary recorded by a responsible party of the internal unit that prepared the report), and videos (public statement recorded by the unit that issued the information).

Furthermore, most SAIs have institutionalized the role of the stakeholder liaison officers and/or media liaison officers within the SAI's organizational structure. Among other things, this person is responsible for setting up press conferences with the head of SAI to share audit reports and disseminate findings. In addition, the head of SAI conducts media interviews in different radio stations and televisions to share key insights and messages after the release of audit reports.

The checklist below illustrates some of the key questions that the SAI needs to address in engaging with the media.

- How do we perceive media in our country?
- How is the SAI described in the media?
- How well known is the SAI among the different stakeholders?
- What are the primary target groups to reach through media?
- Do we have an overview of all relevant media in the country?
- What methods/activities can we use to communicate with and through media? If we are using any methods, are we using them efficiently?
- What sort of information are the media most interested in?
- Are there any annual or other frequent occasions where media activities could or should be planned?
- Do we have clear internal responsibilities and routines regarding media contacts?
- What is the desired outcome of working on media relations? What actions need to be taken to get there?

It is important to recognise that, in some cases, interactions between the media and the SAI can be regarded as low impact and low cost interactions. This is largely because of unique environmental factors and contexts that differ from one SAI to the other.

To this end, SAIs are encouraged to pursue creative ways of influencing the media to be their strategic partners in promoting accountability and building public confidence through sound reporting and high-quality audit messages.

The SAI's interaction with the **judiciary** is limited to fulfilling certain functions, for example filing claims on behalf of the SAI regarding the discovery of illicit activity, fraud and corruption.

It is important to note that SAIs and the judiciary can cooperate to strengthen public accountability systems. This form of engagement can be even more effective in SAIs in a Court system model where the SAI has a close working relationship with the judiciary.

The case study below on SAI Paraguay (as contained in the World Bank e-guide¹³) demonstrates this point.

Box 4 Paraguay's Civic Inspectors for Integrity initiative

Civic Inspectors for Integrity is an initiative that was launched in 2007 to promote commitment of citizens in the public administration's transparency processes by creating the position of "civic inspector", a participation mechanism to exercise social control in the use of public resources. The civic inspector acts as a link between the comptroller general of the republic (CGR) of Paraguay, the attorney general, and the judiciary to follow up on the files of crimes against the state's patrimony. The initiative also contributes to dissemination of the results of corruption cases.

This program was led by the CEAMSO, a local NGO, which took responsibility for making a public call to citizens who wished to become civic inspectors, and it developed training material on monitoring techniques. The CGR's Department of Citizen Control was in charge of coordinating the civic inspectors' activities with the CSOs. This entailed following up on corruption cases awaiting adjudication that had been turned over to the attorney general by the CGR and that had been investigated. In this sense, the CGR articulated actions with the attorney general and the judiciary with a view to promoting civic engagement in watching the process, making it more transparent, and guaranteeing public access to the information related to how corruption reports are handled.

Despite pursuing different goals and deploying diverse strategies, **civil society organizations** (CSOs) can increase the level of impact they have in public accountability chain by leveraging their capacity and partner with SAIs.

Strengths¹⁴ of CSOs in support of citizens' participation and promotion of public accountability systems are described below.

A solid track record of activities and community engagement enables CSOs to be trusted by a wide range of stakeholders, including government, and therefore offers opportunities to bridge gaps between opposing groups.

CSOs frequently have specific expertise in facilitation and mediation, and thus offer an effective forum for dialogue and debate.

For government entities that are committed to transparency and democratic processes, close cooperation with CSOs offers effective mechanisms for demonstrating this commitment.

CSOs also offer mechanisms to governments for tapping into additional resources, particularly in terms of expertise and local "know-how".

¹³ <http://www.e-participatoryaudit.org/module-01/other-relevant-stakeholders-03.php>

¹⁴ Forrester, Simon & Sunar, Irem (2011): CSOs and Citizen's Participation, Technical Assistance for Civil Society Organizations-TASCO, Sarajevo.

CSOS can assist in reaching out to more remote stakeholders.

Although the level of interaction with CSOs varies from one SAI to another, it is important to recognise that SAIs can leverage the power of CSOs to promote accountability and citizen participation on matters of public financial management. Therefore, CSOs represent an untapped potential to strengthen the SAI's impact on society. SAIs are encouraged to use mechanisms that work for them in this case.

6.1 Planning the engagement

After an assessment of the maturity of their engagement with stakeholders, SAIs need to conduct proper planning for stakeholder engagements in order to maintain continuous cooperation and cordial relations with all stakeholders. Figure 6 below depicts key stages of the planning process.

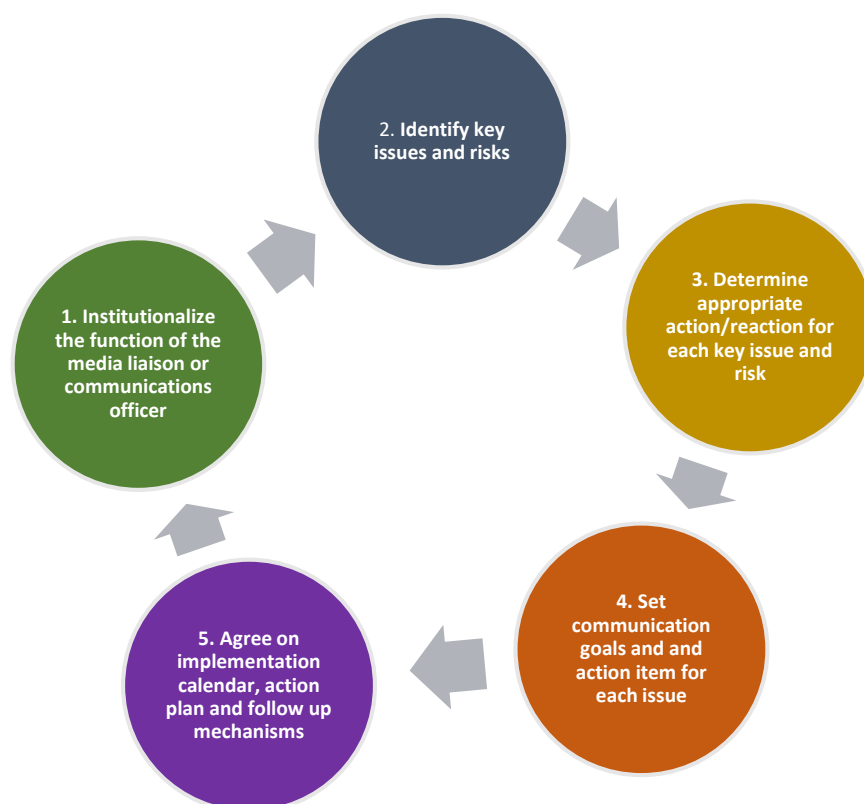


Figure 6

STEP 1. Institutionalize the function of the stakeholder liaison officer

The stakeholder liaison officer's function within the SAI is an important function that enables the SAI to be constantly in touch with stakeholders. Stakeholder liaison officers do the following:

- Facilitate value-adding management of the stakeholder relationship
- Perform an advisory role to the SAI leadership on all external stakeholder matters
- Proactively identify and manage stakeholder-related risks within oversight structures and the SAI, to create a conducive environment for impactful engagements
- Proactively gather stakeholder intelligence on issues that can impact on the SAI's reputation and products

STEP 2. Identify the key issues and risks related to the respective stakeholder

SAIs should strive to ensure clarity in the key messages that they are bringing to the stakeholders. SAIs should demonstrate a robust understanding of the broader business risks of the auditee.

STEP 3. Determine appropriate action/reaction for each key issue and risk

SAIs should strive to anticipate the likely action and reaction for each key issue and risk in their key messages.

STEP 4. Set communication goals and action plans for each issue

Determine the time allocated and the volume of information to be discussed. This will assist in determining the extent of detail to be included in the documentation.

Always ensure that there is sufficient time to allow the stakeholder to give input and/or ask questions seeking clarity during the engagement.

STEP 5. Agree on an implementation calendar, action plan and follow-up mechanisms

In closing, confirm the essence of the discussion and highlight action items or commitments made by the stakeholder. An action plan should consist of the following key elements:

- **WHO (accountability)** – indication of the person accountable for resolving the key issue or risk
- **HOW (process/action)** – description of the process and action to be undertaken to resolve the key issue and risk
- **WHAT (aim/goal)** – specification of relevant time frames to implement the action in order to achieve specified goals and aims
- **BY WHEN (time frame)** – indication of relevant time frames to implement the action in order to achieve specified goals and aims. Preferably, the identified key issue and/or risk should be resolved before the next audit cycle begins.

6.2 Proactive rather than reactive approach

Through their traditional role in external oversight of government accounts, SAIs are a critical link in a country's accountability chain. There is an untapped potential in the role of SAIs to

engage with stakeholders beyond the obvious interest groups. These potential stakeholders include media, civil society organizations and professional bodies, among others.

For obvious reasons, SAIs are cautious about engaging outside their natural sphere of interest where the roles, responsibilities and mandate are clear to everyone. This could lead to a passive approach toward stakeholders that could potentially support the SAI in reaching out with valuable information to the ordinary citizens. In the worst-case scenario the SAIs becomes reactive, acting and engaging only when something negative happens, putting substantial resources into mitigating negative press and rumours, or publishing key findings and newsworthy information too late.

With a proactive approach, rumours and some negative press can be avoided. A good starting point is to create an understanding of the mandate and limits of the SAI while recognizing the professional needs of the media, in particular. SAIs need to have professional functions, with policies and procedures in place, that deal with media and other external stakeholders. SAI staff that are to engage with media and other stakeholders need to be trained to deliver key messages to small and large groups in public, in front of cameras, and with microphones. In this regard the competence framework for SAI engagement with stakeholders, as developed in Chapter 4, could be used.

Today every organization is a potential publisher of information and news. By using the SAI Web site or any other social media platform, the SAI can proceed by publishing key findings and messages as well as any mistakes and misunderstandings.

SAIs are encouraged to take proactive steps in identifying such cost-effective platforms to engage with new emerging stakeholders, without compromising their constitutional independence.

It is important that SAIs have an understanding of the risks associated with stakeholders' and platforms. References to identifying and analysing potential stakeholders will be found in Chapter 6.

6.3 Analyse and control the expectations of stakeholders

Before a meaningful and effective collaboration between the SAI and stakeholders can be formed, both parties must have realistic expectations of each other. It is important that SAI communication with stakeholders be pitched at the appropriate level and contribute to the enhanced understanding of the SAI's work. To this end, it is important that the SAI designate the responsible person for the relationship.¹⁵

Table 5 below illustrates how stakeholder expectations can be mapped out by the SAI.

¹⁵ The responsible person may not always interact with the stakeholder but may rely on a designated representative or more than one representative to conduct the interactions. In such a case, the representative will be obliged to provide timely and proper feedback to the stakeholder owner.

Table 5

Stakeholder	Main expectations and/or nature of relationship	Responsible person	Tips on how to control expectations
Legislative (oversight authorities)	Capacity-building support for easy understanding of SAI mandate and products		<ul style="list-style-type: none"> Produce high-quality audit reports that convey key insights and recommendations in a simple and impactful manner Incorporate into audit reports mechanisms for follow-up on audit findings
Media	<ul style="list-style-type: none"> Reliance on impartial, correctly analysed and objective reports on audit results Timely access to key personnel and audit reports Summaries of key messages already packaged for different media platforms 		<ul style="list-style-type: none"> Produce high-quality audit reports that convey key insights and audit messages in simple and understandable language Make audit reports widely available on a timely basis to raise awareness about public oversight Publish reports through both traditional as well as digital¹⁶ channels (e.g. use of mobile apps to share and disseminate information in real time) Institutionalize the role of the communication function within the organizational structure of the SAI
Executive authorities	Execution of quality audits		Produce high-quality audit reports with specific and time-bound key recommendations on compliance with laws and regulations and financial management prescripts in the public sector
Civil Society Organizations (CSOs)	Impartiality, objectivity and completeness in the investigation of irregularities		<ul style="list-style-type: none"> Produce high-quality audit reports that convey key insights and recommendations in a simple language that is easy to understand

¹⁶ For example, SAI South Africa has launched a mobile phone app that contains up to date information about audit reports and findings. Every citizen and member of media can download this mobile phone app to get audit results as soon as they are published.

	in the work of government and public institutions	<ul style="list-style-type: none"> ▪ Make audit reports widely and available on a timely basis to raise awareness about public oversight ▪ Publish reports through both traditional and digital channels ▪ Adapt instruments for knowledge sharing to reach younger generation in order create awareness about the importance of government audit and audit findings among the population (e.g. the use of Twitter¹⁷ as an instrument to engage and disseminate information)
Professional/academic bodies	Share insights and key audit messages relating to the stewardship of public funds and implementation of government policies	Produce high-quality audit reports that clearly outline the importance of accountability, efficiency and effectiveness in public spending
Cooperating partners/donors	Perform audits that help in strengthening the systems of accountability for public resources	Produce high-quality audit reports that clearly indicate SAI participation in the auditing of donor-funded programmes and/or projects, where applicable. This will facilitate knowledge sharing and best practices between the SAI and cooperating partners/donor community

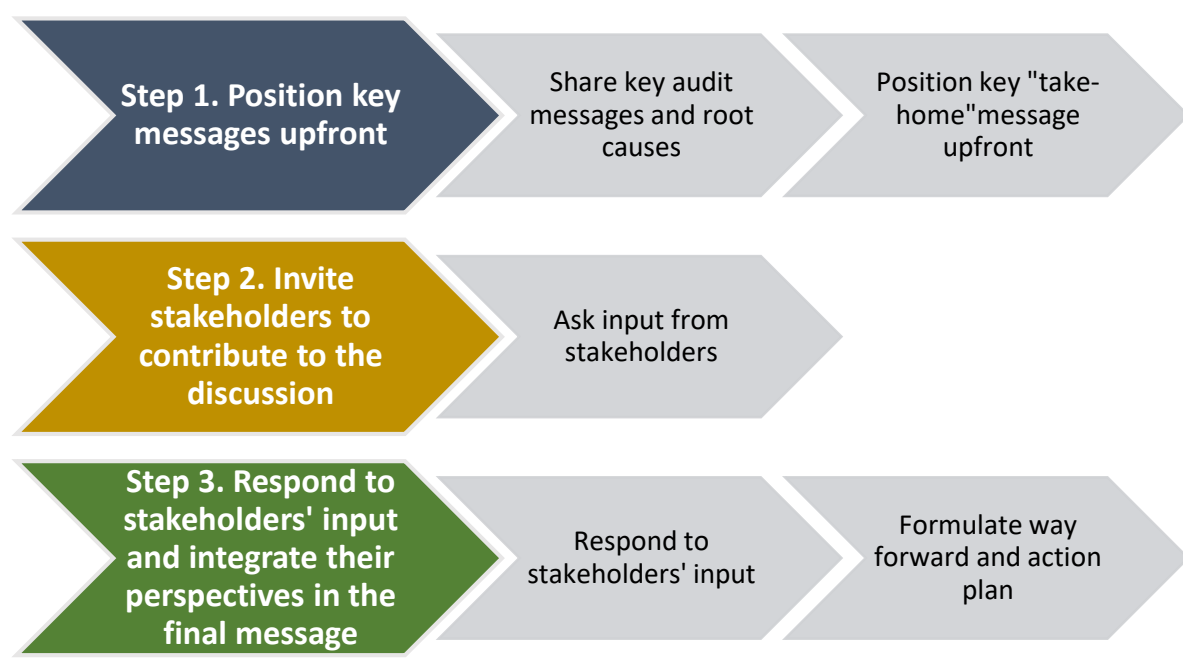
¹⁷ For example, Netherlands Court of Audit (NCA) uses crowd sourcing to gather knowledge and insights from citizens through forums such as LinkedIn. NCA also uses Twitter to announce new NCA reports, to direct users to their Web site, and to make NCA followers aware of parliamentary debates about its reports. Source: Effective Institutions Platform: Supreme Audit Institutions and Stakeholder Engagement Practices. A stocktaking report, September 2014.

6.4 Adopt a participatory type of engagement (understanding the power of information)

SAIs need to demonstrate capacity and potential to listen to the views and perspectives of different stakeholders about the key audit messages and insights. In order to ensure that stakeholders are empowered to participate meaningfully in the engagement, SAIs are encouraged to adopt a participatory style of engagement as opposed to a one-way information-sharing type of engagement.

The key steps in participation are outlined in Figure 6 below.

Figure 6






Chapter 7 How to Develop Strategies for Stakeholder Engagement

7.0 Introduction

This chapter highlights the major steps a SAI needs to undertake in developing a strategy for engaging with stakeholders. Before developing an engagement strategy, the SAI must first understand what stakeholder engagement means (this has been dealt with in the previous sessions). Engaging stakeholders requires a shift in the SAI's mindset, and a change from treating stakeholders' issues as outside concerns that need to be managed to seeing them as serious topics that merit dialogue. The implication is that if properly embraced, stakeholder perspectives should inform the SAI's strategy and operations. The level of knowledge about stakeholder engagement may vary among key staff within the SAI, and hence the need to develop strategies that could help SAI staff in launching engagement **activities**.

7.1 Why Develop Strategies to engage with stakeholders

Developing a strategy to engage with stakeholders enables the SAI to do the following:

-  Measure the value of investing in engagement.
-  Focus on where stakeholder engagement can have the biggest impact on its operations
-  Address the challenges and risks of engagement

7.2 Key considerations in developing a stakeholder engagement strategy

Objective or the reason for the strategy

The SAI needs first to conduct an analysis as to why the strategy need to be developed and what objectives will be addressed through the strategy.

Who can develop a stakeholder engagement strategy

If the SAI has adequate capacity, it can decide to use its own staff to develop the stakeholder engagement strategy. A SAI may also ask for external support in helping it conduct the assessment of its environment and develop the strategy.

Whatever approach the SAI selects, it is recommended that the strategy be developed by a team and not by a single person. Forming a competent and credible team is the first step. The team should consist of staff trained or experienced in stakeholder engagement. Team members must also have managerial backgrounds so that they have a good organisational

overview and the necessary influence on the subsequent implementation of the stakeholder strategies.

Participatory approach. A broad-based consultative process is recommended for developing the strategies. A cross-section of staff from different levels and different areas of the SAI should be consulted in this process, and their views should be taken into account. External stakeholders' views and needs should also be taken into account. Involvement ranges from providing information or opinions to having an integral part in making decisions on needs and priorities.

Top and senior management support. The success of stakeholder engagement is highly dependent on the level of commitment at high levels in the SAI. Management should insist on knowing the situation and the needs as they are. Management should also ensure that the team has the required resources to develop and implement the strategies.

Timeframe

The SAI needs to be clear on the timeframe required for the development of the strategy and its implementation to achieve the desired or set objective.

7.3 How to develop the stakeholder engagement strategy

Below are various steps the SAI could undertake in developing the strategy:

- Understand the SAI environment
- Undertake mapping of stakeholders and analysis of their expectations
- Undertake a diagnosis of the SAI communication process
- Decide on the strategy to use in engaging with each stakeholder
- Develop a communication plan for each stakeholder
- Write the strategy report and have it approved by the SAI top management
- Operationalise the strategy
- Monitor and measure impact

The purpose of developing the strategy is for the SAI to move from the current state to the desired state of stakeholder engagement. Figure 7 below illustrates this.

Figure 7



7.2.1 Planning the strategy development process

Like any other project, developing a stakeholder engagement strategy would require resources: financial resources, infrastructure, time, people, etc. It is recommended that before starting to develop the strategy, the SAI team have an action plan in place to guide the development process. The action plan enables the team to get ready. It gives structure to the process and helps in gathering the required resources and clarifying the expectations, roles and responsibilities of the different players.

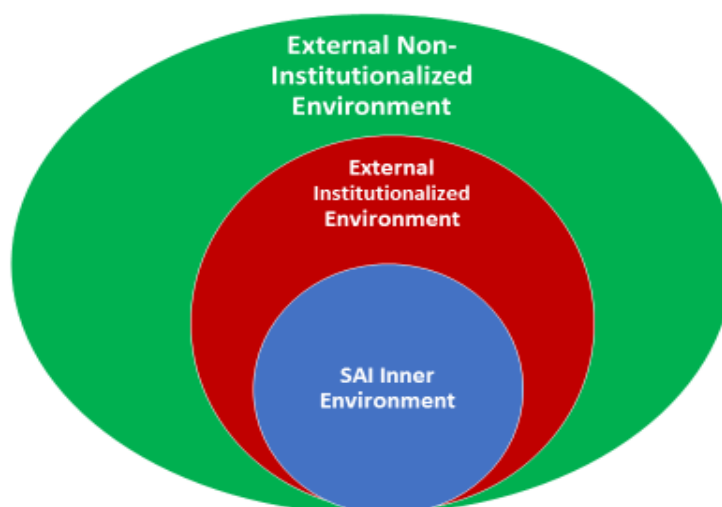
7.2.2 Understanding the SAI environment

The need to engage with stakeholders beyond the relationships established by legislation or powers assigned to the SAI has not, for different reasons, been a priority for SAIs. This has led to poor dissemination of key audit findings and results. There is room for improvement of skills and experiences in how to correctly identify and analyse positive key drivers outside SAIs that can yield fruit for both parties.

This ability to understand the environment, to identify and recognise the stakeholder interested in the activities and performance of the SAI, is a more recent trend. Figure 8 below shows the environments where the SAI operates in relation to different stakeholder groups.

Figure 8

Dimensions of SAI's environment



SAI inner environment represents the environment within the SAI itself. This environment contains the internal stakeholders of the SAI which may include: SAI audit staff, SAI administrative staff and SAI management. Unions could also be part of the internal environment of the SAI. The identification of the component of the internal environment depends on how differently these stakeholders are contributing to SAI's outputs and how differently the SAI needs to deal and engage with them.

SAI external institutionalized environment includes the stakeholders with whom the SAI has no choice but to engage with them due to its legal framework, to signed agreements, etc. The relationship with these stakeholders is established with clear rules. These stakeholders may include: Audited entities, Legislators, Government ministries, Cooperation partners, Donors, Judicial bodies, Prosecutor's office, Ombudsman offices, and Executive authorities.

SAI external non institutionalized environment could include multiple non-traditional actors with whom the SAI may have never been linked to in the past. The SAI has the choice to engage with these actors. Examples of these stakeholders are the media, professional associations, embassies institutions of Foreign Service, non-governmental organizations, civil society organizations etc. The SAI could decide to engage with these stakeholders if the SAI expects to benefit from the engagement.

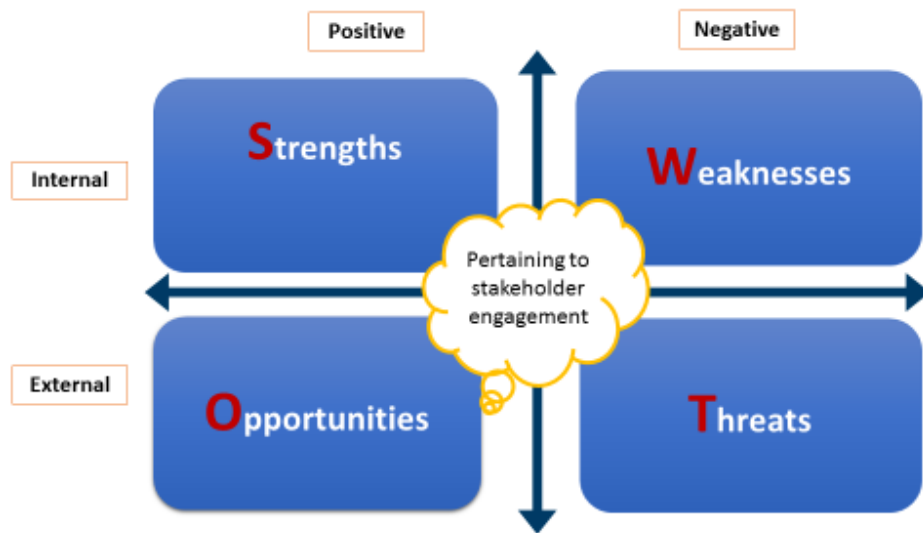
It is important that after listing all the stakeholders with whom the SAI is currently engaging with, these stakeholders are classified as per the dimensions of the environment. The SAI should after that check to what extent it would be possible to engage with relevant new stakeholders belonging to its external non environment.

In understanding the SAI environment, the SWOT analysis could be used as a tool to assess the SAI's position in relation to each stakeholder. Below is a detailed analysis of how the SAI could use this tool.

Use of SWOT analysis for understanding SAI's environment

Another step in understanding the SAI environment, is to conduct a SWOT analysis. A SWOT analysis is a tool to assess the SAI standing in relation to its engagement with the stakeholders. As depicted in the figure below, the SWOT analysis can help the SAI to identify its strengths, weaknesses, opportunities and threats in engaging with stakeholders.

SWOT analysis model



4

While strengths and opportunities are positive, weaknesses and threats are negative. And while strengths and weaknesses are internal to the SAI, opportunities and threats are external.

To identify the strengths, the following questions could be asked:

- What are our advantages?
- What do we do well?
- What relevant resources we have?
- What do others see as our strengths?

Examples of strengths:

- SAI new leadership is enthusiastic to strengthen SAI stakeholder engagement
- The SAI has the financial capacity to engage a communication officer
- The SAI has a website that could be used to interact with stakeholders

To identify the weaknesses, the following questions could be asked:

- What do we do badly?
- What could we improve?
- What should we avoid?
- What do others see as our weaknesses?

Examples of weaknesses:

- SAI reports are too long and difficult to be understood by the citizens
- Inadequate organizational structure in stakeholder engagement (No press unit / no Public Relation Office)
- Complaints from stakeholders are not taken into consideration in selecting audit topics
- SAI staff lacks awareness about the benefits of stakeholder engagement

To identify the opportunities, the following question could be asked:

- What are the positive trends in our environment?

Examples of opportunities:

- Great demand and use of SAI products by the academic and professional bodies
- Existence of CSO organizations dealing with transparency and accountability
- Lack of competition in the audit market
- There is an IDI program aiming at supporting SAIs in strengthening SAI stakeholder engagement

To identify the threats, the following question could be asked:

- What are the negative trends in our environment?

Examples of threats

- Lack of independence of the SAI
- Political influence on the work of the SAI
- Lack of willingness from the executive to implement SAIs recommendations

In order to have a good understanding of the strengths, weaknesses, opportunities and threats pertaining to its engagement with its stakeholders, the SAI could conduct 2 focus groups, one

with internal stakeholders and another with selected external stakeholders. The SAI would then be able to describe how it sees itself and how the SAI is seen in the eyes of its stakeholders.

Once the SWOT analysis is completed, the SAI needs to answer the following essential questions:

- Does the SAI have internal strengths or core capabilities to create a more effective stakeholder management engagement strategy?
- What weaknesses in stakeholder management and engagement does the SAI need to address?
- What opportunities does the SAI have in relation to stakeholder management and engagement?
- Which threats does the SAI need to be aware of in relation to stakeholder management and engagement?
- What measures should the SAI put in place to address weaknesses in relation to stakeholder management and engagement?

Table 6 below shows an example of how the tool could be applied with specific reference to one key stakeholder: the legislature.

Table 6

LEGISLATIVE			
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> ▪ A legal framework that encourages and determines the relationship between the SAI and the stakeholder ▪ Clearly established rules of the relationship and awareness of both parties about the mutual expectations ▪ Technical strength of the SAI ▪ SAI independence 	<ul style="list-style-type: none"> ▪ Demands for information and control action and a speed of response that the SAI is not satisfied with ▪ Inadequate resources available in the SAI ▪ Weak coordination between parties in the SAI 	<ul style="list-style-type: none"> ▪ Deep awareness of SAI staff about the importance and necessity of strengthening the accountability of its work through stakeholders such as the legislature ▪ More interest shown by stakeholders in SAI work ▪ Greater and better knowledge of SAI about its role with legislature 	<ul style="list-style-type: none"> ▪ Lack of political will by the legislature in considering the products of the SAI ▪ Weakening of public institutions in general (including internal audit of institutions)

Once the SAI has analysed its environment and identified the various stakeholders, it needs to undertake a classification of its stakeholders for the purpose of understanding their expectations and needs.

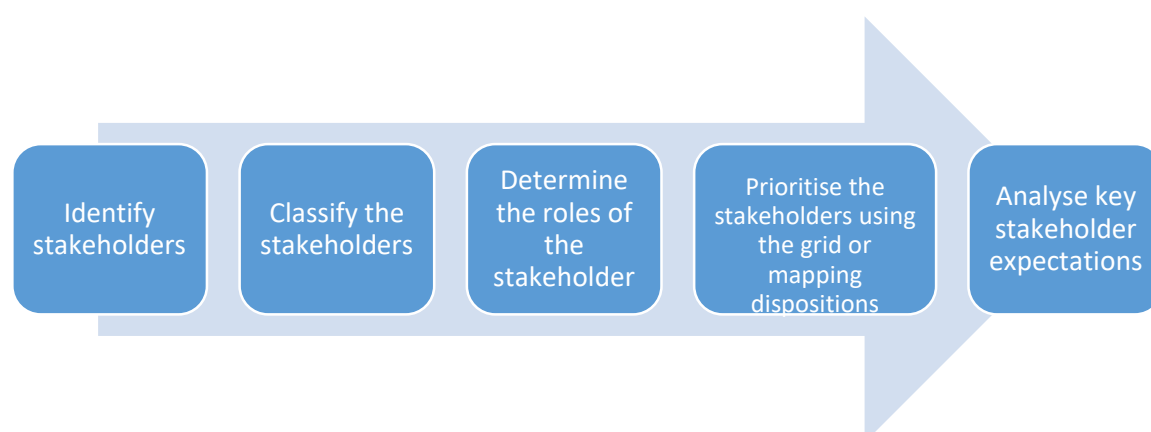
7.2.3 Undertake a mapping of stakeholders and analysis of their expectations

This section of the chapter introduces and describes the five-step approach to conducting a stakeholder mapping and an analysis of stakeholder expectations. The first step is identifying who the SAI stakeholders are. The next step is to classify the stakeholders. The third step is to determine the roles of each stakeholder. The fourth step is the mapping of the stakeholders to establish their power, influence and interest so that the SAI knows how stakeholders should be prioritised for engagement.

Once the SAI has mapped out the key stakeholders, the last step is to identify key expected outcomes of the SAI based on stakeholder's expectations.

The steps are illustrated in Figure 10 below.

Figure 10



i. Identify stakeholders

The first step in mapping stakeholders and analysing their expectations is to identify them. In order to accomplish this, the SAI needs to understand what a stakeholder is. Stakeholders can be individuals working on a project, groups of people or organizations, or even segments of a population. A stakeholder may be actively involved in the SAI's work, affected by the SAI's outcomes, or in a position to affect the SAI's success. Stakeholders can be an internal part of a SAI reform project, or external, such as parliament, the judiciary, civil society groups, development partners and audited entities, among others.

Depending on the complexity and scope of SAI reform, there may be very few or extremely large numbers of stakeholders. A proposed SAI reform may involve a large part of the community and may include all members of the community as stakeholders. In determining what a stakeholder is, it is important that the SAI consider anyone who may fall into any of

these categories. As we move on toward stakeholder identification, we must analyse the SAI reform landscape and determine what individuals or groups can influence and affect the SAI's reform or be affected by its performance and outcomes.

It is important to understand that not all stakeholders will have the same influence or effect on the reform of SAI/stakeholder engagement, nor will they be affected in the same manner. There are many ways to identify stakeholders for a reform initiative; however, it should be done in a methodical and logical way to ensure that stakeholders are not easily omitted. This may be done by looking at stakeholders organizationally, geographically, or by involvement in the proposed change or outcomes.

Another way of determining who the stakeholders are is to identify those directly impacted by the SAI products and those who may be indirectly affected. Directly affected stakeholders will usually have greater influence and impact on any SAI product than those indirectly affected.

An outcome of identifying stakeholders should be a stakeholder register. This is where the stakeholder strategy development team captures the names, contact information, titles, organizations, and other pertinent information of all stakeholders. This is a necessary tool of stakeholder management and will provide significant value for the stakeholder strategy development team to communicate with stakeholders in an organized manner.

Stakeholders could be both internal—individuals or groups of individuals within the SAI—and external, groups of people or institutions outside the SAI. It is important to consider whether a stakeholder group is homogenous or whether it should be further divided into different groups. For example, parliament can be split according to ruling and opposition parties, with different interests and powers in relation to SAI reform. Similarly, SAI staff could be split into those with professional qualifications, who may benefit from a reform such as professionalization of the SAI, and those without qualifications.

The **stakeholder strategy development team** can use a brainstorming exercise to identify the stakeholders. This could be done by writing the individuals, groups of people and institutions the team thinks are interested in or affected by the work of the SAI. The output of this exercise would be a list of stakeholders. The team could begin with an open list that can be reduced, if necessary.

Once the team has conducted the stakeholder identification process, the SAI should have a comprehensive list of all of the stakeholders. A comprehensive list of stakeholders could include those shown in Table 7 below.

Table 7

Stakeholders	Stakeholders	Stakeholders	Stakeholders
Parliament – ruling party including government ministers	Community leaders	SAI's external technical advisors	Judiciary and investigating agencies

Stakeholders	Stakeholders	Stakeholders	Stakeholders
Parliament – opposition parties	Media – radio, tv and newspaper and print journalist	Business community	Internal audit units in MDAs
Public Accounts Committee (PAC)	Senior leadership of ministries, departments and agencies (MDAs)	Public Service Commission or ministry in charge of civil servants	SAI staff – not professionally qualified
Ministry of Finance (MOF)	Anti-corruption commission	Trade unions	SAI senior management
Government accountants preparing financial statements	Civil society organisations	Tertiary and professional education sector	SAI staff – professionally qualified

Depending on the SAI's jurisdiction and operating environment, some of the stakeholders listed in preceding table above may not be a stakeholder and could be replaced by more relevant and appropriate stakeholders. For example, in some jurisdictions, trade unions may not be stakeholders. In some cases, the SAI may choose not to split Parliament by ruling party and opposition party, but instead combine both into one category as Parliament.

ii. Classify the different stakeholders

Each SAI stakeholder has different expectations or needs from the SAI. Therefore, it is important for the SAI to classify its stakeholders depending on the completed environmental analysis, taking into account the country's political and public financial management system. This will help the SAI to understand or identify which stakeholders are more or less supportive of its work and to develop mechanisms that will allow the stakeholders to become strategic partners.

Figure 11 below illustrates five different ways in which SAI stakeholders could be classified and positioned.

STAKEHOLDER CLASIFICATION

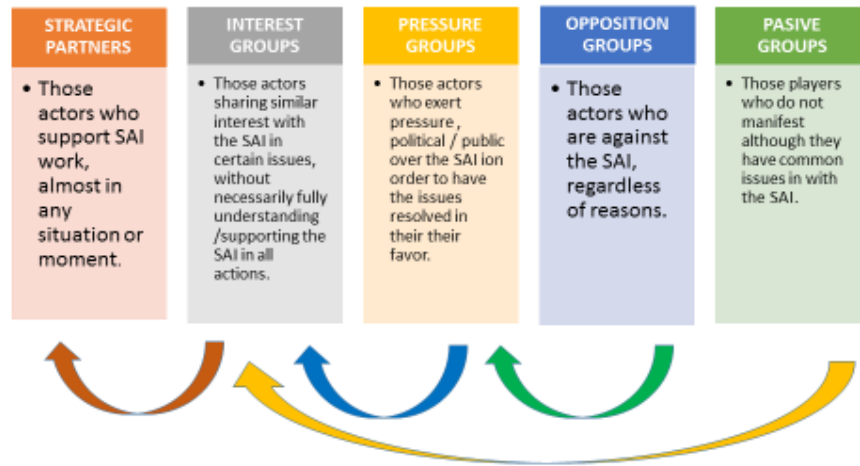


Figure 11

Strategic Partners are those stakeholders who support SAI work, almost in any situation or moment. Usually, SAI's don't have a big list of strategic partners. **EXAMPLES:** internal staff and other SAI's

Interest Groups are those stakeholders who share similar interests with the SAI in certain issues. Usually, SAI's have a long list of interest groups. **EXAMPLES:** media, CSO's, cooperative partners, academic bodies and parliament

Pressure Groups are those stakeholders who exert pressure, political, public or media pressure over SAI because the issues of concern are to their favour. Usually, SAI's have a short list of pressure groups. **EXAMPLES:** parliament, media, trade unions and CSO's

Opposition Groups are those stakeholders who are against SAI positions regardless of reason. Usually, SAI's don't have a big list of opposition groups. **EXAMPLES** depends of SAI's role in society, SAI's activism in media, political environment...

Passive Groups are those stakeholders who not active but share common issues with the SAI that can encourage public/political or media activism. Usually, there are a lot of passive groups but SAI could not be in touch or know who they are. **EXAMPLES:** CSO's and non-traditional media.

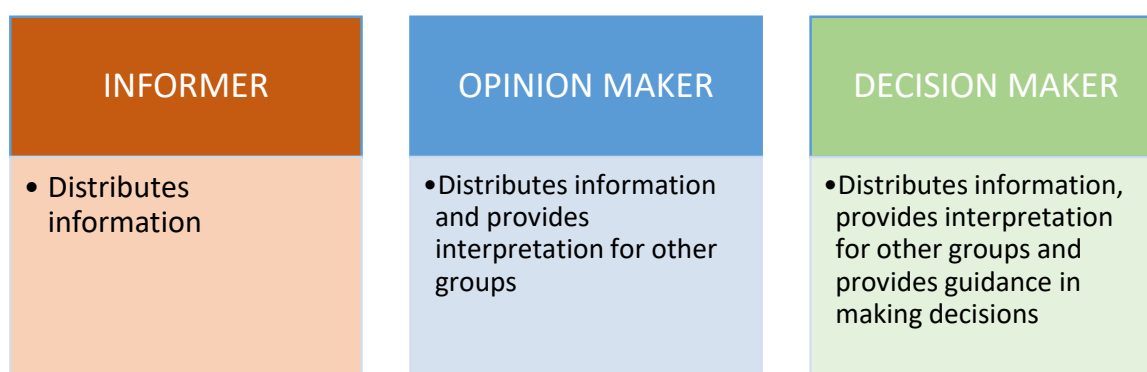
Before planning to transfer the negative groups to more positive groups, the SAI needs to also consider the cost and impact analyses shown in Chapter 5. It will help the SAI understand where to put efforts and resources and make a plan for the coming year on how to strengthen relations with particular stakeholders. Such a plan would include time and resources needed, envisioned outcomes, etc.

After classifying the stakeholders, the SAI needs to determine the role that each stakeholder could play to help the SAI achieve greater audit impact or increase its level of independence.

iii. Determine the role of each stakeholder

Chapters 2 and 3 highlight the benefits that SAIs could derive from engaging with stakeholders to achieve greater audit impact and independence. Stakeholders can play different roles in the work of the SAI, ranging from providing the SAI with information to making decisions based on the SAI products that impact greatly on the accountability and transparency system of the country. Figure 12 below illustrates the three different roles that the SAI could consider in determining the role that each stakeholder could play in the work of the SAI, now and in the future, depending on the related risks and the strategies the SAI will develop.

Figure 12



The role of a stakeholder could either be an informer, opinion maker or decision maker. The three categories as defined describes the nature of the relationship between the SAI and the stakeholders. This will assist you to better understand how best to engage with each stakeholder as well as prioritizing the stakeholders during the stakeholder mapping:

- **Informers:** distributes information to others, so they are important if SAI wants to disseminate audit reports, for example. Example of informers are internal staff, CSO's and academic bodies.
- **Opinion makers:** distributes information to other but also provides interpretation about contents, which is a very important role in society when language are complicated or technical as audit reports from SAI. Examples of opinion makers are executive, audit entities and media.
- **Decision makers:** are those who distributes information and provide interpretation to another individuals or groups, but also guide their opinion to accept or reject, for example, the contents of audit report. Examples of decision makers are parliament and media.

iv. Prioritising the stakeholders

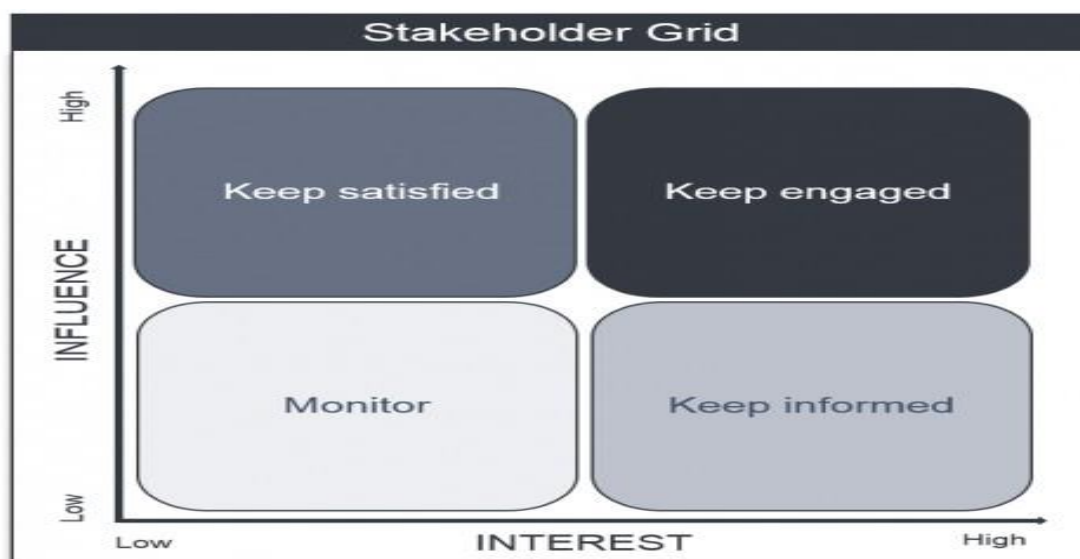
Often the process of identifying and classifying stakeholders will result in a long list of individuals and groups, with their corresponding roles. The next step is to map out the interests of the stakeholders and then prioritise them in the order of importance. A common approach is to map the interest and power or influence of each stakeholder group on a quadrant, so that the SAI knows which stakeholder to focus on.

This is often done using a technique based on some kind of stakeholder grid, or map, of which many versions exist. Some grids or maps are in one dimension, for example, showing stakeholders (individuals or groups) mapped against their area of interest in the SAI products. However, it is recommended that the SAI use two dimensions of the power grid, where two axes are labeled with features of stakeholder status or behavior, and the area between the axes (the two-dimensional grid) is populated with the names of each stakeholder or group of stakeholders.

Three basic dimensions are important for the SAI to know when **initially** considering key stakeholders:

- Their **power** or ability to influence the SAI. This may be potential influence derived from their positional or resource power, or actual influence derived from their credibility as a leader or expert.
- Their **interest** in the SAI products or activities as measured by the extent to which they will be active or passive.
- Their **attitude** to the SAI products or activities as measured by the extent to which they will "back" (support) or "block" (resist). This is explained and illustrated in detail in step v. **Analyse stakeholder expectations.**

Below is an example of the commonly used grids.



- **Influence vs Interest** – This is where the SAI determines the stakeholders' relative power or ability to influence the organisation and their interest in the SAI (e.g. SAI reform), as measured by the extent to which they will be active or passive.
- **Interest vs Attitude** – This is where the SAI determines level of stakeholder interest in the SAI products and activities, measured by the extent to which the stakeholders will be active or passive; and their attitude toward the SAI, as measured by the extent to which they will "back" (support) or "block" (resist).

Stakeholders who have a lot of influence/power or who are perceived to have great influence over the SAI and great interest in the SAI's reform are seen as key players or drivers and are categorised as **"keep engaged"** at the top right-hand side of the quadrant. They are ones that SAI's need to focus efforts on, get them more engaged/involved in the decision-making process, and consult with regularly.

Stakeholders with little power but high interest in the SAI's work are categorised as **"keep informed"** and are placed at the bottom right side of the quadrant. The SAI should try to make use of this group's interest through involvement in low-risk areas. Kept informed and consulted about their interests, these stakeholders can be potential supporters and goodwill ambassadors.

The stakeholders with a lot of power but little interest are categorised as **"keep satisfied"** and placed at the top left-hand side of the quadrant. They are the group whose needs the SAI tries to meet through engaging and consulting them on interest areas. The aim is to increase their level of interest and move them across into the top right-hand box.

The last group are the stakeholders with little power and little interest. They are categorised as **"monitor"** and placed at the bottom left-hand side of the quadrant. They are the ones that are least important to the SAI.

However, the SAI needs to inform them via general communications through the Web site, newsletters etc. The SAI should also be aware that over time, stakeholder groups may shift or have the potential to shift as the country changes.

Once the SAI has mapped its key stakeholders, it can focus efforts on the highest-priority groups while providing sufficient information to keep the less powerful groups happy. However, the grid sometimes may not give a true picture of the actual situation.

For a more meaningful picture, Figure 13 below shows an example of some typical stakeholder dispositions toward SAI reform.

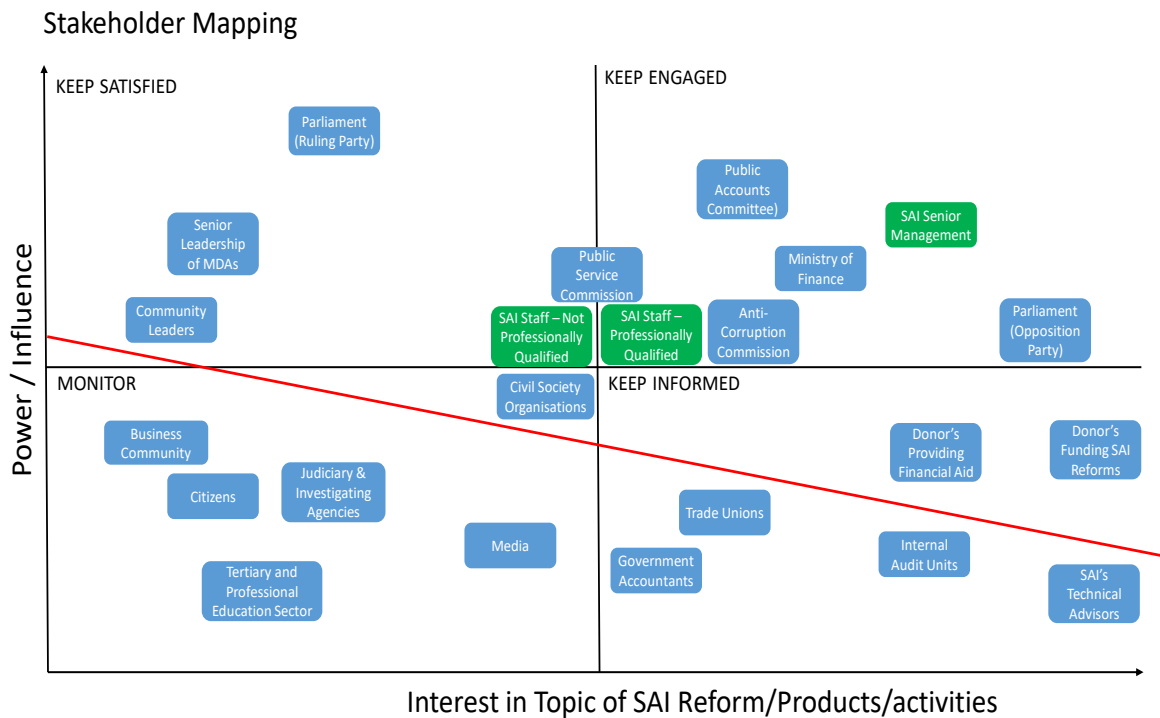


Figure 13

Ideally, the SAI would want all stakeholders to be at the top right-hand corner—actively involved and championing the SAI reform or products. This figure shows a broad landscape of diverging dispositions that is more typical, based on current power and interest. Arrows could be added to show the potential for different stakeholders to become more interested in SAI reform or products, and more powerful in the country. For example, media and citizens in this figure appear as stakeholders uninterested in SAI reform or products and with little power, reflecting the early stages of development of these groups in the country. However, this may change over time, and the SAI could be a catalyst for such change. This may not be the case in other jurisdictions, because these groups are at a mature stage of development.

The red line in the figure is used to identify key stakeholders that are considered for more detailed analysis in subsequent steps. Stakeholders above the red line are seen to be key stakeholders, while those below the red line are not as important. However, it is still important that SAIs not lose sight of them, especially when the intent is to shift unfavorable dispositions to more positive categories.

The SAI should concentrate its efforts on the key stakeholders to ensure that resources are prioritised toward understanding them. Depending on the country's political and social environment, some stakeholders could be above the red line, while in other jurisdictions the same stakeholders could be below the red line. For example, in some jurisdictions, media or the public accounts committee (PAC) could be found above the red line while in some jurisdictions they could be below it.

After prioritising the stakeholders, the SAI needs to identify and analyse the expectations of each stakeholder in order to develop strategies that will respond to their expectations and to manage any expectation gap.

v. Analyse stakeholders' expectations

An important part of the stakeholder analysis is to find out from stakeholders what their expectations of the SAI are. This process can be conducted through consultations or discussions with individual people or with groups. Other ways to identify their expectations could be surveys and questionnaires.

While it is important for the SAI to consider the needs and expectations of its stakeholders, it need not consider them to be of equal importance. In some cases, stakeholders can have competing or conflicting expectations. Certain stakeholders are more important to the SAI than others, and the role of the SAI is to manage the expectations.

While the broader expectations of a SAI are to contribute to the lives of citizens, some stakeholders may have expectations that are more specific. However, it should be noted that the SAI needs to focus on meeting the expectations of its key stakeholders. The preceding section on prioritizing stakeholders discussed how the SAI could identify which are its key stakeholders.

Table 8 below is an example of key stakeholders' expectations of a particular SAI.

Table 8

Stakeholder	Key expectations of the SAI
1. Public Accounts Committee (PAC)	<ul style="list-style-type: none"> • Overview of implementation of government policy • Easy-to-understand audit reports and recommendations • Timely audit report on the government's budget execution report
2. Ministry of Finance (MoF)	<ul style="list-style-type: none"> • Assurance on the government's financial statements and underlying financial management systems • Constructive recommendations to strengthen financial management
3. Public Service Commission (PSC)	<ul style="list-style-type: none"> • Audit reports identifying government officers that are not complying with government regulations
4. Anti-Corruption Agency	<ul style="list-style-type: none"> • Leads on possible corruption cases • Support to forensic investigations • Contribution to strengthening financial systems to prevent and deter corruption

Stakeholder	Key expectations of the SAI
5. Parliament (ruling party)	<ul style="list-style-type: none"> • Contribution to holding executive accountable • Overview of implementation of government policy • SAI seen as a credible and effective institution by external stakeholders
6. Parliament (opposition parties)	<ul style="list-style-type: none"> • Contribution to holding executive and government ministers to account • Identification of failings in delivery of government policy
7. Senior leadership of ministries, departments and agencies (MDAs)	<ul style="list-style-type: none"> • Easy-to-understand audit reports and recommendations • Recommendations that are relevant, constructive and evidence-based • Assurance on the financial statements and underlying financial management
8. Community leaders (part of the citizens)	<ul style="list-style-type: none"> • Government ministers and local council politicians/leaders held to account • Accessible information on, and improvement to, performance of relevant government services and local councils • Assurance that due financial transfers are being received by local councils
9. Civil Society Organisations (CSOs)	<ul style="list-style-type: none"> • Accessible information on, and improvement in, performance of relevant government services • Government ministers and senior leadership of MDAs held to account
10. Donors funding SAI reforms	<ul style="list-style-type: none"> • More visible and credible SAI • Better audit reports • Published annual report on SAI performance
11. Donors providing financial aid to the country	<ul style="list-style-type: none"> • Assurance on the use of funds, including financial aid from donors • Unqualified audit reports
12. SAI senior management	<ul style="list-style-type: none"> • Perception of SAI as credible and effective by external stakeholders
13. SAI staff – professionally qualified	<ul style="list-style-type: none"> • Job security and satisfaction • Professional and career development opportunities
14. SAI staff – not professionally qualified	<ul style="list-style-type: none"> • Job security and satisfaction • A salary reflecting their experience and covering their needs

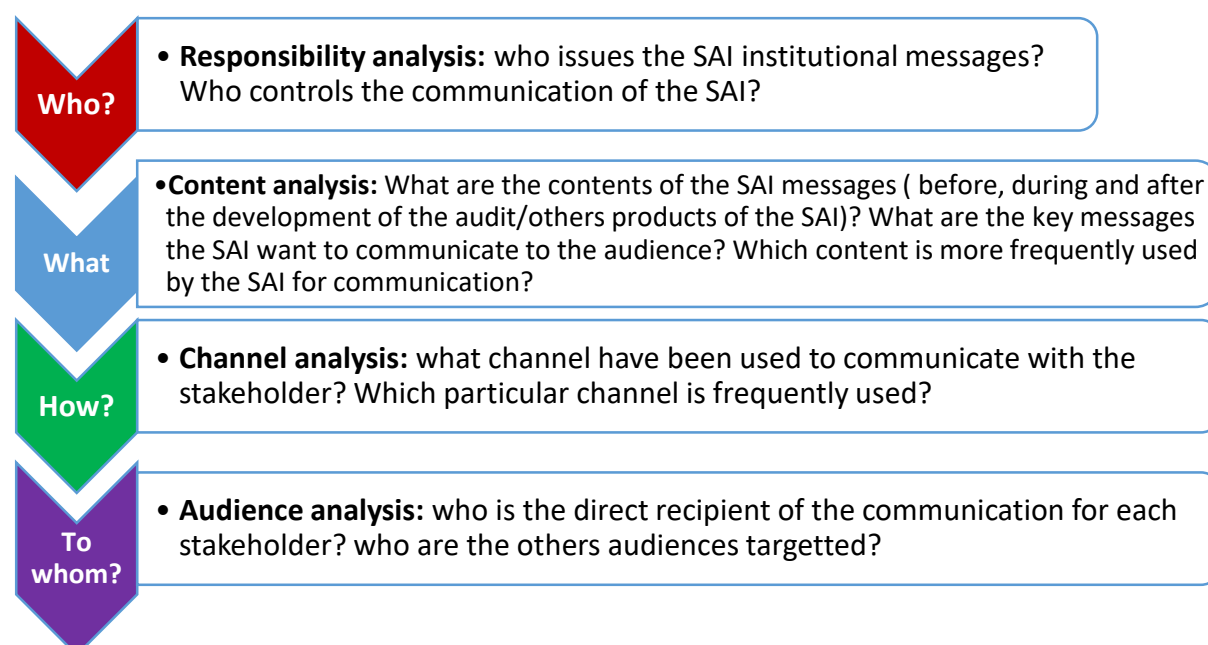
Mapping and analysis of stakeholders' expectations are very helpful in determining their attitude or involvement and how they will respond to change and reform initiatives. In this process, the SAI also needs to consider identifying the perceived benefits and perceived risks of any change to the individual stakeholder. Based on the outcome of the situation, an overall attitude of the stakeholder towards the expected change can be determined and the SAI can then decide which strategy is appropriate for each of the identified key stakeholders. Before the SAI decides on the strategy, it should undertake a diagnosis of the SAI's own communication process.

7.2.4 Undertake a diagnosis of the SAI communication process

Like any organisation planning to engage with stakeholders, the SAI needs to have a clear picture about its internal communication practices with each stakeholder and a clear internal process—everyone understands their respective roles in order to strengthen the vision, mission and mandate and the timely communication of the audit findings. This is also critical to avoid miscommunication of messages transmitted by the SAI's top management to the internal or external stakeholders.

Figure 14 below shows the key elements that the SAI needs to take into account in carrying out a diagnosis of its communication process for each stakeholder.

Figure 14



An analysis of each of the key elements is provided below.

Who? - This refers to individuals who have the responsibility to speak on behalf of the SAI on key matters with a stakeholder and/or citizens.

What? – This refers to the content of what is being said including SAI messages.

How? – This refers to the mode of communication channels used to communicate the SAI's message.

To whom? – This refers to the intended recipients of the message.

An example of how the SAI can conduct the diagnosis of the current communication processes with both internal and external stakeholders on key institutional messages is provided below:

Stakeholder group (To Whom)	Main issue and/or relationship (What)	SAI delegated accountability (By who)	Communication channels (How)
Legislative authorities	Key audit messages/outcomes. Recipients of SAI's reports for purposes of oversight	Head of SAI; delegated official	Regular one-on-one interactions; interactions linked to annual audit cycles and/or upon invitation of the stakeholder
Executive authorities	Key audit messages/outcomes. Recipients of SAI's audit reports and insights on areas of functional responsibility	Leadership, headed by the SAI head	Regular one-on-one interactions; interactions linked to annual audit cycles and/or upon invitation of the stakeholder
Auditees/audited entities	Key audit messages/outcomes. Recipients of SAI's audit reports and insights on entity specific matters	Audit Business Executives and Senior Managers	Audit steering committees; audit committee meetings; regular one-on-one meetings
Media	Strategic alliance messages	Head of SAI; delegated official	Face-to-face engagements on key audit messages; media monitoring and analysis
SAI Staff	Sharing of motivational messages to keep them engaged. Need for professional conduct and ethical behaviour	SAI head; leadership	Regular meetings and workshops; focus groups; one-on-one engagements; surveys

Identification of areas for improvement

Having identified the elements of the communication processes with the key stakeholders, it is important for the SAI to identify the areas of improvement to effectively communicate with the stakeholders. this could be done through means such as;

- Focus groups
- Surveys
- In-depth interviews

Internal staff as well as representatives of key stakeholders could be involved in the identification of areas of improvement. Examples of areas of improvement could include among others;

The above identified gaps and areas for improvement will inform the development of the SAI stakeholder engagement strategy. The strategy should include the action to be taken in order to address the identified gaps in the communication process.

7.2.5 Decide on the strategy to use in engaging with each stakeholder

Once the SAI has undertaken an analysis of its stakeholders and its communication process, it needs to identify the strategy it will employ in engaging with the stakeholders, depending on the objective. The strategy will differ from stakeholder to stakeholder, depending on its classification and the roles it plays. The strategies can be grouped into three categories:

- Approaching
- Engaging
- Positioning

Figure 15 below shows how the three strategies could be linked.

Figure 15



Approaching (red): a first interaction between the SAI and the stakeholder wherein one seeks to open up channels of communication and information in order to generate interest.

Some techniques for approaching that the SAI could use, depending on the stakeholder, include the following:

- Send general information together with more specific information on areas of interest related to the stakeholder's own objectives and circle of influence. An invitation to a first meeting could be attached
- Invite to public activities carried out by the SAI
- Offer to participate with general information at activities run by the stakeholder
- Make use of the Web site to create interest—a communication channel within the SAI's own control

Engaging (blue): After determining if there is enough interest to move to a more established engagement, there is a need to identify and decide on a framework for the cooperation. Some techniques a SAI could use in engaging with a stakeholder include the following:

- Standardise speech depending on interest issues
- Create a digital newsletter between SAI and legislature
- Hold discussion groups about subjects of interest
- Invite stakeholders as expositors to relevant SAI activities such as roundtables and forums
- Create a window for each stakeholder on the SAI Web site
- Provide training in SAI subjects, especially those difficult to understand
- Provide support activity for topics of mutual interest
- Give on-line attention to urgent requirements
- Send complementary materials from audit if stakeholder is interested in a particular audit report (pictures, videos, interviews, testimonials)
- Keep tracking their subjects, interests, and issues to find new areas for engaging

Positioning (green): The strategy aims to achieve public value and positioning of the SAI with the stakeholder, and represents the achievement of one of the most important institutional goals: stakeholder trust (legitimacy).

Some positioning strategies that a SAI could employ include the following:

- Request lobbying and greater support for improving the independence and operations of the SAI
- Circulate to stakeholders opinion surveys about SAI work
- Identify common issues and worries and propose a formal process for dealing together on the issues
- Formalize an official framework or platform of cooperation with the stakeholder
- Involve the stakeholder in the evaluation of SAI performance (SWOT or other tools)
- Organise focus group for better understanding of the SAI
- Interview leaders and key actors from each stakeholder to work on setting up the SAI agendas or strategic direction in the future
- Collect and publish on the Web site the feedback from stakeholders about the SAI products and performance

Below is an example of one stakeholder, the legislature, showing how the various steps described above could be linked to decide on the strategy.

Stakeholder: Legislature					
Position on the SAI environment	Classification of stakeholder	Role as stakeholder	Linking strategy	Priority for SAI: 1, 2 or 3	Responsibility based on the SAI's internal communication diagnosis (names and departments, leader of the team)
<ul style="list-style-type: none"> Country institutional environment Related institutional environment Inner environment 	<ul style="list-style-type: none"> Strategic partner Interest group Pressure group Opposition group Passive group 	<ul style="list-style-type: none"> Informer Opinion maker Decision maker 	<ul style="list-style-type: none"> Approaching Engaging Positioning 		
Country institutional environment and related intuition environment: Legislators are usually at both levels because of the legal framework created by law.	Interest and pressure groups Current legislature has an interest in the work of the SAI and has also played a vital role as a pressure group in enforcing the implementation of some SAI recommendations. The SAI should now strive toward making the legislature a strategic partner to ensure that all its audit recommendations are implemented. The legislature could also help in achieving greater independence of the SAI.	Opinion and decision makers	Engaging and positioning The current legislature has experience in working with the SAI. The SAI will therefore need to use engaging and positioning strategies to achieve greater audit impact.	Priority 1 Engaging with legislators is a high priority to the SAI as it intends to transform them into a strategic partner. In addition, this will give more legitimacy and trust to the SAI.	Top management: <ul style="list-style-type: none"> Head of SAI Deputy head of SAI Director in charge of planning Directors of audits Their responsibilities are vital in dealing with the legislature, as a strategic partner that requires enough experience and a good knowledge of all SAI processes and products. Middle management: <ul style="list-style-type: none"> Communications officer Parliamentary liaison officer Their responsibilities are critical to manage and follow up on all the planned activities.

Having determined the specific strategies that it will use in engaging with the stakeholders, based on their classification, the SAI needs to develop a detailed communication plan for each stakeholder.

Appendices 1 to 6 in this guidance contain specific examples of issues, good strategies and practices for the identified key stakeholder across the INTOSAI community:

Appendix 1: Engaging with the Legislature

Appendix 2: Engaging with the Executive

Appendix 3: Engaging with Audited Entities

Appendix 4: Engaging with the Media

Appendix 5: Engaging with Development Partners and Other Professional and Academic Bodies

Appendix 6: Engaging with the Citizens and Civil Society Organisations

7.2.6 Develop a communication plan for each stakeholder

The SAI communication plan outlines the strategy and methodologies to be used by the SAI in communicating information, obtaining feedback, and managing relationships with the stakeholders. The communication plan for each stakeholder should be derived from the strategy decided by the SAI (approaching, engaging or positioning).

The key steps in developing the communication plan for each stakeholder are illustrated below.

Stakeholder: Who is the target stakeholder?			
Objective: What does the SAI want to achieve?			
Strategies	Channel /Tactics/Tools	Resources	Scheduling
Which strategies can be used to achieve that objective?	Which instruments of communication will be used to achieve the objective?	What resources will be required to implement the strategy (technological, staff, financial, time)?	Timing of decisions/actions

In the column **Objectives**, the SAI needs to state the specific goal to be pursued with the stakeholder in a clear and simple way for effective understanding of the desired impact.

Example of a Communication Plan for the Legislature

Stakeholder: Legislature			
Objectives: <ol style="list-style-type: none"> 1. Increase the use of audit reports by the legislators. 2. Improve the level of understanding of the contents of audit reports. 			
Strategies	Tactics/tools/channel	Resources	Scheduling

The column **Strategies** gives the overall strategy (approaching, engaging or positioning) and describes the different actions to be taken to achieve the objectives. There is a need to weigh the action to be taken and not to try to implement too much at the same time as this could affect the effectiveness of the strategy.

Stakeholder: Legislature			
Objectives: <ol style="list-style-type: none"> 1. Increase the use of audit report by the legislature. 2. Improve the level of understanding of the contents of audit reports. 			
Strategies: Engaging and positioning	Channel/tools/tactics	Resources	Scheduling
<ul style="list-style-type: none"> ▪ Create a SAI team to be in permanent touch with legislators. ▪ Develop a mailing list for easy communication with the legislature. ▪ Choose the type of audit reports to be sent to the legislature and check that all information needed is provided. ▪ Ask the legislature for any clarification that could be required. 			

The column **Channel/tools/tactics** describes which instruments of communication will be useful to implement the strategies efficiently with less money, less time, less effort and less risk.

Stakeholder: Legislative			
Objectives: <ol style="list-style-type: none"> 1. Increase the use of audit reports by the legislature 2. Improve the level of understanding of the contents of audit reports 			
Strategies: Engaging and positioning	Channel/tools/tactics	Resources	Scheduling
<ul style="list-style-type: none"> ▪ Create a SAI team to be in permanent touch with legislature. ▪ Develop a mailing list for easy communication with the legislature. ▪ Choose the type of audit reports to be sent to the legislature and check that all needed information is received. ▪ Ask the legislature for any clarification needed. 	<ul style="list-style-type: none"> ▪ Mail a list with all information required to the intended recipients (legislators, principal advisors, secretary and personal assistant, etc. ▪ Send them links to relevant information. ▪ Provide high-level coaching to all legislators and their close staff to better understand SAI work. ▪ Provide a glossary of key terms to make understanding easier for them. ▪ Include in printed material clear infographics about SAI work to show in an easy way the flow of all SAI products to legislators. 		

In the column **Resources** describe the resources to be used to implement the strategy (e.g. officials, technologies, materials, money, vehicles, and many others)

Stakeholder: Legislative			
Objectives: <ol style="list-style-type: none"> 1. Increase the use of audit reports by the legislature 2. Improve the level of understanding of the contents of audit reports 			
Strategies: Engaging and positioning	Channel/tools/tactics	Resources	Scheduling
<ul style="list-style-type: none"> ▪ Create a SAI team to be in permanent touch with legislators. ▪ Develop a mailing list for easy communication with the legislature. ▪ Choose the type of audit reports to be sent to the legislature and check that they are receiving all information they need. ▪ Ask the legislature for any needed clarification. 	<ul style="list-style-type: none"> ▪ Mail list with all information required to the intended recipient (legislators, principal advisors, secretaries and personal assistants). ▪ Send them links to relevant information. ▪ Provide high-level coaching to all legislators and their close staff to better understand SAI work. ▪ Provide a glossary of key terms to make understanding easier for them ▪ Include in printed material clear infographics about SAI work, to show in an easy way the flow of all SAI products to legislators. 	<ul style="list-style-type: none"> ▪ Officials in a team with empowerment to execute strategies ▪ Safe channel of communication, in terms of technological tools ▪ Graphic designer to help with infographics/creative presentations and other skills to develop better material for legislators and staff ▪ Time and vehicles to move on time to legislators' offices without too many restrictions 	

Finally, in the column **Scheduling**, it is important to establish the timing of actions between SAI priorities and stakeholder needs.

Stakeholder: Legislative			
Objectives: <ol style="list-style-type: none"> 1. Increase the use of audit reports by the legislature. 2. Improve the level of understanding of the contents of audit reports. 			
Strategies: Engaging and positioning	Channel/tools/tactics	Resources	Scheduling
<ul style="list-style-type: none"> ▪ Create a SAI team to be in permanent touch with legislators. ▪ Develop a mailing list for easy communication with the legislature. ▪ Choose the type of audit reports to be sent to the legislature and check that they are receiving all information they need. ▪ Ask the legislature for any clarification that could be required. 	<ul style="list-style-type: none"> ▪ Mail list with all information required to the intended recipient (legislators, principal advisors, secretaries and personal assistants). ▪ Send them links to relevant information. ▪ Provide high-level coaching to all legislators and their close staff to better understand SAI work. ▪ Provide a glossary of key terms to make understanding easier for them. ▪ Include in printed material clear infographics about SAI work, to show in an easy way the flow of all SAI products SAI produce to legislators 	<ul style="list-style-type: none"> ▪ Officials in a team with empowerment to execute strategies ▪ Safe channel of communication, in terms of technologic tools ▪ Graphic designer to help with infographics/creative presentations and other skills to develop better material for legislators and staff ▪ Time and vehicles to move on time to legislators' offices without too many restrictions 	<p>January 2017: Constitute SAI team Establish work methods and expectations about them</p> <p>February 2017: Coach SAI team in skills of environmental monitoring, identify tools and explain all SAI products in an easy way</p> <p>March 2017: Start lobby with legislators and introduce SAI team from top SAI authorities</p> <p>For all stages of plan, make templates and schedule all activities by week with responsible person</p>

After undertaking the above steps, the SAI team in charge of strategy development needs to put together the results of the analysis and write a final document that corresponds to it.

7.2.7 Write the strategy report and have it approved by the SAI top management

Once the strategy development team has analyzed all the fundamental elements in the formulation of a strategy for engaging with stakeholders (understand the SAI environment, classify the different stakeholders, determine the role of each stakeholder, undertake a diagnosis of the SAI communication process, decide on the strategy to use for engaging with each stakeholder, and develop the communication plan), the strategy can now be compiled in a single document.

The compiled document will then be circulated to the different SAI levels to obtain their comments and feedback before approval by top SAI management.

The end product of developing a strategy is the report that the team prepares and presents to the SAI top management. This report aims to present a comprehensive picture of the SAI environment and the requirements for the SAI's efficient engagement. The report is envisaged to provide SAI management with the necessary information to decide on stakeholder management practices.

Format of the strategy report for stakeholder engagement

The following format is recommended for writing the stakeholder engagement strategy report:

STRUCTURE OF STAKEHOLDER ENGAGEMENT STRATEGY REPORT
<ol style="list-style-type: none">1. Executive Summary highlighting the key messages from the strategies developed2. Introduction – Purpose, scope and timing<ul style="list-style-type: none">• Reasons why the SAI decided to develop the strategies for engaging with stakeholders• The time period for developing the strategy3. About the SAI<ul style="list-style-type: none">• Description of the SAI's operating environment• Description of the SAI's legal and institutional framework and organizational structure4. Description of the strategy development process<ul style="list-style-type: none">• Stakeholder engagement team• Data gathering process• Quality control mechanisms used5. Result of the SAI environmental analysis

- Category-wide description of stakeholders as per their environmental group or location: inner environment, SAI-related institutional environment and SAI country institutional environment
- Results of the SWOT analysis of SAI stakeholder engagement

6. Stakeholder mapping and analysis of the expectations

- List of the identified stakeholders or groups of stakeholders
- Detailed classification of the stakeholders in terms of groupings (strategic partners, interest groups, pressure groups, passive groups or opposition groups) highlighting the role that each stakeholder plays (decision maker, informer or opinion maker)
- Mapping of the identified stakeholders using the grid or mapping dispositions (prioritisation)
- Results of the analysis of the key stakeholders' expectations

7. Diagnosis of the SAI communication process

Results of the diagnosis of the SAI's internal communication process for each stakeholder:

- Responsibility analysis
- Content analysis
- Channel analysis
- Audience analysis
- Effect analysis

8. Strategy to use for the relationship with each stakeholder

The selected strategy to be employed in engaging with each stakeholder, depending on objectives of the engagement (approaching, engaging or positioning strategy)

9. Communication plan

The SAI communication plan for each stakeholder, outlining the strategy and methodologies to be used in communicating with the stakeholder (strategy, channel/tools/tactics, resources, scheduling)

10. Response of SAI top management

Comments or feedback received from management

11. Signatures of the stakeholder engagement strategy development team

Annexes

Guiding principles in writing the stakeholder engagement strategy report

Highlight key messages. As the report is meant for the SAI's top management, key messages from the analysis of the SAI environment and strategy development process should be highlighted in the executive summary, so that management can get a good overview of the status of the strategy development process.

Involve the entire team in developing the strategy report. At the end of the strategy formulation process, the team will have gathered a lot of information about different requirements to achieve greater engagement with stakeholders. The team needs to work together to determine the categorisation of the issues and their causes.

Distinguish between strategies for each stakeholder. When the team reports on the status of the SAI in regard to stakeholder engagement, it should distinguish the strategies to be used for engaging with specific stakeholders.

7.2.8 How to operationalise strategies

After working through the necessary planning steps, the SAI is on track for successful engagement with stakeholders. This is the moment when facilitation or delivery of the strategies truly counts. This section highlights the steps that could be undertaken in operationalising a strategy.

i. Commitment and direction of leadership in operationalizing the stakeholder engagement strategy

Once the strategy has been prepared and adopted, it should be placed before the head of SAI, because successful implementation would depend on his/her commitment and necessary directives. The timeline and resources indicated in an action plan should be agreed and approved by the head of the SAI.

To demonstrate commitment to implement the strategies and communication plan for each stakeholder, for example, an executive order or a standing order should be issued by the head of the SAI. This should reinforce compliance by the responsible officials with the timeline set in the stakeholder communication plan.

The SAI should also develop a culture of accountability wherein the responsible officials indicated in the strategy are held accountable for any failure and rewarded appropriately for successes.

It is also the role of the head of SAI to seek the funding to implement each strategy and the communication plan, especially in the areas where resources are needed to implement the strategy and achieve the intended outcome.

Since the implementation of the stakeholder engagement strategy may be a completely new endeavor for some SAIs, managing and adapting to such changes could be difficult. Therefore,

the leadership of the SAI should be committed to managing such changes. The head of the SAI can delegate responsibility for implementing the strategy and communication plan. However, he/she should assume the final accountability.

ii. Who will be involved in operationalising the stakeholder engagement strategy?

The SAI needs to decide who will be involved in operationalising the strategy each stage: planning, execution, and measurement of the results of the engagement process. The SAI needs to consider its communication process and organisation structure.

The team or person involved in stakeholder engagement should be knowledgeable enough about stakeholder engagement processes and strategies to be able to deliver the much-needed results.

iii. Monitoring and measuring the impact of the stakeholder engagement strategy

In order for the stakeholder engagement strategy to produce the intended results, the SAI has to set up proper monitoring mechanisms and a process to measure success and build on efforts for the implementation of future stakeholder strategies. The SAI should also develop the ability to identify opportunities for improvement in all of the strategies and, based on feedback and evaluation, rule out strategies that do not yield the expected results and implement new strategies according to the need.

Monitoring. At this stage, the SAI needs to develop a monitoring framework containing regular follow-up mechanisms for tracking the progress of each activity and action undertaken to strengthen the relationship with each stakeholder. For example, monitoring the use, understanding and implementation of audit results or other products is essential to ensure that the level of stakeholder interest in SAI products is increasing.

During the monitoring, the SAI also needs to document all the processes undertaken to implement the intended objective of the engagement (original purpose and aims of the engagement; the methods used; the participants; a summary of noted stakeholder concerns, expectations and perceptions; a summary of discussions; and a robust list of outputs such as decisions, actions, proposals, and recommendations).

Measuring the impact. At this stage, the SAI needs to assess the results obtained from implementing the actions for each stakeholder. This can be done by comparing the desired results with the actual results. Collecting the opinions and the feedback of stakeholders is also key in order to identify change and improvement in stakeholder engagement. This can be done

through different tools such as focus groups, questionnaires, surveys and meetings, among others.

Below is an example of how a SAI could monitor the progress and measure the impact of an action planned in the SAI strategy to engage with the legislature.

Actions in the stakeholder engagement strategy and communication plan for the legislature	Suggestions for monitoring	Suggestions for measuring impact
<ul style="list-style-type: none"> • After tabling of the audit report, send the report to legislators in electronic format, with highlights of key messages from SAI authorities upon mailing (tabling) • Send extra multimedia materials supporting the audit findings and summarising the key messages, e.g. video, brochures, etc. while the report is still “hot” in the public domain and the media 	<ul style="list-style-type: none"> • Check by phone whether reports or other materials have been received and offer any help regarding follow-up • Ask if there is any other help the SAI could provide on the reports 	<ul style="list-style-type: none"> • Measure, through a survey or focus group, the legislature’s perception and understanding of the report • Send a questionnaire to assess the quality of the relationship between the legislature and the SAI at the end of the year <p>This will allow the SAI to get feedback from the legislators about SAI work. It could also allow the SAI to plan follow-up actions to strengthen the engagement with the legislature</p>

Quantitative and qualitative methods could be used in assessing the impact of stakeholder engagement. The methods are not mutually exclusive and could be used in combination, depending on the characteristics of programmes and projects to be evaluated, the types of participants, and the method of evaluation designed.

The SAI needs to develop specific indicators for each stakeholder engagement strategy in order to monitor the progress and measure the implementation of the strategy. The indicators developed should meet the SMART criteria (Specific, Measurable, Accurate, Realistic and Time-bound).

The indicators developed should allow the SAI to assess the effectiveness, efficiency and impact of the stakeholder engagement strategy for each stakeholder.

Table 9 below shows an example of how the efficiency, effectiveness and impact of implementing the strategy for each stakeholder could be assessed.

Table 9

Stakeholder	Example
Legislature	<p>Efficiency: SAI reports used / reports issued or Length of interval between issuing an audit report and submitting it to the legislature or committee of parliament</p> <p>Effectiveness: Reports used in speeches / reports sent or Number of reports sent to the legislature or public accounts committee</p> <p>Impact: Number of appearances and interviews regarding audit results, feedback from the legislature</p>
Executive	<p>Efficiency: Public resources saved and assets recovered / cost of audits</p> <p>Effectiveness: Number of reports on issues critical to public finances</p> <p>Impact: Number of report recommendations fulfilled</p>
Judiciary	<p>Efficiency: Quantity of recovered public resources / number of cases sent to the judicial system</p> <p>Effectiveness: Number of cases resolved positively for public finances</p>
Audited Entities	<p>Efficiency: Number of studies completed at the planned time / number of reports issued</p> <p>Effectiveness: Number of implemented provisions or recommendations (each provision seeks to correct some aspect of the management of each audited entity) / number of provisions or recommendations issued</p> <p>Impact: Amount of public resources saved and number of qualitative improvements</p>

Citizens/ Civil Society	<p>Efficiency: Amount of public resources saved and assets recovered / amount of the SAI's budget</p> <p>Effectiveness: Decrease in amount of time spent on procedures by users of public services as the quality of public services provided by the audited entities improves</p> <p>Impact: Effect indicators used in the reports of important public services: education, health, security, public transportation, etc.</p>
Media	<p>Effectiveness: Amount of news issued on the press/ materials sent by the SAI to press</p> <p>Impact: Improved public opinion in surveys on public institutions</p>
Professional/ Academic Bodies	<p>Effectiveness: Reports used in research / reports sent</p> <p>Impact: Improved public opinion in surveys on public institutions</p>
Cooperating Partners/Donors	<p>Effectiveness Compliance with conditions of resource donations</p> <p>Impact: Improved satisfaction with the work of the SAI, measured by an opinion poll or a focus group on satisfaction with the quality of SAI work</p>
SAI Internal Stakeholders	<p>Efficiency: Institutional budget accountability to all SAI staff</p> <p>Effectiveness: Compliance with legal work conditions</p> <p>Impact: Satisfaction with quality of SAI work as measured by a survey or focus group</p>

Chapter 8 Engaging Stakeholders in the Audit Process

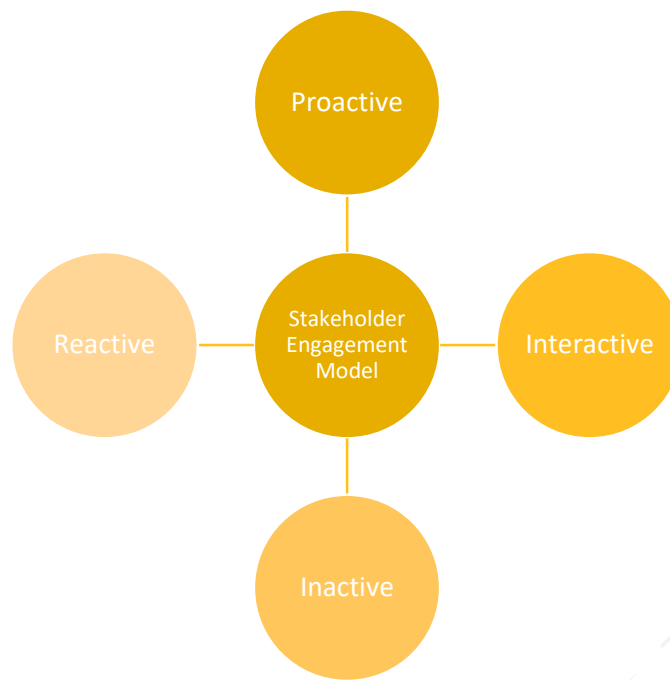
8.0 Introduction

The previous chapters have highlighted the need for SAIs to demonstrate their ongoing relevance to citizens, parliament, and other stakeholders in order to achieve greater audit impact. SAIs can show their relevance by appropriately responding to the challenges of citizens, the expectations of different stakeholders and the emerging risks and changing environments in which audits are conducted. Furthermore, it is important that SAIs have a meaningful and effective dialogue with stakeholders about how their work facilitates improvement in the public sector. This enables the SAI to be a credible source of independent and objective insight, supporting beneficial change in the public sector.

SAIs can strengthen the impact of audit reports by building ongoing relationships with auditees and other key stakeholders, who can support the SAIs' work by doing the following:

- Pressing for beneficial change (the executive, the media and civil society organizations)
- Introducing new laws and calling government to account (the legislature)
- Implementing change (auditees)
- Monitoring how effective implementation is (citizens and their representatives)

SAI engagement with stakeholders throughout the audit process, based on the stakeholder engagement model, could be proactive, interactive, inactive or reactive. To achieve greater audit impact, SAIs should aim to be proactive and interactive with stakeholders, as demonstrated with the examples discussed in this chapter. SAIs that are proactive try to anticipate stakeholder concerns, and this is achieved when a SAI develops a stakeholder engagement strategy. SAIs who are interactive engage actively with stakeholders on an ongoing basis of respect, openness and trust.



This chapter aims to help SAIs achieve greater audit impact by engaging stakeholders in the various stages of the audit process. The chapter discusses in detail examples of how and when SAIs can interact with different stakeholders at various stages of the audit process.

8.1 The audit process: How and when to engage with stakeholders

The audit process, regardless of what type of audit, generally comprises a sequence of steps as depicted by Figure 16. For the purpose of this guidance, these steps are grouped into three main stages of the audit, as demonstrated by Figure 17. Figure 18 demonstrates how and when to engage stakeholders at various stages of the audit process.

Figure 16 A typical audit process

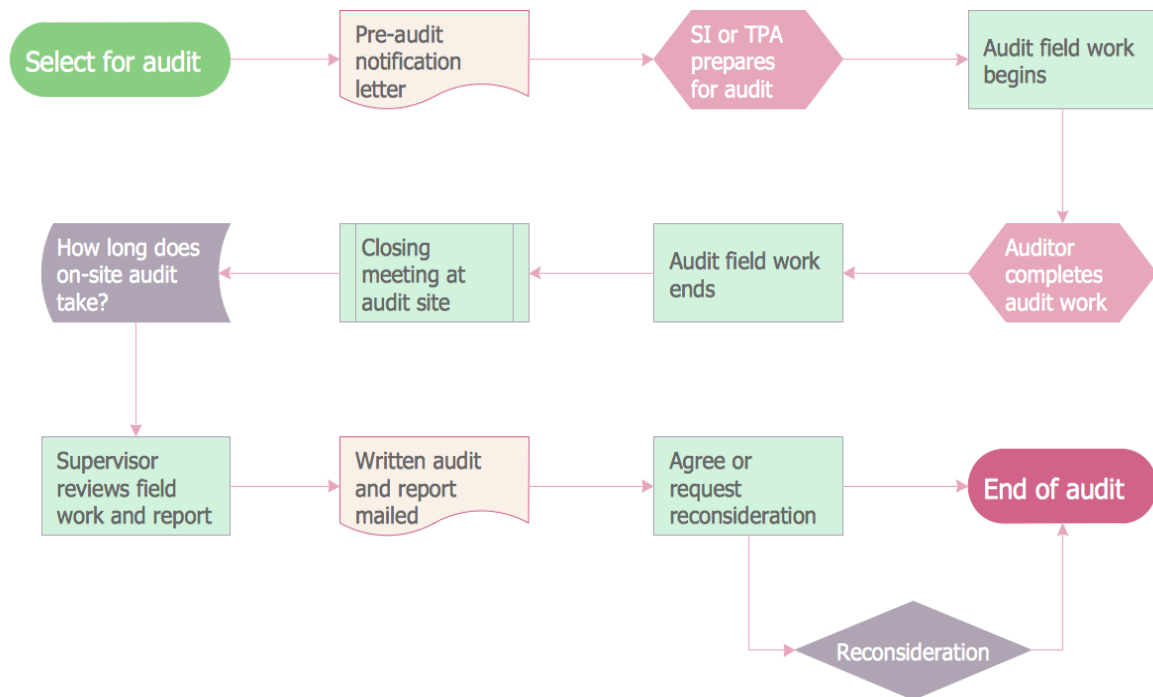
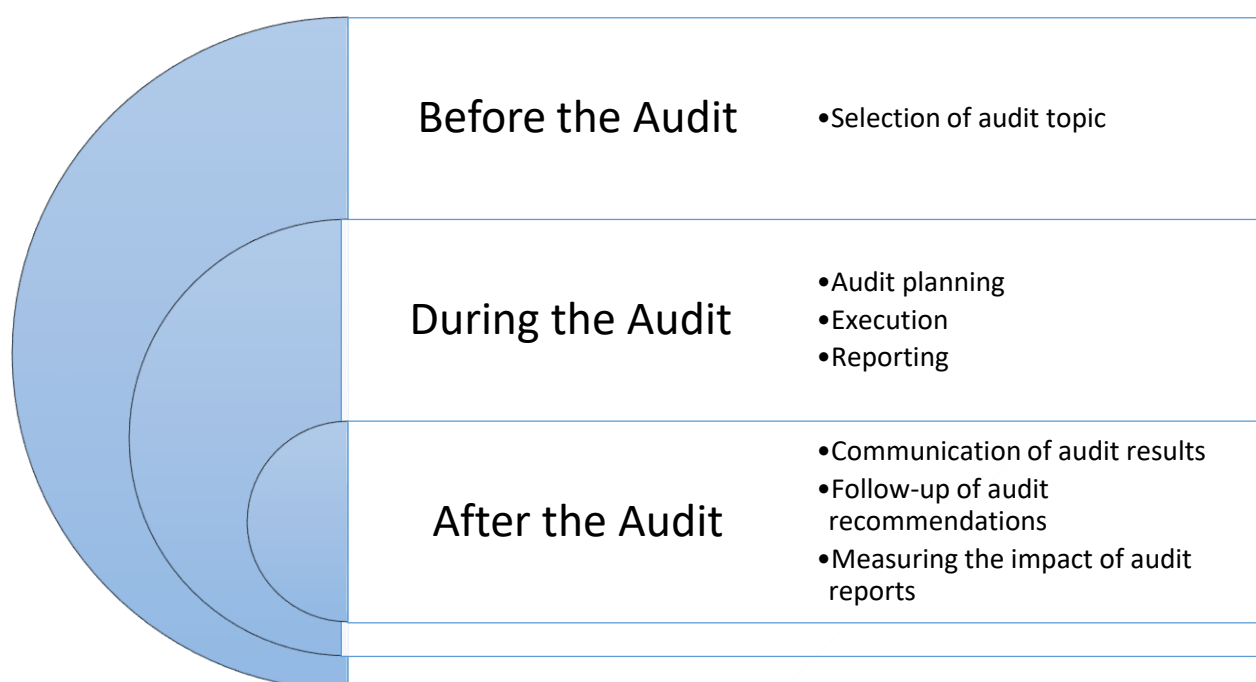


Figure 17 Stages of the audit



Figure 18 How and when to engage stakeholders



8.2 Engaging stakeholders before the audit

Prior to the commencement of the audit, SAIs determine the topic and scope of the audit. This process varies from SAI to SAI, and is often referred to as the “annual audit plan”, “annual audit programme” or “audit strategy”. The selection of audit topics is also dependent on the mandate of the SAI in accordance with its underpinning legislation or SAI legislation, as well as the model of government the SAI operates in.

It is important for SAIs to understand their mandate and the system of government they operate in when determining the best way to engage stakeholders in the selection of audit topics. For each type of engagement, risks need to be considered and managed to ensure the best outcome. Table 10 below demonstrates how and when to engage particular stakeholders before the audit.

Table 10 How and when to engage stakeholders before the audit

Stakeholder	Stakeholder Input ¹⁸	Current Practice
Legislature – one of the main audiences of audit reports	<ul style="list-style-type: none"> i. Is the audit topic likely to be of interest to the legislature? ii. Does the topic respond to urgent issues that members of the legislature have brought to the SAI's attention? iii. Will the audit topic cover an area of high expenditure or revenue? iv. Will the audit topic cover an area of high risk? v. Will the audit topic be politically relevant? vi. Is the audit topic likely to result in the legislature making recommendations or taking actions that could make a difference? 	<ul style="list-style-type: none"> ▪ SAIs such as Chile, Sweden, and Montenegro have formalized collaboration agreements with Parliament. ▪ UK NAO provides advice at different stages of the law-making process and suggests oversight mechanisms in budget execution.
Auditees – beneficial change in government can happen if auditees act on recommendations in SAI audit reports	<ul style="list-style-type: none"> i. Could the recommendations from the audit of this topic produce financial savings or improve efficiency? ii. Could the recommendations from the audit of this topic produce non-financial improvements that can be measured? iii. Could the audit of this topic lead to good practice that might be applied more widely? 	<ul style="list-style-type: none"> ▪ SAIs from the Pacific undertake joint co-operative financial audits and performance audits on topics they have in common and where resources and expertise can be shared.

¹⁸ Questions Derived from the INTOSAI Capacity Building Committee- How to Increase the Use of Audit Reports (A guide for Supreme Audit Institutions)
<http://www.intosaicbc.org/>

<p>Interests of other stakeholders – Journalists/media see themselves as a key part of a democratic society and see as their role to inform members of the public about how well they are governed or not governed</p>	<ul style="list-style-type: none"> i. Have there been any previous media campaigns or coverage of this topic? ii. Does the audit address delivery of services to citizens? iii. Will the topic address how well outcomes that benefit citizens are being achieved? <ul style="list-style-type: none"> ▪ Latin American SAIs (i.e. Colombia, Argentina, Honduras), through the Initiative for Transparency, Citizen Participation and Accountability, have identified the following: <ul style="list-style-type: none"> ▪ SAIs monitor level of complaints from the public which helps determine audit topics ▪ SAIs hold regular meetings and hearings with CSOs about audits to undertake ▪ SAIs involve CSOs with the audit process
<p>Development partners – Where programmes and projects are funded by international development partners, an audit topic may interest those partners</p>	<ul style="list-style-type: none"> i. Does the audit cover a project or initiative that development partners support? ii. Will the topic review how well projects funded by development partners are meeting objectives? iii. Does the audit help to build trust between development partners and the country that receives support? <ul style="list-style-type: none"> ▪ ADB and WGB have determined that the impact of social audits can contribute to exposure of corruption and effectiveness of programme implementation involving citizens, as in the case of India.

“Leading by Example,” a study of accountability and transparency in the Pacific completed by the PASAI in 2015, determined that many SAIs have reasonable levels of engagement with the legislature and committees of the legislature on their work plans. For example, in Guam the SAI annually sends out letters to the senators and selected government officials requesting feedback on potential performance audit topics or areas of concern. In addition, the SAI periodically meets with senators to get their input also into its annual audit plan. There are good reasons why a SAI should consult with the legislature in this way:

- It provides the legislature with an opportunity to convey what it considers important for the SAI to examine (subject to final say by the SAI as to the content of its work plan).
- It provides the SAI with an opportunity to discuss its business with the legislature, which could include budgetary matters, staffing, audit timeframes, backlogs and audit recommendations.
- It enables ongoing development of the relationship between the SAI and the public accounts committee to generate an understanding of the respective roles of the legislature and the SAI in holding the executive government to account.

Similarly, PASAI’s 2011 Accountability and Transparency Report examined how civil society organisations and media organisations have engaged with government and the SAI. It noted that the role of CSOs has changed, from receiving services to being a key player in providing services to the community on behalf of government. They also play an important role in formulating government policies and advocating for greater accountability and transparency within their own jurisdictions. Accordingly, CSO and media organisations are strong advocates for good governance, accountability and transparency and are well versed in areas that are of most concern or interest to citizens in relation to the use of public funds and the provision of services. Engaging CSOs and media organisations early in the audit process will enable SAIs to target areas that are of interest to citizens, which essentially become areas of interest to the Parliament.

8.3 Engaging stakeholders during the audit

The main product of an audit is the audit report, which summarises all the key findings and key recommendations of the audit. While it is not an end in itself, it is a key part of the process of making government systems and processes transparent and accountable. If the audit report is not read and understood by the right people, improvements will not happen. Availability of reports at the right time and presentation of information in the right way can enhance the impact of audit reports.

Media and civil society organisations use audit reports as a source of factual, unbiased information about government performance that can be used to support the imperative for

change, accountability and improvement in systems and governance processes. The legislature uses audit reports to hold public officials and public servants to account for how public funds have been used. Therefore, engaging relevant stakeholders during the course of the audit, in particular during the execution and the reporting phases, is crucial to the audit report being well received and achieving greater impact when it is published.

Table 11 below outlines examples of how stakeholders could be involved during the audit process.

Table 11

During the audit stage	Stakeholder	How stakeholder could be engaged
Execution	Auditees - informing the auditee what to expect during the audit	<p>Set up communication protocols between the SAI and the auditee that identify the following:</p> <ul style="list-style-type: none"> ▪ The responsibilities of the SAI and the auditee ▪ Guidance on key stages of the audit process ▪ Which documents will be shared between the SAI and auditee ▪ How the SAI will let the auditee know about upcoming audits ▪ Information about the audit plan, timeframe, audit methodology ▪ Type of information and access to be provided by auditee ▪ How and when emerging findings will be shared ▪ When the auditee will receive a copy of the draft report
Reporting	<ul style="list-style-type: none"> ▪ Legislature ▪ Auditees ▪ Media ▪ Citizens 	<ul style="list-style-type: none"> ▪ Ensure that quality is built into the audit process ▪ Quality of audit reports affects how well stakeholders can use the audit findings and recommendations ▪ A high-quality audit report that clearly shows what needs to change and why, and how improvements can be made, is likely to lead to beneficial change ▪ Produce clear and understandable audit reports using plain language ▪ Legislators and journalists are not auditors or specialists in the fields being audited ▪ The layperson should be able to understand the language of audit work ▪ Make use of exhibits and other tools to present complex information clearly and simply ▪ Seek the help of communication specialists

There are many different ways used by various SAIs to report on their audit findings, including the use of national languages as well as English to publish audit reports, in order to reach a wider audience. Radio broadcasts, television, official SAI Web sites are all medias to engage stakeholders through the publication of audit reports and the opportunity to provide feedback and complaints.

8.4 Engaging stakeholders after the audit

Audit follow-up is often an area where SAIs may not be doing well, for a number of reasons. There may be limitations in the SAI legislation or in financial management legislation; an unstable political environment where Parliament fails to sit so reports are not tabled for many months before they can become public; committees of parliament responsible for the scrutiny of audit reports who often lack the capacity and capability to perform this role or perhaps regular changes to member composition, making it hard for the committees to function effectively. There are numerous reasons why audit follow-up continues to be an area that requires work across the INTOSAI community.

How and when to engage particular stakeholders after the audit is demonstrated below.

After the audit stage	Stakeholder	How stakeholders could be engaged
Follow-up	<ul style="list-style-type: none"> ▪ Legislature ▪ Auditee ▪ Media ▪ Civil society ▪ Citizens ▪ Executive ▪ Law enforcement 	<ul style="list-style-type: none"> ▪ Communicate the results of audits clearly and effectively ▪ Good communication is essential if the SAI is to fulfill its mandate ▪ Write recommendations that lead to change ▪ How recommendations are worded affects whether and how well they are implemented ▪ It is easier to have impact if the recommendation is practical and precise ▪ Follow up on recommendations to find out if progress has been made ▪ SAI reports should help to make government more accountable and transparent ▪ Identify how well auditees have implemented changes they promised

One way audit follow-up can be strengthened is by engaging with civil society organisations (CSOs) and the media after the audit—through media releases, general awareness workshops, public accounts committee workshops, radio talkback about audit reports, and public forums where members of the public can ask questions about the audit findings and recommendations.

In doing so, CSOs and the media can put pressure on the auditees and the legislature to act on the audit recommendations and implement change within the public service.


8.5 The impact of audit reports

SAIs can achieve greater audit impact when they clearly understand their stakeholders' expectations and the relationships that exist within their jurisdiction, as discussed in detail in Chapter 2 of this guidance.

There is overall agreement on the benefits of engagement with external stakeholders. The stock-taking report published by the Effective Institutions Platform of the Anticorruption Resource Centre noted the overall agreement on the benefits of stakeholder engagement. Of the responding SAIs, 87% agreed on the importance and value of engaging with citizens and civil society,¹⁹ although some respondents noted that it is still early to identify specific benefits. Different survey respondents had different understandings of the outcomes that might be attributed to engagement practices and of the value attributed to such outcomes.

The range of potential outcomes of engagement with external stakeholders is wide (see Table 12 below). Respondents identified a mix of expected outcomes and benefits at different levels: from pragmatic results that relate to the audit process to increasing trust in public institutions and strengthened governance and the rule of law.

Table 12 Potential Outcomes of External Stakeholder Engagement

	SAI & State	SAI/State-Society relations	Social actors
	Improved audit processes Reduced corruption Improved PFM	Knowledge of the SAI Collaboration SAI-citizens	Better provision of public goods Pressure for implementing audit recommendations
	Public officials responsive to audit recommendations Responsive and accountable SAI Strengthened SAI capacity	Credibility Trust	Empowered citizens exercise social control
	Legitimacy		

¹⁹ Responses to question: "Do you see any clear, identifiable and measurable benefits for the SAI in engaging with citizens/civil society?" (Question 23).

Institutional	Better public policies Rule of law and good governance	State building	Inclusive and participatory governance
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8.6 Challenges and risks of engaging stakeholders in the audit process

As previously discussed, there are various mechanisms that SAIs use in engaging with stakeholders. Engagement with stakeholders also comes with its own challenges. The SAI needs to consider a number of factors before deciding which mechanisms to use for which stakeholder. Some of the core aspects that SAIs need to take into account when promoting collaboration include:

- The defined objective of the participation
- The scope of participation
- The responsibilities of each side
- The channels and patterns for information flows

Each SAI will have different stakeholders, depending on its mandate and the jurisdiction it operates within. For each type of engagement, risks need to be considered and managed to ensure the best outcome. A 2014 study of member SAIs by the Effective Institutions Platform²⁰ of the Anti-corruption Resource Centre identified that SAIs perceive higher risks in engaging with the media than with any other stakeholder, and just over half also perceive high risks in engaging with citizens and civil society. The main risk of engaging with citizens and civil society, as perceived by SAIs, is reputational: institutional leaks of information or citizens' misuse of information produced by the SAI can undermine confidence in the institution. In the case of the media, risks of media sensationalism and political manipulation as well as negative exposure of the SAI are the main concerns. As for engaging with parliaments, SAIs are aware that relations with the legislative power need to be well balanced to preserve SAI independence.

The 2014 stock-taking report by the ELP identified the following key challenges and risks for SAIs engaging with stakeholders during the audit process:

- Workload as the main constraint on SAI enhancement of transparency and disclosure of information
- Financial resources
- Limitations related to the legal or normative framework or SAI mandate
- Inadequate technology, human resources and mechanisms
- Risks to autonomy
- Fear of public pressure
- Fear of media sensationalism

²⁰ <http://gpsaknowledge.org/tag/citizen-engagement/#.WLaJ1P6QxaQ>

Chapter 9 Engaging with Stakeholders for Greater Independence

To engage effectively with stakeholders in the course of its work, the SAI has to be independent in its choice of audit issues, in its audit planning, and in the audit methods it employs, as well as in the conduct of its audits and the organisation and management of its office. Therefore, SAIs should be free from direction or interference by the legislature or the executive while fulfilling their audit tasks. Independence or strong legal frameworks are critical for SAIs in engaging with stakeholders. SAIs therefore need to engage with the key stakeholders to achieve greater independence; this in turn will improve the SAI's relationship with other stakeholders.

This chapter gives a brief outline of which stakeholders the SAI should engage with, and how, in achieving greater independence. Most information from this section builds on the report “Making SAI independence a reality Some lessons from across the Commonwealth” developed by INTOSAI.²¹

The details of the strategies that SAIs could use in achieving greater independence are dealt with in the guidance document developed by the INTOSAI Development Initiative (IDI), “Towards Greater Independence—A Guidance for Supreme Audit Institutions”.

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9.0 Who to involve, and how

To strengthen its independence, an SAI usually needs the support of all its stakeholders including parliament, the ministry of finance, the public service commission (or equivalent body), the judiciary, donor agencies, the media, civil society organizations and business groups and, of course, its own staff.

Each of these groups will need to understand what the SAI is seeking and to have any fears allayed. In all cases, an SAI will need to identify the potential supporters within these groups, the opponents and the basis of their opposition, and the potential influencers who might be able to reassure the doubters. Thought needs to be given to the best way to communicate with these different stakeholders. In many cases the SAI will also need to develop close links to the

²¹

http://www.intosai.org/fileadmin/downloads/downloads/4_documents/Commonwealth_Making_SAI_independence_a_reality.pdf

international development community, who may be able to provide funding support to help the SAI achieve independence.

Legislature/Parliament

- i. If the parliament has an active public accounts committee or finance commission, it is likely that the committee members will be major supporters of change. They are well placed to talk to ministers, party leaders, the Speaker, and other MPs about the benefits of greater independence for the SAI. However, they may not always be clear about the benefits of a more independent SAI to them, their political parties or their constituencies. They will need to be given opportunities to develop a clearer understanding and appreciation of what is possible and why. In this process, it is also important to ensure that parliamentary officials, for example parliamentary clerks, and the staff who support the public accounts committee or finance commission understand why a SAI requires greater independence and the benefits of having greater independence. Where the opposition chairs the public accounts committee or finance commission, it is essential that the chair be seen to be acting in as politically neutral a way as possible. If government sees the opposition using the public accounts committee or finance commission as a political tool to attack the government, it is more likely to resist pressure from the committee for greater SAI autonomy.
- ii. Careful thought needs to be given to the likely impact of parliamentary electoral schedules. If draft SAI legislation reaches the parliament too late in the electoral cycle, there may not be enough parliamentary time for new or amended legislation to pass. Are any key supporters likely to lose their seats in elections or be distracted during electoral campaigns?
- iii. In countries with a strong presidency, SAI heads will also need to consider how and when to engage the office of the president in discussions about the importance of SAI independence and to seek its support.

Possible actions include:

- Arranging a study tour to countries with an independent SAI, and meeting with the public accounts committee or finance commission and individual MPs, possibly with funding support from development partners
- Ensuring that the public accounts committee or finance commission has more visibility when audit reports are released, and allowing them to take more credit for the audit reports
- Conducting special workshops in-country, perhaps led by an MP or other expert from elsewhere, on the benefits of greater independence possibly using *ISSAI 12 The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens*, adapted to the specific context of individual countries

- Initiating a capacity-building project to strengthen the public accounts committee or finance commission so that it can better understand its role and the importance of greater independence for the SAI
- Encouraging public accounts committee or finance commission members to conduct briefing sessions for other MPs. Having to talk about something in public can often generate a deeper understanding of the issues.
- Producing a briefing paper for the PAC providing ready answers to typical objections. PAC members may well face lobbying from disgruntled staff or others and need to be able to deal with these.
- Making sure the senate or house of review understands why change is needed and what the benefits are likely to be
- Making sure the key political parties are supportive, and encouraging them to make greater SAI independence part of their political manifestos

Ministry of Finance

Ministries of finance usually view their role as the guardians of public funds and one of the few public bodies that can be trusted with public funds. They may see direct funding of the SAI by parliament as a threat to their position. Ministries of finance may also argue that the SAI, a department of the ministry of finance, already has sufficient independence to undertake its audit work and to report the results of this work. The SAI will need to be able to show that it understands the views of the ministry, but it may need to emphasise that there is a fundamental conflict of interest when the SAI is within the government structure, i.e. part of a government department or ministry, while being the external auditor of government. Where ministries of finance, and others, fear that an independent SAI is unaccountable, the SAI may need to suggest appropriate accountability mechanisms, including oversight arrangements for the SAI governance processes and procedures and clarification of how SAI performance will be assessed.

Possible actions include:

- Where they do not exist, recommending the establishment of a public accounts commission or finance commission in parliament. Such a commission would scrutinise and approve the SAI's strategic plan, budget and annual report, and would appoint the SAI's external auditor. In agreeing to the SAI's budget, the commission would be expected to consult with the ministry of finance but would not be bound by its advice.
- Considering the creation by parliament of a board for the SAI. The role of the board would include scrutinising the performance of the SAI, but it would be excluded from interfering in the day-to-day audit decision making, i.e. what to

audit, how to audit and how to report. For most boards, the majority of the members would be non-executive members, i.e. not employees of the SAI, and therefore more likely to provide a constructive challenge to the Auditor General and the SAI's leadership team. If such a board is established, it is vital that the process of appointing board members is transparent and politically neutral, and results in the appointment of people of integrity. It is also important that board members understand their oversight role and do not involve themselves in audit decision making, which must remain the prerogative of the Auditor General.

- Ensuring that the SAI has an up-to-date finance manual. The manual should set out the policies and procedures to be followed to ensure that the SAI operates in accordance with best practices in financial management. The SAI may wish to consult with the ministry of finance when updating its finance manual.
- Carrying out a functional review to ensure that the SAI has all the functions needed to manage its own operations. The review should identify how many audit staff are needed, and at which grades, to deliver the audit programme, i.e. to ensure that all the audit work can be delivered in a timely way. The review should also cover corporate services and IT functions. The review will support the SAI's bid for resources, which will be considered by parliament.
- Conducting a pay and grading exercise to assess how the salaries of different SAI grades compare with similar staff in the public sector and in the private sector, e.g. private sector audit firms. The SAI will need to recognise that the salaries paid to its staff need not match private sector salaries, because of such benefits as pensions and job security. However, if there is a substantial gap between the salaries of SAI staff and those of staff in private sector audit firms, the SAI will need to acknowledge the risk that it is likely to lose some of its most highly experienced qualified professional staff unless this gap is bridged.
- Publishing an annual report on the SAI's performance and management of resources, including financial accounts, which complies with international best practices on transparency and openness.
- Carrying out audits that, although independent, are clearly aligned with the ministry's aim of delivering broader public financial management reform.

Public Service Commission/ Ministry of Public Service (or equivalent body)

Some countries have a strong centralised public service commission or ministry of public service which seeks to ensure that robust and transparent processes exist for the recruitment, promotion and management of public sector staff. However, the formality and inflexibility of these systems can make it difficult for SAIs to recruit, promote and reward professional staff on the basis of merit rather than seniority. At the same time, such commissions may resist change because they may have doubts that the SAI can manage its staff in compliance

with good employment practices and can avoid nepotism. The commissions may also be worried about the risk of "wage explosion" as the SAI seeks to pay its professional staff in line with auditors in private sector firms. And they may be concerned about the possible effect on other public sector staff if they see one entity being treated differently from another.

Possible actions include:

- Developing an up-to-date human resources manual and seeking engagement with the public service commission or ministry of public service in developing the manual.
- Conducting a pay and grading exercise possibly using the services of a private sector firm to compare salary packages of similar organisations in the public and private sectors. Salaries need to be set at a level sufficient to attract and retain qualified staff and, ideally, be linked to the achievement of professional qualifications. However, it will be important not to forget the benefits, both tangible (pensions) and intangible (doing good, job security) offered by the SAI. The salaries may need to be higher than the prevailing civil service rates, but often not much higher.
- Using a combined approach to the public service commission or ministry of public service by the SAI, ministry of finance and other parts of the public sector employing qualified accountants and other professionals. This may be a useful way to make the case for salary increases.
- Inviting public service commission or ministry of public service staff into recruitment and promotion panels as the SAI moves from a seniority-based to a competency-based promotion system. This will help ensure that the SAI's processes comply with good employment practices.

The judiciary

An independent judiciary is able to hand down rulings that illustrate and affirm the importance of respecting and promoting an independent SAI. The judiciary may also be in a position to counter attempts to avoid accountability and responsiveness to audit findings, and it can make rulings with a view to avoiding the re-occurrence of incidents that may detract from the SAI's ability to perform its mandate without fear or favor.

The judiciary may also be in a position to identify weaknesses in the mandate of the SAI that require legislative amendment through a process overseen by parliament, and it may be called upon to determine the constitutionality of dispute provisions in laws and regulations.

SAI staff

SAI staff, and the trade unions which represent them, may feel unsettled by discussions of independence. In some cases they will fear job losses or reduced promotion opportunities. They may also fear the loss of public service employment rights and a general erosion of conditions. In this context of uncertainty, rumours can often abound and inflame the situation.

Possible actions include:

- Introducing modern human resource management approaches.
- Having regular minuted meetings with the trade union side to identify union members' concerns and to ensure that, as far as reasonable, they are dealt with, while at the same time being clear about the "non-negotiables".
- Using regular face-to-face and written communication with all staff to ensure that they receive clear and consistent messages and can feel that their voices are listened to. It is important to make sure that consultation is genuine and, where changes are made as a result of that consultation, to make sure that staff are kept up-to-date.
- Offering a "honeymoon period" of up to three years during which staff can decide whether they wish to stay in the civil service and take up other posts in government, or transfer to the newly independent SAI.
- Setting up a special fund for staff who wish to take voluntary redundancy or early retirement.
- Obtaining additional funding (an increase in the SAI's budget) to pay for salary increases if they are warranted. As far as practicable, salary increases should be directly linked to the achievement of professional qualifications. The professionalisation of the SAI is crucial as it seeks greater independence.

As part of the process of seeking greater independence, SAIs may find it useful to foster good links to additional key stakeholders. These are likely to include donor agencies, the media, civil society organisations and business groups. It is important that these different stakeholders understand what changes are being sought, and why.

Cooperating partners

Donor agency, governance and public financial management staff may understand the importance of SAI independence, but their heads of mission may not. It may prove beneficial to set out clearly what the SAI wants and the impact this will have on the quality of audit reports and the broader issues of transparency and accountability. Heads of donor agencies are well placed to raise issues of SAI independence when meeting presidents, ministers and other senior

government officials. Ambassadors and senior embassy officials are similarly well placed to act as advocates for SAI independence.

The media

The media often have little understanding of the role of SAIs and the importance of independence. However, once they understand the issues they are well placed to write useful articles on the SAI. They are more likely to do this in situations where the SAI has engaged actively with the media and has communicated the results of audits to them in clear and concise forms.

The media are also able to reach diverse audiences that can be educated and used to support regulatory framework improvements that will strengthen the independence of SAIs and ultimately its ability to fulfil its mandate more effectively.

CSOs and business organisations

These stakeholders are often in a position to document and speak out in instances where limitations on the SAI's independence impact negatively on the promotion of improved public resource management and good governance objectives. They also tend to be in a position to illustrate, often by way of comparison, the benefits that flow from advancing the independence of SAIs. These stakeholders are also able to reach audiences that can assist in instances where other forms of advocacy and engagement have not managed to bring about regulatory framework improvements that will strengthen the independence of the SAI.

Civil society organisations, especially those dealing with transparency and accountability issues, are well placed to campaign for SAI independence. However, they also need training so that they understand the role of SAIs and the reason for demanding greater independence. Such groups are often well connected into the parliamentary world and can be useful allies.

Business organisations need to know that governments are making the best use of the taxes and levies collected from companies and other businesses. They usually understand the importance of external audit and are likely to be natural allies of the SAI in wanting to see proper public accountability. With their contacts at senior levels, business organisations are well placed to advocate for reforms and greater independence for SAIs. Accounting and other professional organisations are also potential allies.

Conclusion on SAI engagement with stakeholders

Academic research, stock-taking and SAI questionnaires carried out by several institutions have demonstrated that SAI engagement with stakeholders at various levels, and with various

mechanisms, does lead to greater audit impact. SAIs should consider how they can achieve greater audit impact by understanding the audit expectation gap that may exist within their own jurisdiction in relation to their mandate, their capacity, and their relationships with stakeholders. This guide will assist member SAIs to better understand the nature of these relationships with stakeholders and how to engage with them effectively and address the challenges and risks associated with engagement.

Appendix 1 Engaging with the Legislature²²

Both the SAI and the legislature must monitor the proper use of public funds. The legislature mainly exercises political oversight over budgets. The SAI provides professional, impartial, and independent audit work to supplement the legislature's role. However, the legislature committee which considers the SAI's work does not itself always have good capacity and understanding of public financial management. In addition, like other relationships, the one between an SAI and parliament/legislature needs to be worked on.

Issues to consider about relations with parliament/legislature

1. Is the relationship between the parliament/legislature and/or the committee responsible for oversight of budget expenditure set down in law or some other framework, for example in a protocol? Some SAIs and public accounts committees have found it useful to set down in writing their mutual roles and how they intend to work together.
2. Is there a clear process for tabling SAI reports in the parliament/legislature and having their findings considered? Many SAIs submit an annual composite report on their audit work. What scope exists to deliver more timely reports to parliament/legislature and have these discussed as soon as possible after they are produced?
3. How well serviced is/are the budgetary or other relevant committee(s)? Many committees have few resources, at most one or two staff members. What scope exists for the SAI to second staff to the committee, to provide briefs to members before public hearings, to assist with the drafting of committee reports?
4. What right does the SAI have to go to the media with its audit findings? While it is important that major audit findings be placed before the public, have the different roles of the SAI and committee been worked through in terms of disseminating findings so that the maximum appropriate media cover is achieved?
5. Following any hearing, are proper records kept and a report with recommendations produced? In some jurisdictions, committee hearings are recorded and the committee, with assistance from the SAI prepares a series of recommendations to government on improvements sought.
6. What processes exist for follow-up of the committee's and the SAI's report? Most SAIs need to put in place formal procedures to verify that recommendations have been implemented and to report to the committee and the parliament/legislature when this has not happened.
7. Does the SAI seek regular feedback from the committee on its performance? Some SAIs find it useful to seek formal and informal feedback from the parliament/legislature on how its performance is perceived, areas where improvements might be made, and in some cases, suggestions as to the type of performance audits the committee believes should be undertaken. Some SAIs are legally obliged to carry out a small number of committee-initiated studies; others, while maintaining the independence to make the final choice, find it useful to listen to the opinions of committee members.

²² The AFROSAI E has published a detailed communication tool kit for SAI PAC Relations that highlights how a SAI should conduct its business with the Public Accounts Committee or any Oversight Committee that deals with SAI Reports. The tool kit can be accessed through the AFROSAI E Website <https://afrosai-e.org.za/news-article/cooperation-accountability>

Good strategies and practices in engaging with the legislature

The SAI should:

- write audit reports in a clear and concise, fair and factual manner, avoiding political statements;
- give appropriate – but not exclusive – consideration to parliamentary/legislature concerns in setting audit priorities;
- be selective in deciding which audit reports to submit to the parliament/legislature by sending it only those reports which clearly merit parliamentary attention and which include a clear statement why the report is being sent;
- consider the establishment of a separate unit or person to coordinate the SAI's contacts with the parliament/legislature to facilitate communication and help assure SAI awareness of parliamentary/legislature needs and interests;
- follow up actively and methodically on previous audit findings and inform the parliament/legislature of inaction on important problems; and
- avoid commenting directly on government policies, but recognize that disclosure of implementation problems may raise questions about the underlying policies.

Specific considerations for SAIs in engaging with the legislative committee

In all countries, a specific legislative committee (such as a financial and budgetary control committee or public accounts committee) reviews all matters related to external audits. This committee is the SAI's main contact for dealing with audit findings and conclusions and endorsing them, where appropriate. In a number of cases, audit reports are reviewed individually. The ministries concerned are required to implement the SAI's recommendations. Some SAIs do not have the authority to enforce ministries' compliance with these recommendations. In such cases, a sustained audit impact can happen only if the legislature requires the executive branch to follow the recommendations made in the audit reports. The SAI may encourage the ministry to comply with the requirements by setting deadlines and arranging for the committee to follow-up on the matter at a later date.

Appendix 2 Engaging with the Executive

Although SAIs need to be physically, financially, politically and practically independent of the executive branch of government, the insistence on independence need not come at the expense of working with government partners when there are common agendas to be followed and when, by so doing, the SAI's work can have greater impact.

Issues to consider about relations with the executive

- i. To what extent does the forward programme of audits, especially performance audits, address key challenges facing the government? If, for example, a government is intent on tightening up procurement systems, there may be scope for the SAI to undertake a structured series of audits, examining how effectively the reforms are being introduced and then verifying that the procurement arrangements are being used properly.
- ii. Does the SAI know what directions for financial reform are being pursued by the ministry of finance? For example, many SAIs have found it useful to work alongside their ministry of finance when accrual accounting is being introduced to help ensure, through the audit process, that the reforms are well managed.
- iii. What is the government's forward programme of legislation? Some SAIs are involved in the scrutiny of new legislation to ensure that it is tightly drafted and does not introduce loopholes which facilitate fraud and corruption.

Appendix 3 Engaging with the Audited Entities

Although the SAI needs to maintain clear independence from the audited body, the development of good, open and professional relations is likely to make it easier for SAI staff to conduct rigorous, useful audits.

Issues to consider about relations with audited bodies

- i. Do audited bodies know clearly what the SAI expects of them?
- ii. When there are changes in the audited body's senior personnel and audit committee membership, does the SAI ensure that new members are properly briefed on the role of external audit?
- iii. Without damaging the right to undertake unplanned audits, does the SAI work with the audited bodies to ensure that the planning and execution of audits cause minimal unnecessary disturbance to the audited body?
- iv. Does the SAI use a variety of formal and informal ways to provide feedback to the audited body so that the audit produces few surprises?
- v. Is the audited body given a reasonable opportunity to respond to the audit reports and have this response fairly considered?
- vi. Does the SAI focus on important issues and make sound recommendations for further improvements rather than listing a catalogue of minor failings?
- vii. Are the SAI's staff trained in good client management?
- viii. Does the SAI seek feedback from audited bodies on the quality of its work, staff and systems?
- ix. Does the SAI work with the audited bodies beyond the regular cycle of audits to promote improvements in their performance?

Appendix 4: Engaging with the Media and the Public

Audit reports which remain on shelves unopened and gathering dust do little to improve public sector management. Modern SAIs have found it useful to seek to better manage relationships with the media in order that the messages contained in audit reports reach as wide an audience as possible. A challenge is to balance the sensational with the mundane. If reports are too sensational then an SAI can be accused of being too political or extreme. If too mundane, they are unlikely to be covered in the press. Striking a balance is important. Good links to the media and public can also help provide intelligence on areas of risk and lead to useful audits.

Issues to consider about relations with the media and public

- Does the SAI have a clear policy framework for dealing with the media?
- Does the SAI develop a media strategy for all its major products to ensure that its work is widely known and understood?
- Does the SAI deal professionally with the media, providing high-quality press releases and press conferences?
- Is this strategy suitably discriminating so that different approaches are used to communicate with different audiences, ranging from the professionals in a sector to the general community?
- Does the SAI have a plain writing policy to ensure that its publications are widely accessible to audiences? Some SAIs produce local variants of reports accessible to specific community groups and/or use other media for groups with low literacy levels, for example video, radio, or tapes.
- Does the SAI welcome correspondence from the public, treat such correspondence seriously, and use this work to inform future audit activity?

Specific activities with the media

- **Media lock-ups.** Holding media lock-ups allows journalists to digest a report, ask questions, and prepare their columns or news reports before an audit report is published. Sometimes such lock-ups involve keeping journalists in a closed room so they cannot file a story until the audit report is made public. In other cases, journalists agree not to report on the findings until a pre-set time. Strict conditions must be in place to ensure that the audit report remains confidential before it is released. If the SAI believes that premature press leaks are likely for certain reports, then other conditions may need to be set. SAIs may have to ban electronic communication devices and cell phones from the media lock-up and allow only accredited journalists (usually members of the legislative press gallery) who have signed a confidentiality agreement to take part.
- **Question-and-answer practice sessions.** It can be useful to offer auditors practice sessions before they attend the media lock-up. These sessions focus on the kinds of questions that journalists are likely to ask.
- **News conference.** Before the report is released publicly, the SAI can hold a news conference. At the news conference, the head of the SAI or his or her representative delivers an opening statement and answers questions from journalists. The focus of the opening statement should be on key messages, findings, and conclusions, with few details given.
- **Media interviews.** Once the report is public, senior SAI officials can be available for media (print, radio, and television) interviews.
- **New media.** Some SAIs are starting to use social media as a way of getting short messages out to wider—often younger—audiences

The content of the press release

The content of the press release depends on the issue. We suggest that you answer the following questions before you write the press release:

- **Who** has done something?
- **What** has been audited?
- **Where** has the audit taken place?
- **When?**
- **Why** have we conducted this audit?
- **Who knows more?** Contact the yy for more information.

Remember to put the most interesting findings or conclusions at the beginning of the press release. Also try to be clear and concise. Write as briefly as possible.

Stick with a clear message and key findings, and refer to the reports that will be handed out at the press conference.

Example of template for press release

- Heading should catch the eye!
- Introduction
Summary of the ***most important*** aspects in bold or italic style
- Facts and findings can be referred to in the audit reports and preferably in short summaries of the most interesting findings
- Comments in form of quotes from the AG (or next in line, DAG)
- Recommendations made to parliament/government and/or targeted authority/company
- Contact information
Appoint a spokesperson(s) and write their names in the press releases – and ensure that they are available for the media
- Do not forget that it is of great importance to explain the scope and mandate of the SAI :
journalists need to understand where the responsibility starts and ends

Preparing for a press conference

When an audit result is about to be communicated it is important to formulate a main message. The following questions could be expected to be asked by journalists and before meeting the media it is important to prepare by trying to answer the questions and add questions/specifics related to the media context in your country.

Make sure that everyone involved in the actual audit result is communicating the same message.

It is important to be clear, intelligible and concise so that people without any previous knowledge of the subject will understand. Never expect media to have the same understanding of the issues in depth.

Questions that media frequently ask:

- What (organization/authority) have you audited?
- What is the most important finding and what is the main problem?
- What consequences do these problems imply/mean, especially for ordinary citizens?
- Why is this audit important?
- Who is responsible for this/these problem/s?
- How long has this problem existed?
- Why hasn't anyone reacted to this problem up to now?
- What are your recommendations to government/parliament?
- What are your recommendations to the responsible authority/company.

Some important considerations to take into account when meeting with journalists

- Consider who should take the questions. Consult the communication policy and guidelines if applicable
- Consider carefully before answering questions, and inform the communication function
- Ask the journalists when they need to know the answer, take notes and call back if necessary.
- Stick to your own area. Only talk about subjects within your field of responsibility.
- Be frank. If you do not know, don't try to guess.
- Stick to the facts. Don't offer interpretations.
- Assume that anything you say may be quoted and recorded.
- Be clear, honest and correct.

Appendix 5 Engaging with Development Partners and with Professional and Academic Bodies

SAIs can play an important role in keeping donors informed about trends and developments in public sector accountability, good governance and transparency, and also about the SAI's capacity and development.

SAIs are also an important mechanism in the follow-up of budget support.¹³ In countries which receive substantial volumes of external assistance, those providing the assistance will often require additional specific audits. There is a growing body of practice in carrying out such audits in ways which do not add massively to the audit burden on developing country administrations. At the same time, these audits do offer capacity-building opportunities for SAIs in developing countries.

Developing good relations with professional associations and private sector auditors is important. It enables the SAI to keep abreast of, and to influence, developments in approaches to auditing; to compare its approaches to those of private sector auditors; and to showcase its corporate values to the broader audit community.

Issues to consider about relations with donors

- Does the SAI meet regularly with donor agencies to identify what external audits need to be done and when?
- Where the SAI is not the auditor, is there scope for SAI staff to shadow the external auditors to maximise their learning opportunities?
- Are professionally qualified members of the SAI encouraged to play active roles in their professional associations?
- Are there formal liaison meetings between a senior member of the SAI and the relevant professional associations on a regular (for example, annual) basis?
- Are there arrangements for secondments between staff in the SAI and in private sector auditing firms?
- Does the SAI contract out a proportion of its audits to private sector auditors to enable it to benchmark its costs and processes?

Appendix 6 Engaging with the Citizens and Civil Society Organisations

Issues to consider about citizens and CSOs

- i. Citizens are often unaware of the role of the SAI and how its work can affect their lives. To build an engaged citizenry that is interested in holding government to account, the general population's budget literacy and audit literacy must be increased. Civil society organisations (CSOs) can help build citizen literacy about the role of the SAI and about issues of financial management and oversight.
- ii. SAIs can create a way for CSOs, based on their close contact with citizens, to alert the SAI to potential problems and ask that an audit be performed. These requests may be made directly to the SAI or indirectly through the legislature.
- iii. SAIs can encourage CSOs to share SAI findings widely and in accessible ways—for example, using posters or radio broadcasts to let village communities know about key risks when new schools are being built in their communities. The risk that suppliers will use low-quality materials or that foundations will not be sufficiently deep are examples.
- iv. SAIs can encourage CSOs to look into issues that arise from an audit report. These groups can help monitor the auditee's follow-up on an audit report and related legislative hearings. Along with attention from the media, this monitoring can place pressure on the auditee to take corrective action. Below are some examples of initiatives by CSOs.
 - A citizens' group tracked the actions a provincial administration took after reported cases of corruption were identified in the Auditor General's reports, and made the results available to the public on the CSO's Web site.
 - A research and advocacy organisation obtained hundreds of pages of accounting records from the Ministry of Health using the national freedom-of-information law; it identified large-scale corruption in a contract awarded to a private agency for an HIV/AIDS prevention programme.
 - A human rights organisation successfully filed a lawsuit to get a copy of the minutes of the hearings of a congressional commission that was responsible for reviewing a SAI's public audits, and initiated action based on the audit recommendations.
 - The organisation used these records to highlight the commission's failure to require corrective actions in response to audit recommendations.
 - A coalition of CSOs complained about a district's repeated awarding of contracts to a private firm that had been doing poor-quality work; the complaint led to a SAI investigation. The Auditor General corroborated these claims and identified a skewed tendering process. Funding to the district was stopped until evidence was provided that the problem had been corrected.
 - Vigilant citizens used SAI audit reports that the executive had shelved to demand an inquiry into failures in a food entitlement programme for poor households; this inquiry led to the dismissal of several officials responsible for the programme .
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Citizen participation in public auditing

The possibility for citizens to influence the governance of a country is a democratic ideal cited frequently by many debaters. Theorists have highlighted the importance of public participation for many reasons. Participation is considered to make political decisions more democratic and thereby to increase both the legitimacy of and confidence in the administration. There are also arguments to support the proposition that the administration functions more efficiently and becomes fairer with public participation. Public participation has recently emerged as a concept and entails that citizens participate in one way or another in the decisions which affect them.

Example: The Swedish NAO's contacts with citizens

For the Swedish NAO, citizens are an important target group from a democratic insight perspective. Different user groups which utilise and are impacted by social services and controls of agencies are entitled to independent information to use as a basis for influencing and forming public opinion. Under the law, the Swedish NAO reports to the Riksdag and communicates with the auditee in accordance with international standards for audit. In addition, the Swedish NAO disseminates its reports to several other target groups through media and by participation in conferences and seminars. The intention is to create greater awareness of the Swedish NAO and increase contacts with the surrounding community. Another aim of the NAO is to be able to utilise the knowledge which exists among these actors. It is a part of the NAO's ongoing strategic intelligence to identify relevant issues and ensure that ideas for audits are as relevant as possible and are based on known knowledge.

In the Swedish NAO's audits, the citizens furnish important support in different ways. By means of surveys and in-depth interviews with citizens, the NAO has attempted to find out about their experiences of, for example, meeting with different areas of the administration to capture a citizen's perspective. Closer cooperation, such as transferring areas of the audit work itself to civil society organisations, have never been considered.