

# INTOSAI-Donor Cooperation

Working together to strengthen SAIs in developing countries

5<sup>th</sup> Quarterly Update  
July-September 2012

## Asian Development Bank and AusAID Join MoU

In July and September 2012, the Asian Development Bank (ADB) and the Australian Agency for International Development (AusAID), signed the Memorandum of Understanding between the INTOSAI and Donor Communities. ADB and AusAID became the 17th and 18th donor members of the INTOSAI-Donor Cooperation. In signing the MoU, AusAID Chief Operating Officer Gary Dunn noted that strengthening the capacity of SAIs and government auditing

contributes to the sound use of aid funds, and general public resources, in developing countries.

A signing ceremony to mark the expansion of the Cooperation will be held at the UK NAO on 17<sup>th</sup> October, immediately prior to the 5<sup>th</sup> INTOSAI-Donor Steering Committee meeting. The GAVI Alliance (formerly Global Alliance for Vaccinations and Immunisation) has also agreed to sign the MoU at the ceremony in London, becoming the first of the Global Funds to do so.

## Strengthening Capacity of SAIs to Develop Funding Proposals: CREFIAF Workshop

Applications received in response to the 2011 Global Call for Proposals revealed that some SAIs were unfamiliar with the process of writing proposals that reflect identified capacity development needs and utilizes robust results frameworks. As a result some applications were weaker than others. This appears to be of particular importance in INTOSAI regions and sub-regions where SAIs traditionally have little experience in applying for external support. There is consequently a risk that the SAIs which need support the most will not get it, and there is a need for systematic efforts to strengthen the capacity of SAIs to write sound applications which meet the requirements of the donor community.

Based on this experience and a specific request from CREFIAF, representing SAIs in francophone Africa, a seminar on developing funding proposals was arranged in Congo Brazzaville on 20-21 July 2012, in connection with the CREFIAF General Assembly with participation from 19 different countries in the region. Fiscus Ltd. was selected to support the INTOSAI-Donor Secretariat and the CREFIAF Secretariat in designing and facilitating a workshop for CREFIAF SAIs. The seminar was designed to equip professional SAI personnel to identify key institutional challenges and opportunities in their specific country context, to draw operational

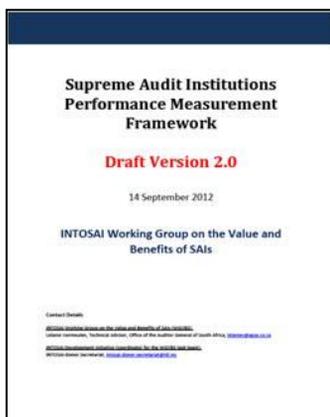


Participants at the CREFIAF Workshop in Congo-Brazzaville.

conclusions for the design of capacity building strategies and to develop clear project proposals based on these strategies. Based on the feedback from the participants, it seems reasonable to take this initiative forward to other regions subject to demand, and to align the timing of future workshops with future Global Calls for Proposals. The best way to follow up the initiative within CREFIAF and to discuss the potential for roll-out to other regions will be discussed at the INTOSAI-Donor Steering Committee Meeting in London, UK 17-19 October 2012.

## Draft SAI Performance Measurement Framework Issued for Comments

Draft version 2.0 of the SAI Performance Measurement Framework (PMF) was sent out to key stakeholders for comments on 14 September. It is also available on the [IDI website](#). The SAI PMF is being piloted in the SAIs of Norway, Djibouti and Sierra Leone during September to December.



First experiences from the pilot in Norway show that most indicators are applicable and relevant, although further guidance will be needed on how to score some of them. The pilot also shows that the overall framework is able to give the SAI a high level overview of its main strengths and weaknesses. The pilots in Djibouti and Sierra Leone will be instrumental in ensuring that the SAI PMF is applicable for SAIs of different levels of development, as well as for SAIs following the Court system. Following this first round of pilots, the SAI PMF Task Team will develop an

updated version of the framework based on the experiences made and comments received from stakeholders. An updated draft will go through a round of quality assurance in the first quarter of 2013. It will then be submitted to the INTOSAI Working Group on the Value and Benefits of SAIs for approval as an Exposure Draft. This version will be made available for the XXI INCOSAI in Beijing in 2013, and will be used for a larger round of pilots during 2013-2015. The second round of pilots will mainly be used to test the calibration scales of the indicators. The Exposure Draft will also be subject to a longer period of consultations during which inputs from a wide variety of stakeholders can be incorporated.

On 20-22 August a workshop on the SAI PMF was held for representatives of 15 SAIs in OLACEFS in Lima, Peru. This was part of a regional event on performance measurement, organized by CEDEIR in cooperation with GIZ. The SAI PMF was also presented at a meeting of the INTOSAI Capacity Building Committee (Sub committee 3) in Luxembourg on 5-6 September.

Comments on the SAI PMF should be sent to [INTOSAI.Donor.Secretariat@idi.no](mailto:INTOSAI.Donor.Secretariat@idi.no) by 30 November.

## Introducing Results-Based Management in Chile

Since 2010, the General Comptroller Office of the Republic of Chile (SAI Chile) has been implementing Results-Based Management in its main functions. This has improved processes, management systems, and organizational products in areas including:

- (i) Legal Function, focusing on the processes and products of Legality Control and Rulings
- (ii) External Audit Function, involving redesign of the Audit Management System and improving audit reports
- (iii) Sanctioning Function, focused on obtaining summary proceedings and improving timeliness
- (iv) Training Function, especially training provided to other public agencies
- (v) Management Control, developing a Management Reporting System for the strategic, tactical, and operational levels.

The first challenge in implementing results-based management was a change in mentality for the organization, from a bureaucratic culture to a culture of accountability. Each official should be responsible for the result of his work, following four principles:

1. **Timely delivery** of the organizational products
2. **Efficiency and flexibility**, allowing optimal use of the SAIs resources for product delivery
3. **Quality** of products, satisfying the needs of the State as well as those of civil society.
4. **Added Value**, so products enhance State Management, contributing to the Common Good.

SAI Chile was able to achieve the first step of the reform due to success factors including commitment of the SAI leadership, strategic vision combined with realistic objectives, a timeframe that allowed gradual changes, and use of in-house professionals working as consulting teams to support the change process.

The implementation of result-based management requires basic conditions including transparency, clear strategic objectives, and alignment between organizational strategy and operational management. It also needs organizational flexibility, as well as supporting IT platforms and management systems. Future challenges include gradual implementation of the improvements designed during 2012, including upgrading support systems and staff capability in the new processes and products.

### Strengthening the SAI Supply Side

SAIs perceive added value in receiving technical support from peers in the public sector audit community. At the same time private sector support also brings advantages to the overall supply side. Taking these two factors into account, the Chair of the INTOSAI Capacity Building Committee initiated a seminar to discuss ways to strengthen the SAI Supply Side. This was held on 21 September in conjunction with the INTOSAI Capacity Building Steering Committee and hosted by Norway. Participants included representatives from the INTOSAI General Secretariat and SAIs of Brazil, China, Denmark, France, Germany, Morocco, Peru, Poland, Sweden, United Kingdom, United States and Norway, and the IDI. Discussions focused on the quality and quantity of the supply of capacity development support and opportunities to strengthen the market for support. While a number of SAIs are looking to become

providers of support to their peers or scale up support they currently provide, there is a need to address resource barriers. With regard to the quality of the supply of support, a community of practice of providers of support to SAIs was proposed. This would bring together SAIs, other providers and those commissioning support. On the topic of the quantity of the support provided, the access to funding and to sufficient human resources marked the most urgent needs. Participants recommended that communication materials should be developed to give international cooperation a higher profile and priority within SAIs. Finally, participants agreed that the issues discussed at the seminar were of strategic importance to INTOSAI and could benefit greatly from discussion and feedback from the Governing Board. SAI Morocco as CBC Chair, supported by SAI USA as Goal Liaison, agreed to take forward this issue and ensure it is raised and discussed at the forthcoming Governing Board meeting.

### Building Better Supreme Audit In Iraq

The Iraq Board of Supreme Audit (BSA) is a professional institution, independent of the government, reporting to the Parliament of Iraq with a mandate to ensure the government accounts for the public funds entrusted to it. It has been in existence for more than 80 years. Even in Iraq’s fragile security situation, the BSA has retained its independence and integrity—it is neither sectarian nor politicized—and has remained one of the most respected institutions in the country. BSA staff work under extremely difficult circumstances. The previous President of the BSA and 27 staff were assassinated as a result of their audit findings. After decades of conflict and economic embargos, the systems of public financial management and governance in Iraq are being rebuilt. Determined to play a lead role in this process, the BSA reached out to the World Bank for support to modernize its audit practices, build a sustainable training system, and initiating a change process. Based on a self-assessment of the BSA facilitated by the Bank, a program was designed and USD 1.4 million grant provided. The program facilitated 21 workshops, including two study visits. Ten master trainers were trained, and disseminated the acquired knowledge to 270 auditors from Baghdad and the governorates, delivering over 10,000 training hours on financial, risk-based, procurement, and performance audit. Special subjects such as oil audit, forensic audit, contract management, and auditing of World Bank-financed projects were also addressed.



*Iraq BSA High-Level Management Development Workshop, Beirut*

Throughout this program, the BSA has benefited from peer support from SAIs including the UK, Netherlands, France, Canada, Poland, Malaysia and Brazil, as well as the IDI, the ILO, and individuals. The BSA has brought together Iraqi stakeholders, including the Commission on Integrity, Inspector General Office, and Secretary General to the Council of Ministers, in the dialogue. Building on this, BSA has signed agreements with SAIs of Poland and Netherlands, and will benefit from further peer support from the Netherlands, financed by the Netherlands Ministry of Foreign Affairs. This will include training in performance auditing and, at BSA’s request, a peer review to assess its compliance with International Standards.

For information, contact [melchami@worldbank.org](mailto:melchami@worldbank.org).

### Thanks and a Fond Farewell to Tony Hegarty

Due to the mandatory retirement age in the World Bank, Tony Hegarty will retire at the end of November from his post as Chief Financial Management Officer and Head of the Financial Management Sector Board of the World Bank. This will also mark the end of his tenure as the Donor Chair of the Steering Committee.



Tony has been involved in the Cooperation since its infancy, and is one of the founding fathers of this unique partnership between INTOSAI and the Donor community to augment and strengthen support to developing country SAIs. He has played a crucial role in all stages of the development, from the initial dialogue phase, to the development of the INTOSAI-Donor MoU, the establishment of the Steering Committee and Secretariat, and the subsequent planning and implementation of a range of initiatives to facilitate improved SAI performance through scaled-up and more effective support.

Tony has been a great ambassador for the INTOSAI-Donor Cooperation, and on behalf of the Steering Committee we would like to express our sincere gratitude to him for his tireless and valuable efforts to support the strengthening of public sector auditing in developing countries.

### PASAI Study of Accountability and Transparency of Auditing Institutions in the Pacific Region

The Pacific Association of Supreme Audit Institutions (PASAI) has released the report of its study of the state of accountability and transparency of government auditing institutions or SAIs in the Pacific region. The project provides a particular insight to public sector administration across the Pacific. Its findings will inform regional governments of the significance of good accountability and transparency practice and be used to advocate widely on the importance of government auditing.

The study was designed as a learning tool to identify good practices in the field and to promote these across jurisdictions. The findings from the study will provide a benchmark for future follow-up work.

The study was based on a range of international and regional benchmarks and good practice principles. There were two components to the project; a questionnaire completed by 20 SAIs (80% of the PASAI membership) and an in-depth study of six jurisdictions selected from across the region. The report is available from the PASAI website [www.pasai.org](http://www.pasai.org).

### 233 Projects on the Database

233 SAI capacity development projects, including country level projects in over 100 different countries, are now on the database ([www.SAIdevelopment.org](http://www.SAIdevelopment.org)). The database is actively used to plan projects and coordinate activities. Providers of support are encouraged to update their entries regularly and to make entries as complete as possible. Analysis shows support to SAIs of around USD 56 million per year.

### Forthcoming Events

Below is a selection of key events which may be of particular interest to stakeholders. For the complete INTOSAI calendar, see [www.intosai.org](http://www.intosai.org). If you would like us to include your event in the next newsletter, please contact [intosai.donor.secretariat@idi.no](mailto:intosai.donor.secretariat@idi.no).

**October 17-19:** 5th INTOSAI-Donor Steering Committee Meeting, London, UK.

**October 29-31:** CRECER conference, Managua, Nicaragua.

**November 4-11:** XXII General Assembly of OLACEFS, Brazil.

**November 20-21:** INTOSAI Governing Board Meeting, Chengdu, China.

#### 2013

**March 5-7:** 22nd UN/INTOSAI Symposium, Vienna.

**May 30:** XXXXth EUROSAI Governing Board Meeting, Brussels, Belgium.

**October 22-27:** XXI INTOSAI Congress, Beijing, China.

#### INTOSAI-Donor Steering Committee Leadership

Chair (INTOSAI): *Osama Faqeeh, General Auditing Bureau, Saudi Arabia*

Chair (Donors): *Anthony Hegarty, World Bank*

Vice-Chair (INTOSAI): *Gene Dodaro, U.S. Government Accountability Office*

Vice-Chair (Donors): *Stephen Sharples, Department for International Development, UK*

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