

# **Mapping of Tools for Assessing Performance of Supreme Audit Institutions**

**INTOSAI-Donor Cooperation**



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## List of Acronyms and Abbreviations

AfDB	African Development Bank
AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
CPFM-SAT	Commonwealth PFM Self Assessment Tool
ECFIN	Direktorate General for Economic and Financial Affairs, European Commission
IADB	Inter American Development Bank
IDI	INTOSAI Development Initiative
IMF	International Monetary Fund
INCOSAI	INTOSAI Congress
INTOSAI	International Organisation of Supreme Audit Institutions
INTOSAI CBC	INTOSAI Capacity Building Committee
INTOSAI WGVBS	INTOSAI Working Group on the Value and Benefits of SAIs
ISSAI	International Standards of Supreme Audit Institutions
OAG Norway	Office of the Auditor General of Norway
PASAI	Pacific Organisation of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Financial Management
PI	Performance Indicator
PMF	Performance Measurement Framework
QA	Quality Assurance
ROSC	Report on Observance of Standards and Codes
SAI	Supreme Audit Institution
SIGMA	Support for Improvement in Governance and Management
UK NAO	National Audit Office, United Kingdom

## Executive Summary

INTOSAI has recognized that measuring the performance of Supreme Audit Institutions (SAIs) may help demonstrate the value and benefits of SAIs to society and make SAI capacity development efforts more effective. At the 2010 INTOSAI Congress the Working Group on the Value and Benefits of SAIs (WGVBS) was consequently tasked with developing credible SAI measurement tools. The same year the INTOSAI-Donor Steering Committee made a complementary decision. In order to ensure a well coordinated process, the INTOSAI-Donor Secretariat was appointed coordinator of the WGVBS project. The first step in the process has been to map existing tools which are currently used for measuring SAI performance and assess whether any of these may be used by INTOSAI and other stakeholders or whether it is necessary to develop a new tool. This report presents the results of the mapping.

Eight tools and frameworks for SAI assessments and 12 frameworks covering the whole/large parts of the PFM system were identified and assessed, 20 in total. The tools were assessed against twelve criteria defined by the WGVBS. The criteria attempt to capture the best features of different tools and cover requirements a tool should meet in order for it to serve the needs of different stakeholders. The assessment shows that none of the tools meet all twelve criteria. It is however evident from the analysis that the majority of the criteria can be met if the strengths of a limited number of particularly relevant tools are combined in a new tool. The recommendation is that the task team under the WGVBS starts working on the development of a new SAI performance measurement tool, with the aim of meeting as many of the criteria as possible, building on existing tools so as not to duplicate efforts. Benefits of developing a single, performance measurement framework for SAIs which may be applied globally by all key stakeholders could be substantial, and include reduced transaction costs for SAIs and improved ability to monitor changes in performance over time and benchmark performance against peers.

## 1. Introduction

INTOSAI has on several occasions recognized the importance of measuring the performance of Supreme Audit Institutions (SAIs). Objective performance measurement is important because it helps demonstrate the value and benefits of SAIs to society. It may also serve as input to effective SAI capacity development because it can provide both SAIs and their development partners with information about development needs and the effectiveness of capacity building initiatives. Assessments of SAI performance against elements of the recently adopted International Standards of Supreme Audit Institutions (ISSAIs) may both demonstrate progress and help identify challenges in the implementation so that support may be provided in an effective way. The importance of performance measurement is reflected in ISSAI 20, which calls for SAIs to assess and report publicly on their operations and performance<sup>1</sup>.

SAIs currently utilize a variety of mechanisms to measure their performance, including narrative reports of their activities and developments, assessments against the ISSAI framework, as well as national and internationally developed performance frameworks. There are at present more than a dozen different tools developed by the INTOSAI and donor communities that are used to assess the performance of SAIs. Some focus exclusively on the SAI, others examine SAI performance within the context of accounting and auditing or public financial management. The tools are used for different purposes, by different stakeholders, and in different regions. Tools are also used in different ways: for self assessments, peer assessments, and external assessments. And in many cases, the varying levels and nature of involvement of different stakeholders blurs the distinction between these descriptions. There is often perceived to be a trade-off between ownership of assessments and objectivity in the results of assessments. However, innovative ways of involving different stakeholders in assessments, combined with well thought out quality assurance arrangements, is showing that it is possible to have objective, country-owned assessments.

INTOSAI recognizes there is room for improvement when it comes to performance measurement. Commitments to take forward development of a SAI performance measurement tool were made at the 2010 INTOSAI Congress<sup>2</sup>, where the INTOSAI Working Group on the Value and Benefits of SAIs (WVBS) was tasked with developing credible measurement tools to support evaluations in terms of the Framework on the Value and Benefits of SAIs<sup>3</sup>. It was agreed this would be done in collaboration with the INTOSAI Capacity Building Committee (CBC) and the INTOSAI-Donor Steering Committee, and by taking cognizance of such tools that were already available. The measurement tool should be submitted for consideration at XXI INCOSAI in 2013. The 2<sup>nd</sup> INTOSAI-Donor Steering Committee meeting in Johannesburg in 2010 reached a complementary decision, incorporated into its joint work program, to be implemented by the INTOSAI-Donor Secretariat: “Mapping and possible development of performance measurement tool for SAIs in cooperation with the INTOSAI Working Group on the Values and Benefits of SAIs”. At its 4<sup>th</sup> meeting in Jamaica in 2011, the INTOSAI-Donor Secretariat was appointed coordinator

<sup>1</sup> ISSAI 20: Principles of Transparency and Accountability (Principle 6).

<sup>2</sup> INTOSAI 2010. *Johannesburg Accords*, paragraph 34.

<sup>3</sup> Approved at the XX INCOSAI in 2010.

of a Task Team which would coordinate the task ascribed to the WGVBS. This will ensure that the work is taken forward in an integrated manner and that duplication of efforts is avoided.

As a first step in developing a performance measurement tool, the INTOSAI-Donor Secretariat has conducted this mapping of tools that are currently used for measuring SAI performance. This report presents the results of this mapping. The objective of the mapping was to establish an overview of existing performance measurement tools for SAIs as well as assess the need and possible benefits of developing a single performance measurement framework for global use. In addition to tools which are focused solely on performance measurement, it was decided to include guides which have been widely used to understand an SAI's current situation as part of a capacity building process (e.g. the INTOSAI guide 'Building Capacity in Supreme Audit Institutions' and the IDI 'Capacity Building Needs Assessment' Guide).

Significant advantages could be derived from having stakeholders make use of a single global tool to the maximum extent possible. The benefits could include<sup>4</sup>:

- A basis for demonstrating and communicating the value and benefits of SAIs in society.
- Enhanced efficiency, as SAIs would only need to be familiar with use of a single tool (for both self assessment and peer assessments).
- Reduced transaction costs for SAIs, by reducing the prevalence of multiple assessments and overlapping frameworks, by both the INTOSAI and Donor community.
- Better knowledge sharing on use of the framework and findings of the assessments.
- Improved monitoring frameworks within SAIs, through provision of a list of internationally agreed indicators and measurement scales (which could be supplemented with appropriate local indicators).
- Improved ability to benchmark SAI performance within regions and against peers, and investigate the reasons for performance variations.
- Improved ability to monitor changes in the performance of SAIs over time and to evaluate the effectiveness of peer-to-peer and donor financed support programs.
- Improved ability to assess the capacity development needs of SAIs, at regional and global levels.
- More scope for comparative analysis and research on SAI performance, potentially leading to more evidence-based approaches to SAI capacity development.

A global tool would however need to meet the requirements of different stakeholders as well as accommodate for different SAI models and cultural contexts.

## 2. Methodology

The mapping has been carried out through document analysis of existing tools combined with correspondence with relevant stakeholders about the actual application of the tools.

<sup>4</sup> INTOSAI-Donor Secretariat. *Towards a Performance Measurement Framework* 25 August 2011.

The tools have been assessed against twelve criteria. These were approved by the WGVBS at its 4<sup>th</sup> meeting in Jamaica in 2011. The criteria cover requirements an SAI performance measurement tool should meet in order for it to serve the needs of different stakeholders as a single, global tool. The criteria are drawn from an understanding of the history of the development of performance measurement tools in Public Financial Management, and attempt to capture the best features of different tools. To meet all the criteria, a tool should comprehensively measure SAI performance both in design and practice against established good practices, enable monitoring of progress over time, capture specific local issues, and assimilate findings into a brief, constructive report. At the same time, the assessment should be done in a manner that facilitates strong local ownership of the assessment as part of a change management process, but with suitable arrangements to ensure quality and objectivity of the assessment. And the guidance and support for the tool should make it easy to use as either a self-assessment or peer-assessment. Clearly, meeting all these criteria with a single tool is challenging and requires a willingness to trade-off and compromise between the different criteria.

The Framework on the Value and Benefits of SAIs<sup>5</sup> sets out requirements and guiding principles for SAIs. These are reflected in criterion 1, comprehensiveness. This criterion is used to assess what the different tools measure/cover, i.e. to what extent they assess the main SAI results and key SAI performance domains. To guide the assessment against this criterion a list of key SAI results and domains was developed on the basis of the most comprehensive tools. The list was included in a first draft concept note for this task, *Towards an SAI Performance Measurement Framework*.<sup>6</sup> The list included high level results of the SAI<sup>7</sup> and the key domains of SAI performance<sup>8</sup>. At a more detailed level, criterion 4, international agreement, examines whether the tool compares SAI performance to the ISSAIs and other internationally agreed good practices.

The criteria used in the mapping are:

- I. **Comprehensiveness:** Broad coverage of the key domains of an SAI's performance and its contribution to accountability, transparency, good governance and the sound utilization of public funds.
- II. **Objectivity:** Indicators to measure performance and progress are objective<sup>9</sup>.
- III. **Subjectivity:** Subjective factors can also be captured, e.g. through narrative performance report.

<sup>5</sup> INTOSAI 2010. *Johannesburg Accords*, B1.

<sup>6</sup> The ideas in this document were, together with input from the SAI PMF Task Team, taken forward in a new concept note (*Supreme Audit Institutions Performance Measurement Framework Concept Note*), which is available as a separate document.

<sup>7</sup> High level results of SAI performance: Regularity audit coverage, timeliness of submission of audit reports, submission of performance audit reports, evidence of follow up on audit recommendations, and public availability of audit reports.

<sup>8</sup> Key domains of SAI performance: (i) Independence and Legal Framework (ii) Human Resources (iii) Audit Standards and Methodology (iv) Governance and Corporate Support (v) External Stakeholder Relations.

<sup>9</sup> This refers to the design of the tool. Whether the tool is used objectively by the assessors is covered under criterion 10 (quality assurance).

- IV. **International agreement:** performance indicators and measurement scales reflect agreed international standards, such as the ISSAIs, and international good practices where available.
- V. **Relevance** (to all countries): Developed for and/or used by all types of SAIs, regardless of their administrative heritage or level of development.
- VI. **Performance Improvement:** Enables an understanding of the reasons for strong or weak performance, and is designed to contribute to performance improvement.
- VII. **Progress:** Facilitates the consistent measurement of SAI performance (at different stages of the results chain) over time.
- VIII. **Consistency:** Coverage is not inconsistent with SAI related indicators in the high-level PEFA framework (PI-10 element iv and PI-26) with respect to assertion of good practice and location in the results chain.
- IX. **Compliance:** Measures actual audit practices, as well as the quality of the SAI's legislative / regulatory framework and internal guidelines / manuals.
- X. **Quality Assurance:** Appropriate arrangements are defined and applied to ensure an independent review of the assessment, and disclosure of the nature of the review.
- XI. **Brevity:** Comprises the minimum number of performance indicators possible to cover key aspects of an SAI's performance, so as make the tool of practical benefit to SAIs.
- XII. **User Friendly:** facilitates easy use by SAIs as self assessment or peer assessment tool.

Criteria 10 (Quality Assurance) and 12 (User Friendly) were added after the 4<sup>th</sup> meeting of the WGVBS following comments made at the meeting and experiences made during the course of the mapping.

Detailed guidance on the scoring of the tools against the criteria was developed and applied in the mapping (attached in Annex 1). Of the twelve criteria, ten were considered necessary requirements for a suitable tool, whereas two (Brevity and User Friendly) were considered features which should be optimized, but which are not required. This approach was applied because there is a potential conflict between Brevity and Comprehensiveness, where the latter is considered to be the most important of the two, and between User Friendly and Quality Assurance, where more importance is attached to Quality Assurance.

### 3. Overview of existing tools

8 tools and frameworks for SAI assessments and 12 frameworks covering the whole/large parts of the PFM system were assessed, 20 in total. These include the most significant tools and frameworks developed by donor organizations to measure performance of the whole Public Financial Management (PFM) system in a country or more specifically, public sector accounting and auditing. These generally cover SAI performance at a high level. The mapping also covers the most relevant tools and frameworks developed within INTOSAI to assess SAIs. These consequently have a more detailed coverage of SAI performance. The tools included in the mapping were identified through literature review and contact with key stakeholders. This updated version of the mapping includes additional tools brought to the attention of the authors by readers of the first draft report.

Table 1 gives a brief description of the main objectives and key features of the tools and frameworks which are included in the mapping. The overview also includes information on how the different tools have been used in practice. The overview builds partly on a Stocktaking Study of PFM Diagnostic Instruments from 2011<sup>10</sup>.

**Table 1 – Main objectives and key features of identified frameworks**

Framework	Objective	Key Features
<b>Frameworks for SAI assessments</b>		
Capacity Building Needs Assessment, INTOSAI Development Initiative (IDI)	Handbook for individual SAIs assessing their capacity building needs as part of their strategic planning process. It helps SAIs identify reasons for strong or weak performance and develop recommendations for reform. Emphasizes development more than performance measurement.	The handbook provides guidance on the whole needs assessment process. It includes a list of proposed questions which could be asked in the process. These questions cover most main domains of SAI performance. The SAI usually leads the assessment, and it is advised that recommendations are prioritized and that the report is linked to the SAI's strategic plan. Piloted in South Asia and used by various INTOSAI regions to assist strategic planning programs run with their member SAIs. No data on number of individual SAIs that have used the tool.
Institutional Capacity Building Framework Survey, AFROSAI-E	Annual survey/self assessment in which the SAIs in AFROSAI-E benchmark their own level of development against the AFROSAI-E Capacity Building Framework. Results of the self assessments are used by the AFROSAI-E to define future capacity building needs in the region as a whole.	The self assessment is conducted by answering a questionnaire which the AFROSAI-E secretariat sends to all its member SAIs annually. For each question the SAIs are asked to place themselves on one of five levels of development with the help of a calibration scale (the Capacity Building Framework). The AFROSAI-E Secretariat analyzes the responses with a regional focus. The survey has been conducted annually in AFROSAI-E since 2006, and the response rate has increased as the SAIs have developed an increasingly positive attitude towards capacity assessment and improvement.
Quality Assurance Review, AFROSAI-E	Guidance developed for assisting individual SAIs in conducting comprehensive assessments of their quality assurance processes, either for specific audit disciplines, or for the institution as a whole. Like the annual survey, the Quality Assurance Review is based on the AFROSAI-E Capacity Building Framework. Guidance is regularly used by the AFROSAI-E Secretariat when conducting regular institutional quality assurance reviews of member SAIs.	The guidance consists of a list of possible questions to include in an assessment process. There is no calibration scale. The end result is a narrative performance report which should elaborate on causes of identified weaknesses and give recommendations for improvement. The SAI in question should develop an Action Plan on the basis of the report. The Quality Assurance Review and the annual survey/self assessment are applied in combination by the AFROSAI-E Secretariat. Results of the survey are used as input when designing QA Reviews of the individual SAIs.
Peer Review Guide and Checklist, INTOSAI Capacity Building Committee	Best practice guide for SAIs engaging in peer reviews, i.e. voluntary reviews of an SAI by one or several partner SAIs. Emphasizes performance measurement more than development.	The guide provides guidance on the whole peer review process. It contains a list of possible questions which can be asked in the course of a peer review, but since the scope and focus of such reviews vary, the list is neither prescriptive nor exhaustive. There is no calibration scale. Peer reviews often do not focus on reasons for strong or weak performance, but usually provide recommendations. Peer reviews have been conducted in

<sup>10</sup> 'Stocktaking Study of PFM Diagnostics', A Mackie (2011). Commissioned by the Task force on Public Financial management under the Working Party on Aid Effectiveness and overseen by the PEFA Secretariat. The report is available on <http://siteresources.worldbank.org/PEFA/Resources/StocktakingofPFMDiagnosticsFinalVolume1.pdf>

Framework	Objective	Key Features
		about 25 countries since 2004, but not all have used the Peer Review checklist. The CBC is planning to revise the peer review checklist based on feedback from SAIs who have used it.
SAI Maturity Model, UK National Audit Office (NAO)	Guidance for NAO staff assisting partner SAIs to assess their level of maturity and develop strategic plans. Emphasizes development more than performance measurement.	The model is often used as a framework for self assessment and for providing inputs to a discussion between the SAI and the NAO staff on the development needs of the SAI. This often provides input to the development of a strategic plan for the SAI, done jointly between the SAI and the UK NAO. The tool has been used in English-speaking Africa, Eastern Europe and Asia, but has not been applied the past few years.
SAI Pre-Assessment Report, Office of the Auditor General of Norway (OAGN)	Guidance for OAGN staff assessing whether to engage in a long-term partner relation with an SAI, or decide on the direction of an existing cooperation.	The guidance is aimed at helping OAGN staff understand the strengths, weaknesses and context of the assessed SAI. The assessment process may consist of document analysis and interviews in the country in question. SAI involvement is desirable, but this assessment is not intended to replace other internal development processes in the SAI, like needs assessments or strategic planning. Has so far only been applied a few times.
PASAI Capability Model	The model is intended to provide development partners with information on the performance of SAIs in the region when designing their assistance to PASAI and its programmes and activities. Emphasizes performance measurement more than development.	The model is under development and is intended to be used for self assessments, where SAI Heads will place the SAI on one of five levels of maturity. The PASAI Secretariat will gather and compare assessment results for SAIs in the region.
SAI Capacity Building Guide, INTOSAI Capacity Building Committee	The objective of the guide is to describe a process SAIs may use to assess its current state of development and identify strategic steps to build its capacity. Emphasizes development more than performance measurement.	The guide sets out key questions and issues that an SAI may wish to ask and address when developing and implementing a programme to build its own capacity. This includes but is not restricted to a list of questions pertaining to the performance of the SAI.
AfDB SAI Capacity Assessment Diagnostic Tool (DRAFT)	Diagnostic tool used for assessing the capacity and effectiveness of SAIs and identifying development needs. The results are used by the AfDB to design capacity development projects, ascertain the risk of ineffective oversight when considering providing program or budget support loans, or to determine if the SAI has the capacity to complete an annual external audit of the utilization of loan funds/the executive agency.	Only tool developed by an international donor organization/financial institution which is exclusively designed to assess SAI performance. The tool combines indicators/ratings within several categories of SAI performance with a narrative performance report. Tool is still under development and AfDB considers the tool to be an interim measure to meet their specific needs until such time as a global SAI PMF is developed.
<b>Frameworks covering the whole / large parts of the Public Financial Management (PFM) system</b>		
Public Expenditure and Financial Accountability (PEFA) Performance Measurement Framework	The objective is to provide a tool which can be used by many different stakeholders to assess and develop essential PFM systems, by providing a common pool of information for measurement and monitoring of PFM performance progress, and a common platform for dialogue. <sup>11</sup>	PEFA uses standardized indicators to measure PFM system performance at a high level. The objective measurement is complemented by a narrative performance report. Has been widely used across different audit models, regions and languages, and by both donors and governments. Repeat assessments are conducted with the specific objective of measuring progress over time. The framework does not cover audit of public and state-owned enterprises and does not explicitly cover SAI independence.

<sup>11</sup> [www.pefa.org](http://www.pefa.org)

Framework	Objective	Key Features
Public Expenditure Review (PER), World Bank	A very broad tool used to assess a country's public expenditure program and provide government with an external view of its budget, including policies, systems and institutions.	The coverage is not prescriptive, but may include the SAI. The scope is defined to meet the specifics of each country. No standard indicators. The end product is a narrative performance report. Can be made applicable to all audit models and regions and has been widely used across many countries.
Country Financial Accountability Assessment, World Bank	Was the standard diagnostic tool for analyzing the strengths and weaknesses of client country's PFM systems by the World Bank, though use has reduced since PEFA introduced. Supported the World Bank's fiduciary responsibilities (i.e. identifying areas of risk of Bank funds) and development objectives, including capacity building.	The assessment results in a narrative performance report with a subjective assessment of PFM performance. Applicable to all audit models and regions and has been widely used across many countries. Is no longer mandated, and the content is usually integrated into broader assessment tools; typically combined with a PEFA PR.
Fiscal Transparency Report on the Observance of Standards and Codes (ROSC), IMF	<ul style="list-style-type: none"> <li>Assessment of where a country stands in relation to the IMF's Code of Good Practices on Fiscal Transparency, which sets out principles and practices governments should follow.</li> <li>Closely linked to the IMF's role of surveillance; i.e. its dialogue with member countries on macroeconomic policy.</li> <li>Seeks to identify reasons for strong or weak performance and includes the IMF staff recommendations for reform.</li> </ul>	Content has considerable, though not complete, overlap with PEFA (see 'Fiscal ROSCs and PEFA Assessments: A Comparison of approaches', IMF 2010). Differences are in how it is used. Used in developed and developing countries upon country request, conducted by IMF staff with strong quality assurance process, and also includes IMF staff recommendations for Government reform. No standard indicators in the core guidance, though some recent Fiscal ROSCs have included quantitative indicators of compliance using a 4-point scale (though this is not published or widely available). Few repeat assessments, and no monitoring of progress over time.
Commonwealth PFM Self Assessment Tool (CPFM-SAT)	<ul style="list-style-type: none"> <li>Electronic self assessment tool for governments to consider the current status and need for reforms across PFM, against a standard checklist.</li> <li>Used by the Commonwealth Secretariat to identify capacity development needs and arrange peer to peer support.</li> <li>Undertaken in response to requests from Commonwealth Secretariat every 2-3 years, enable some progress monitoring,</li> </ul>	Tool developed specifically for Commonwealth countries. Activities which are expected to be in place form the basis of the assessment, and scoring is based on the extent to which different activities are established (i.e. not established, planned, in process, implemented). Has been used by around 50 Commonwealth countries.
Open Budget Survey, International Budget Partnership	<ul style="list-style-type: none"> <li>Independent analysis and survey of transparency in the budget process at a national level, undertaken every 2 years,</li> <li>Used to measure the overall performance of countries surveyed on budget transparency and public access to budget information.</li> <li>Scoring and ranking of countries by civil society organization enables comparisons between countries and over time, and acts an advocacy tool for greater budget transparency and accountability.</li> </ul>	High level independent assessment based on the extent to which budgetary information (including SAI reports) is published. Does not examine quality of information, or performance of systems and institutions. I.e. if an SAI functions reasonably effectively but can not publish its reports, it would score 0. The assessment does not identify reasons for strong or weak performance, but aims to stimulate change by creating external demand for more and better budgetary information. The 2010 Open Budget Survey covered 94 countries.
EC FIN Operational Assessment	Assessment of the legal framework and procedures used by partner country administrative bodies (including the SAI) which have a role in managing EC funds in countries receiving macroeconomic support.	Used mainly for <a href="#">countries which are candidates for EU membership candidate countries</a> and potential candidate countries by EC staff. Reports include EC recommendations and proposed deadlines for correcting identified shortcomings. Actual level of use unclear.
Gap Analysis on Public Sector Accounting and Auditing	World Bank tool developed to measure compliance of public sector accounting and auditing practices with established international good practices (specifically the ISSAI framework	Very detailed and comprehensive review of frameworks and practices against the detailed ISSAIs, specifically at levels 1 and 2, and the financial and compliance components of level 4. Potentially very useful for

Framework	Objective	Key Features
	as it stood in 2007). Piloted in South Asia through country level assessments and a regional synthesis report intended to identify common actions and initiatives at the regional level.	countries examining their compliance with the ISSAIs and planning an ISSAI implementation program. However, does not include an institutional assessment, identify reasons for strong or weak performance, or consider the SAIs capacity to implement change. Involves a combination of World Bank inputs and a prominent role for a National Steering Committee of relevant stakeholders. Needs regular updating. Was developed and piloted for the South Asia region and also applied in Central Asia.
Accounting and Auditing ROSC	Similar in structure and approach to the Gap Analysis (above), but specifically targeted to understanding and strengthening corporate financial reporting of key public interest entities – likely to include public corporations / State Owned Enterprises which may be audited by the SAI.	Is not intended to assess the SAI, but rather to assess the standards used for auditing public interest entities, including the adequacy of the regulatory environment for the audit profession. Potentially useful as a complementary tool to an SAI performance measurement framework, by looking at a common part of the mandate of SAIs which most tools do not normally focus on.
EC / SIGMA Assessment Report on External Audit	Short annual report prepared by or for the EC to assess compliance against EU legislation and European good practices. Includes EC recommendations for further reforms. Done mainly for candidate and potential candidate countries for EU membership.	Annual assessments enable monitoring of progress against specific reforms. However, scope is limited to compliance with <i>Acquis Communautaire</i> and as such is heavily focused on the legal framework. Limited involvement of SAI in identifying reform recommendations. Has been used in most European countries that are or once were candidates for EU membership.
IADB Guidelines for Determination of the Level of Development and Use of PFM Systems <sup>12</sup>	Diagnostic tool used to assess the ability of IADB member countries to adequately manage IADB-financed operations. The results of the assessment are also used to identify opportunities for improvement of the PFM systems and develop action plans in collaboration with the member country. A last objective is to assess the effectiveness of actions taken to improve the PFM systems. Linked to the IADB's <i>Strategy for Strengthening and Use of Country Systems</i> .	Used by the IADB in countries in Latin America and the Caribbean. The tool aims at placing the relevant country's PFM system at one of three levels of development, and uses indicators to do so. External control is one of five PFM subsystems. Is applied for different purposes, sometimes as part of a formal process of preparing IADB country strategy documents, and sometimes as less formal stand alone assessments. The tool is relatively new and has so far been used for formal assessments twice, as well as in about 15 countries for informal desk reviews.

## 4. Evaluation of Frameworks against Criteria

In the evaluation of the tools and frameworks against the criteria, detailed guidance was applied to ensure consistency in the scoring.<sup>13</sup> The tools were given a score (green-amber-red) based on the extent to which they meet each criterion.

### 4.1. Summary Evaluation of Frameworks against Criteria

The high level result of the evaluation can be found in Table 2. Please consult Appendix 2 for the full analysis, including a narrative description of compliance against the criteria.

<sup>12</sup> The latest English version of the tool was assessed in the mapping. There is a more recent version in Spanish.

<sup>13</sup> See Appendix 1.

**Table 2 – Summary of evaluation of identified frameworks against criteria**

Tool \ Criteria	Comprehensive-ness	Objectivity	Subjectivity	International Agreement	Relevance to all Countries	Performance Improvement	Progress	Consistency	Compliance	Quality Assurance	Brevity	User friendly
<b>Frameworks for SAI assessments</b>												
Capacity Building Needs Assessment (IDI)												
Institutional Capacity Building Framework Survey (AFROSAI-E)												
Quality Assurance Review (AFROSAI-E)												
Peer Review Guide and Checklist (INTOSAI CBC)												
SAI Maturity Model (UK NAO)												
SAI Pre-Assessment Report (OAG Norway)												
PASAI Capability Model												
SAI Capacity Building Guide (INTOSAI CBC)												
AfDB SAI Assessment Tool												
<b>Frameworks covering the whole / large parts of the Public Financial Management (PFM) system</b>												
PEFA												
Public Expenditure Review												
Country Financial Accountability Assessment												
Fiscal Transparency ROSC												
PFM Self Assessment Tool												
Open Budget Survey												
ECFIN Operational Assessment												
World Bank Gap Analysis												
Accounting and Auditing ROSC												
EC / SIGMA Assessment Report on External Audit												
IADB PFMS Tool												

 Key: Does not meet criterion   Partly meets criterion   Fully meets criterion   Meets criterion

The overview shows that none of the existing tools meet all the twelve criteria. It is however evident that several tools score quite well, including the PEFA Framework, the IMF Fiscal Transparency ROSC, the Open Budget Survey, the Gap Analysis on Public Sector Accounting and Auditing, the Accounting and Auditing ROSC, the EC/SIGMA Assessment Report on External Audit, the IDI Capacity Development Needs Assessment Guide as well as the AFROSAI-E Quality Assurance Review.

#### **4.2. Summary of features of tools according to criteria**

In order to more easily identify tendencies across the assessed tools, Table 3 summarizes scores according to criteria.

**Table 3 – Summary of evaluation according to criterion**

<b>Criterion</b>	<b>Summary of scoring</b>
Comprehensiveness	Very few tools cover most SAI outcomes as well as most domains of SAI performance. The broader PFM tools usually cover high level outcomes of SAI performance, but do not go into detail on specific domains. On the other hand, most SAI specific tools cover all domains of SAI performance, but generally focus less on high level outcomes. Only the tools developed by AFROSAI-E and the IDI combine these two aspects.
Objectivity	PEFA, the Open Budget Survey, the AFROSAI-E Capacity Building Framework, and the tools developed by the Inter-American Development Bank and the African Development Bank score green on this criterion, as they include both indicators for objective performance measurement and a calibration scale for scoring. For the other tools there is generally limited guidance on how to make objective and verifiable assessments, thus leaving room for subjective interpretation of the evidence gathered.
Subjectivity	The majority of the tools allow for subjective assessments of SAI performance, thus enabling the analysis to cover issues which can not easily be measured by indicators. Only PEFA achieves top score on both subjectivity and objectivity, as it combines objective indicators with a narrative report.
International Agreement	The majority of the tools have based almost all questions or indicators explicitly on the ISSAIs or other established good practices. Two tools do not include specific guidance or links to good practices, but would expect users to select appropriate reference points.
Relevance to All Countries	Mainly because of their high level focus most of the broader PFM tools may be applied for all types of SAIs, and have been used successfully across a broad range of countries. Of the SAI specific tools, some have been developed specifically for certain regions, e.g. AFROSAI-E and PASAI (mostly Auditor General model SAIs) and have not been applied for other types of SAIs. The tools which combine detailed SAI focus with broad application are the IDI Capacity Building Needs Assessment Guide, the INTOSAI CBC Peer Review and Capacity Building Guides and the UK NAO Maturity Model. However, the fact that tools have only been used in certain regions does not necessarily mean that they can not be applied in other regions as well.
Performance Improvement	All the tools have as one of their objectives to contribute to improved performance of the SAI. Five of the tools have this as their primary focus.

Criterion	Summary of scoring
	For these, the framework is applied in a way to build demand for change, the SAI is closely involved in the assessments, the tool enables an understanding of the reasons for weak performance, and the reports include recommendations for reform. The majority of the frameworks meet some, but not most of these requirements.
Progress	Several tools are or can be used to systematically measure progress over time. These are PEFA, the Open Budget Survey, the two AFROSAI-E tools, the EC / SIGMA Assessment Report on SAIs, the Accounting & Auditing ROSC and the tool developed by the Inter-American Development Bank. The PASAI Capability Model and the African Development Bank tool are meant to be used for repeated assessments in the future. Many of the tools are not well suited for comparing results of repeated assessments because they do not have a proper measurement scale which ensures verifiable results or because they do not have a standardized scope.
Consistency	First, tools which have no objective indicator scales by definition can not be inconsistent with PEFA. Of the tools that have the most objective indicators, e.g. PEFA, the Open Budget Index, the AFROSAI-E Capacity Building Framework and the African Development Bank tool, there are some minor inconsistencies between the scoring systems. This points to the need to ensure that future tools are fully aligned in how they score SAI performance.
Compliance	All tools specifically cover both the quality of the legislative framework/guidance and the actual application in practice, except PEFA which has little focus on the legal framework. It should however be noted that most SAI specific tools do not have a standardized scope. It will thus depend on the design of each assessment to what extent both aspects are actually assessed.
Quality Assurance (QA)	There is a clear tendency that the broader PFM tools are emphasizing QA of the assessments more than the SAI specific tools. Of the latter, only the AFROSAI-E Capacity Building Framework exercises some degree of QA in practice, in the sense that SAI self assessment results are analyzed by experts who were not involved in the assessment. By contrast, all the broader PFM tools except the Commonwealth PFM Self Assessment Tool have QA arrangements in place which at the minimum include independent review of the assessment by peers.
Brevity	The broader PFM tools generally contain less questions/indicators than the SAI specific tools. This may be linked to the fact that the PFM tools usually focus on relatively few high level outcomes of SAI performance, whereas most of the SAI specific tools cover most of the more detailed domains of SAI performance. Furthermore, several of the SAI specific tools are not prescriptive, i.e. actual assessments may not include all of the possible questions listed.
User friendliness	All tools provide sufficient guidance to make the tool relatively user friendly, although the comprehensiveness and quality of the guidance vary. The possible exception is the PER, being a methodology applicable to so many different sectors it does not contain specific guidance on assessing SAIs.

The summary shows that some of the criteria are characterized by the fact that they are met by most of the tools. These criteria include Subjectivity, International Agreement, Relevance, Consistency, Compliance, Brevity and User friendliness.

More interesting are the criteria which are only met by a limited number of tools, since these help identify the most relevant tools. Only four tools fully meet the Comprehensiveness criterion. These are all SAI specific tools which cover both SAI outcomes and key domains of SAI performance, namely the IDI Needs Assessment Guide, the two AFROSAI-E tools, and the EC / SIGMA Assessment Report on SAIs. Equally, only five tools fully meet the Objectivity criterion. These are PEFA, the Open Budget Survey, the AFROSAI-E Capacity Building Framework and the tools developed by the Inter-American Development Bank and the African Development Bank. Only PEFA achieves top score on both subjectivity and objectivity, as it combines objective indicators with a narrative report.

### **4.3. Main Strengths and Weaknesses of Most Relevant Tools Measured Against the Criteria for an SAI PMF**

Based on the above analyses, the most relevant tools for an SAI PMF were identified. These are PEFA, the IMF Fiscal Transparency ROSC, the IDI Capacity Building Needs Assessment Guide, the tools developed by the Inter-American Development Bank and the African Development Bank, as well as the Institutional Capacity Building Framework Survey and the Quality Assurance Review of AFROSAI-E. Both AFROSAI-E tools are included because they are complementary and used in combination. Table 4 below gives an overview of the main strengths and weaknesses of these tools when assessed against the criteria for an SAI PMF.

**Table 4 – Summary of main strengths and weaknesses of most relevant tools**

Tool	Main strengths	Main weaknesses
IDI Capacity Building Needs Assessment Guide	The objective of the framework is performance improvement. The SAI usually leads the process, and identifies reasons for strong or weak performance as part of the assessment. Recommendations for reform are developed, and the needs assessment is often linked to the (development of the) SAI's strategic plan. Covers most SAI outcomes and all key domains of SAI performance. The performance report covers subjective factors. Relatively compact. Extensive guidance on the use of the tool.	Limited objectivity. Is not well suited for comparison of results over time or across SAIs. No Quality Assurance arrangements in place.
AFROSAI-E Capacity Building Framework Survey	The only tool which combines SAI focus and comprehensiveness with objective measurement in the form of relatively clearly defined indicators and a calibration scale for scoring. Covers both SAI outcomes and all key domains of SAI performance. Used for systematic measurement of	Varied quality of assessments as framework is used for self assessment/survey with limited quality assurance arrangements. Limited subjective assessment and emphasis on performance improvement at country level. Developed specifically for the AFROSAI-E region and has not been applied for different SAI

Tool	Main strengths	Main weaknesses
	progress over time, although comparison has been somewhat impaired recently due to changes in the framework.	models. Minor inconsistencies with similar PEFA indicators. Assessment is not compact.
AFROSAI-E Quality Assurance Review	As it is based on the AFROSAI-E Capacity Building Framework, the Quality Assurance Review is equally comprehensive. Its main strengths as compared with the Capacity Building Framework <a href="#">Survey</a> are that there is more focus on performance improvement at individual SAI level; there is more scope for subjective assessment; and there are some elements of quality assurance. The framework is used for regular reviews to assess progress over time. It is not inconsistent with PEFA as it does not use indicators.	The framework's main weakness as compared to the AFROSAI-E Capacity Building Framework <a href="#">Survey</a> is that the objectivity of the assessments is limited. The tool has been developed specifically for the AFROSAI-E region and has not been applied for different SAI models. Assessment is not compact.
African Development Bank SAI Capacity Assessment Diagnostic Tool	SAI specific tool with indicators and a calibration scale. Covers many SAI outcomes and all key domains of SAI performance, but is at the same time quite brief (20 final indicators). Is well suited for measuring progress over time. Is designed to be applied for Westminster and Court SAI models. The SAI should be closely involved in conducting the assessment.	The narrative report is mainly a summary of the findings and does not aim at capturing issues which are not measured by the indicators. No quality assurance arrangements are described in the guidance. The tool does not attempt to identify causes of strong or weak performance.
PEFA	The clear definition of the indicators and the detailed guidance for scoring in the form of a calibration scale allow for objective measurement of SAI performance. It is applicable for all SAI models and has been used with success across a broad range of countries. Standardized scope enables comparison of results across countries and over time. Objective measurement is combined with the possibility to include subjective assessments and cover country context in the narrative assessment report. It is compact and has relatively strong Quality Assurance arrangements and a variety of sources are used to back conclusions of the assessments.	Does not cover key domains of SAI performance, only high level outcomes. Somewhat limited focus on performance improvement as the assessment report does not include recommendations for reform and SAI involvement may vary. Limited assessment of the legal framework for SAIs.
Fiscal Transparency ROSC	Objective assessment against a clear and concise set of principles and good practices related to fiscal transparency. Recent assessments include quantitative indicators on a four-point scale. Narrative report seeks to understand reasons for strong or weak performance and provides IMF recommendations for priority reforms.	An IMF report with variable levels of government involvement and ownership. The scale used recently for the quantitative indicators is not widely available.

Tool	Main strengths	Main weaknesses
	Tool manages to remain brief and user friendly. Benefits from rigorous IMF quality assurance procedures.	
Inter-American Development Bank Guidelines for the Determination of the Level of Development and Use of Public Financial Management Systems (PFMS)	Even though the tool covers the whole PFM system, it has quite detailed coverage of SAIs (14 indicators). It has been applied for several SAI models. The tool's objective indicators and calibration scale make it suited for measuring progress over time. Combines SAI coverage with brevity.	Does not explicitly assess outcomes of SAI performance. The comprehensiveness of the subjective analysis depends on the objective of the assessment, and the guidance places most emphasis on the indicators and the objective assessment. Quality Assurance arrangements also vary with the objective of the assessment.

The AFROSAI-E tools supplement each other and to a certain extent address each other's weaknesses. Whereas the Capacity Building Framework Survey emphasizes indicators and objective measurement, the Quality Assurance Review places more weight on understanding the reasons for strong or weak performance and building a demand for change. Furthermore, the Capacity Building Framework Survey is a self assessment, whereas Quality Assurance Reviews are external assessments. Therefore, taken together the two tools provide the AFROSAI-E region with a good understanding of the performance of the SAIs in the region. The two tools can be a useful starting point for the development of a new single tool if their strengths are combined.

In addition, it is worth emphasizing the following other tools which are complementary to a possible future global SAI performance measurement framework:

- **Open Budget Index:** a civil society advocacy tool which facilitates objective comparison of SAI performance over time and between countries, including through a published table of Government and SAI performance on budget / fiscal transparency. Useful for engaging civil society in the reform process and creating external incentives and pressures for reform.
- **Gap Analysis on Public Sector Accounting and Auditing:** a World Bank tool which drills down into detailed compliance of SAI audit standards and practices against international frameworks, specifically the ISSAIs, and is also useful for identifying common regional capacity development needs. May be too cumbersome for a high level performance framework for SAIs, but a useful supplement for SAIs working on ISSAI implementation.
- **ISSAI Level 2 Compliance Checklist:** A checklist developed by the SAI New Zealand in 2011. A list of Yes/No-questions aimed at assessing compliance with ISSAIs 10, 20, 30, 40. No calibration scale or guidance.
- **Accounting and Auditing ROSC:** a World Bank tool which examines the audit standards and regulatory framework for the audit of public interest entities, including public corporations. Complementary as it examines part of an SAI's mandate which most assessment tools neglect.

#### 4.4. Conclusion

The analysis of the tools and frameworks shows that there is no existing tool which meets all the defined criteria for an SAI performance measurement framework. It is however evident from the analysis that all criteria can be met if the strengths of a limited number of particularly relevant frameworks are combined in a new tool.

The ideal tool for measuring SAI performance would

- have the compactness, ability to provide an evidenced-based storyline, and monitor performance over time of the PEFA framework
- have the comprehensive coverage of SAI performance of the AFROSAI-E and IDI tools
- have the combination of SAI focus, objective measurement and brevity of the tools developed by the African Development Bank and the Inter-American Development Bank
- be rooted in the change management approach of the IDI Capacity Building Needs Assessment

### 5. Recommendations and Way Forward

Based on the conclusion of the mapping, the recommendation is that the Task Team established under the WGVBS starts to work on the development of a new SAI PMF, with the aim of meeting as many as possible of the above mentioned criteria. In its work the Task Team should to the extent possible build on already existing tools so as not to duplicate efforts.

The SAI PMF should consequently have indicators covering both SAI results and all the key domains of SAI performance which are clearly defined and complemented by a calibration scale. Indicators should to the extent possible cover both the legal framework and the actual compliance of the SAI. This objective measurement will enable comparison of results and measure progress over time. The PMF should however also allow for subjective assessment of issues which can not easily be covered by indicators in a narrative performance report which would also cover information on country context. Improving SAI performance should be an objective of the tool and it should be applied to build demand for change by providing a basis for a further diagnosis of the reasons for strong or weak performance, leading to prioritized recommendations for reform and capacity building actions. The indicators should be consistent with relevant PEFA indicators so results of SAI PMF assessment may be used in broader PEFA assessments. The PMF should have appropriate quality assurance arrangements, including assurance that the assessment has been properly planned, the indicators have been properly scored, sufficient evidence is presented to justify the scoring, and the facts presented accurately reflect the situation in the country. The nature of the quality assurance process, including any issues which have not been agreed, should be disclosed in the performance report. To the extent possible and as long as it does not impair the other requirements, PMF assessments should also be brief and the tool should be user friendly. It should be possible to use the PMF for self assessments, peer assessments and external assessments according to the SAIs preferences. Ideally there should be a certain level of methodological support provided by an organization within INTOSAI. The criterion Relevance may be the most difficult to meet,

as it may prove challenging to define a set of indicators which is equally relevant for all SAI models. The analysis shows however that there are existing tools which meet this criterion, and these should be used for reference.

During the work on the PMF, the task team should solicit input from as many stakeholders and representatives of different SAI models as possible. It should pay particular attention to the issue of global appliance, and consider solving it by designing a framework which consists of a generic set of indicators (the largest part) combined with indicators relating to the specific SAI model in question. So where differences between specific SAI models are fundamental, it may be appropriate to develop alternative indicators based on, for example, the process for reporting and follow-up of recommendations in Anglophone and Francophone countries. Consideration should also be given to incorporating a smaller set of national indicators which can be designed individually for the SAI in question.

In parallel to the mapping of existing tools, the project group under the WGVBS has developed a concept note for the project.<sup>14</sup> The concept note provides more details on the future work and is available as a separate document.

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<sup>14</sup> Supreme Audit Institutions Performance Measurement Framework Concept Note, [30 January 2011-21 May 2012](#).

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