



All hands on deck:

Harnessing accountability through external public audits

An assessment of national oversight systems

November 2020

IDI and IBP are grateful to Linnea Mills for her extensive work in drafting this report.

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LIST OF ACRONYMS

CSO: civil society organization

LMICs: low- and middle-income countries

OBS: Open Budget Survey

PAC: public accounts committee

PFM: public financial management

SAI: supreme audit institution

IBP: International Budget Partnership

IDI: INTOSAI Development Initiative

INTOSAI: International organization of supreme audit institutions

LIST OF COUNTRIES INCLUDED IN THE ASSESSMENT, BY REGIONAL AUDIT ASSOCIATION AFFILIATION

Out of the 195 members of INTOSAI, the following 115 were included in Open Budget Survey 2019, our data source for this assessment:*

AFROSAI-E: *African organisation of English-speaking supreme audit institutions* – Angola, Botswana, Eswatini, the Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Rwanda, Sierra Leone, Somalia, South Africa, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

ARABOSAI: *Arab organization of supreme audit institutions* – Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Qatar, Saudi Arabia, Sudan, Tunisia and Yemen.

ASOSAI: *Asian organization of supreme audit institutions* – Afghanistan, Australia, Bangladesh, Cambodia, China, India, Indonesia, Japan, Kazakhstan, Kyrgyz Republic, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, the Philippines, South Korea, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkey and Vietnam.

CAROSAI: *Caribbean organization of supreme audit institutions* – Jamaica and Trinidad and Tobago

CREFIAF: *Regional council of training for supreme audit institutions of sub-Saharan Francophone Africa* – Benin, Burkina Faso, Burundi, Cameroon, Chad, Comoros, Democratic Republic of Congo, Equatorial Guinea, Ivory Coast, Madagascar, Mali, Niger, Sao Tome and Principe and Senegal.

EUROSAI: *European organisation of supreme audit institutions* – Albania, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, France, Georgia, Germany, Hungary, Italy, Moldova, North Macedonia, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Ukraine and the United Kingdom.

OLACEFS: *Organization of Latin American and Caribbean supreme audit institutions* – Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Venezuela.

PASAI: *Pacific association of supreme audit institutions* – Fiji, New Zealand and Papua New Guinea.

* In addition: The **United States** and **Canada** – both were assessed in OBS 2019 but neither belong to any of the regional INTOSAI groups. Therefore, they are included in the data analysis of worldwide averages and in Figures 3 and 4, but they are not included in Figures 5 and 6.

EXECUTIVE SUMMARY

Confronting the health effects and the economic upheaval of COVID-19 has required massive money flows as well as rushed and unprecedented decisions on government spending. Dozens of countries have created special crisis funds to mobilize donations for their emergency response. In some cases, these are managed through trusts or other arrangements that bypass parliamentary budget oversight and regular financial management controls. This poses a high risk of mismanagement or corruption. In short order, the response to the crisis needs strong oversight and accountability by independent institutions. At this time, there are enormous expectations that national audit systems will protect the public interest, and ensure governments are on track to maintain broader development and performance objectives.

Strong oversight of the public budget is a priority even in non-emergency times. Supreme audit institutions (SAIs) lead the charge, but it is increasingly clear that for their work to deliver impact, the support and collaboration of an “ecosystem” of interconnected actors, conditions and processes is needed. Integral components of effective oversight include:

- An **institutional framework** or mandate that ensures public auditors have the independence and resources to do their job,
- A **high-quality audit report** that covers essential programs and is accessible to the public,
- **Legislative oversight** by a dedicated committee that deliberates on the audit report in a timely matter,
- An **executive response** that demonstrates government’s attention to the audit findings and action on the recommendations in the audit report,
- **Independent follow-up**, usually by the SAI or the legislature, on whether the actions deemed necessary by the audit were implemented, and
- **Opportunities for public participation** – by civil society organizations, the media and citizens – to engage, influence and bolster the entire audit process.

In this report, we examine the strength of the audit and oversight systems across the world and provide guidance to various stakeholders on how to tackle identified weaknesses.¹ The assessment draws from the results of IBP’s most recent [Open Budget Survey](#) (OBS) and, specifically, from the survey questions which directly assess relevant aspects of audit and oversight. The OBS 2019 data were compiled before the onset of COVID-19 but give a good sense of practices in place prior to the crisis.

¹ The report is the joint work of the [INTOSAI Development Initiative](#) (IDI) and the [International Budget Partnership](#) (IBP). Special thanks to Linnea Mills for drafting the report.

FINDINGS

On a global scale, the data indicate a weak performance on oversight. The average score for the 117 countries surveyed is only 37 out of 100. Of course, this global average masks significant variation among countries and across the six essential components of oversight that we have identified. While generally [INTOSAI](#) regions with more advanced economies receive higher average scores than others, no region as a group is performing at the level of internationally accepted norms for audit and oversight. The weaknesses are most prevalent among countries in the Arab and Francophone African SAI-regions.

The strongest aspect of the ecosystem is [institutional framework](#), and at a global average score of 76 out of 100, is the only component scoring above 60, the threshold for adequacy. Yet, while this component is seemingly strong overall, the average score conceals some worrying issues. A deeper analysis of country-level results shows that less than half (44%) of countries have in place all the elements of SAI independence examined in the Open Budget Survey. Further, recent experience has shown that, despite seemingly robust legal provisions, *de facto* independence may still be curtailed as powerful actors find ways to threaten and undermine the independence of SAIs.

Next in overall strength are the [audit by SAI](#), scoring 47 points on average and [legislative oversight](#) at 44. The data also dive into certain sub-components and here that reveals weaknesses in quality of audit reports and the timeliness of the legislative response to audit reports. Low quality audit reports and legislative tardiness in engaging with the reports may well be linked.

The two weakest components of the oversight ecosystem are opportunities for public engagement in audits (16 out of 100) and executive responses to audit findings (13 out of 100). Despite the promise that more civil society involvement brings to the audit process, thus far the data – both on legislative oversight committees’ openness to public engagement and on SAIs’ openness and collaboration with the public – indicate very weak country performances overall. The low global average score signifies the lack of [opportunities for the public to engage](#) in and strengthen audit and oversight efforts. The countries that stand out for having participatory channels between the public and audit functions are Georgia, South Korea and the United Kingdom.

The dismal performance of countries on the [executive’s response](#) to audit findings applies to low-, middle- and high-income countries alike. This problem is further compounded by weaknesses in [independent follow-up](#) on the executive response (score of 28 out of 100). As a result, governments typically are not under the kind of pressure needed – internally or from formal oversight institutions, such as national legislatures, or from broader society – to prompt them to implement audit recommendations.

RECOMMENDATIONS

Ineffectiveness of the audit and oversight ecosystem as a whole is especially troubling now when SAIs have greater visibility than ever before. At a time when we need SAIs desperately, we are underinvesting in them and undermining their capacity. This report should be a wake-up call to all stakeholders to help rectify this situation by implementing the following measures:

- a. Ensure SAIs are fully independent institutions that have access to official records, the mandate, and the resources to conduct and publish relevant, high quality audits, including of any extra budgetary funds.
- b. Enhance public participation in all relevant aspects of the oversight system. SAIs should create meaningful and inclusive mechanisms for civic engagement, such as working with CSOs to improve audit targeting, expand coverage, and improve capacity. They should also make every effort to publish their audit findings in a timely and accessible manner. Legislatures should hold hearings, open to the media and the public, on audit findings and seek testimony from SAIs and relevant members of the public. CSOs and the media should promote the visibility of audit reports and recommendations, and track and advocate for executive follow-up.
- c. Improve review and follow-up on audit reports so that audit recommendations lead to remedial measures being taken that improve the efficiency and effectiveness of public spending and the achievement of development outcomes.

We recognize that while we are in the throes of the COVID emergency, these recommendations may not all be achievable in the immediate timeframe and that some may take more time to implement. Nonetheless, ultimately, the success of these and other reforms relies on stakeholders appreciating that effective oversight is the product of a well-functioning ecosystem – a set of interconnected actors, conditions, and processes that need to be supported as a whole rather than as discrete components.

1. INTRODUCTION

With staggering sums in the trillions of US dollars announced in spending thus far in response to COVID-19 – the biggest stimulus and safety net packages seen since World War II – effective accountability has never been as important to ensure as it is now. Of necessity, the emergency has involved rushed and unprecedented spending decisions to be taken by governments around the world. Consequently, the pandemic has hoisted an enormous responsibility onto auditors and audit institutions to uphold accountability, protect public interest, and keep governments on track to maintain broader development and performance objectives.

Governments in roughly 40 low- and middle-income countries have created special COVID-19 funds to mobilize donations for their emergency response.² In some countries, these special emergency funds are kept fully within the regular oversight of government systems, while in others they are held as a trust or managed through other similar arrangements. Under the latter approach, the monies largely remain unrecorded and carry a high risk of corruption and mismanagement as they bypass parliamentary budget oversight and government financial management controls and processes (Zannath and Gurazada, 2020; Barroy, et al., 2020). Evidence of corruption related to COVID-19 funds is already coming to light. In Brazil, for example, federal prosecutors have launched more than 400 investigations into suspected cases involving COVID-19 funds, and in Colombia, 14 of the country's 32 governors are suspected of corruption involving these types of funds (Pradhan, 2020).

While COVID-19 highlights the need for strong audit and oversight systems, these systems should have been prioritized even without the crisis. Audit and oversight of the public budget is essential for sound public financial management and helps ensure that public funds are used for the purposes intended, that policies and programs are delivered as efficiently and effectively as possible and that opportunities for improvement are realized.

National audit institutions lead the charge. But do auditors have the independence and resources to do their job? Several others also have a significant role in rendering the audit meaningful. Does the legislature deliberate on the audit reports in time to make a difference? Does the executive heed and respond to the audit report? Is there follow-up to ensure audit recommendations are acted upon? And are there ways for civil society to engage, influence and bolster the audit work along the way? In sum, while the audit institutions are central to accountability, they cannot ensure it on their own.

For the audit function to be robust and impactful, an “ecosystem” of interconnected actors, conditions and processes all have a part to play. To probe this issue further, the [INTOSAI Development Initiative](#) (IDI) and the [International Budget Partnership](#) (IBP) have come together to examine the strength of the audit and oversight

² [COVID Funds in Response to the Pandemic](#)

ecosystem around the world and provide guidance for stakeholders – supreme audit institutions, legislatures, civil society organizations, the media, and actors in the areas of public financial management and international development cooperation – on how to tackle current weaknesses.

Our assessment draws on the results of IBP’s most recent [Open Budget Survey](#) (OBS), which offers independent, comparative, and fact-based measures of central government practices – on budget transparency, opportunities for public engagement and oversight – against internationally accepted norms for public financial management. For the latest round, research was conducted in 117 countries, encompassing all regions of the world and all income levels. The survey is completed by in-country researchers, predominantly from civil society organizations with a focus on budget issues; subsequently the responses are peer reviewed by independent experts, commented on by governments, and finally, reviewed by IBP to ensure cross-country comparability.

OBS data allows us to assess the overall strength of audit and oversight (including across INTOSAI regions), as well as the relative strength of each the essential components in the audit and oversight ecosystem. The analysis is based on the responses to 19 of the 145 OBS survey questions – those which are directly relevant to audit and oversight. These survey questions or indicators are listed in Annex 1; the countries included in our assessment are listed by their INTOSAI region at the beginning of this report. The OBS 2019 results consider country practices through 31 December 2018, and therefore do not cover the tumultuous period of the COVID-19 pandemic.

After an overview of the importance of the audit, our report elaborates on each of the components of an effective oversight ecosystem, details the assessment findings, points to what needs strengthening and illustrates with examples from several countries. Finally, we present a set of recommendations for both immediate and medium-term actions for each relevant stakeholder.

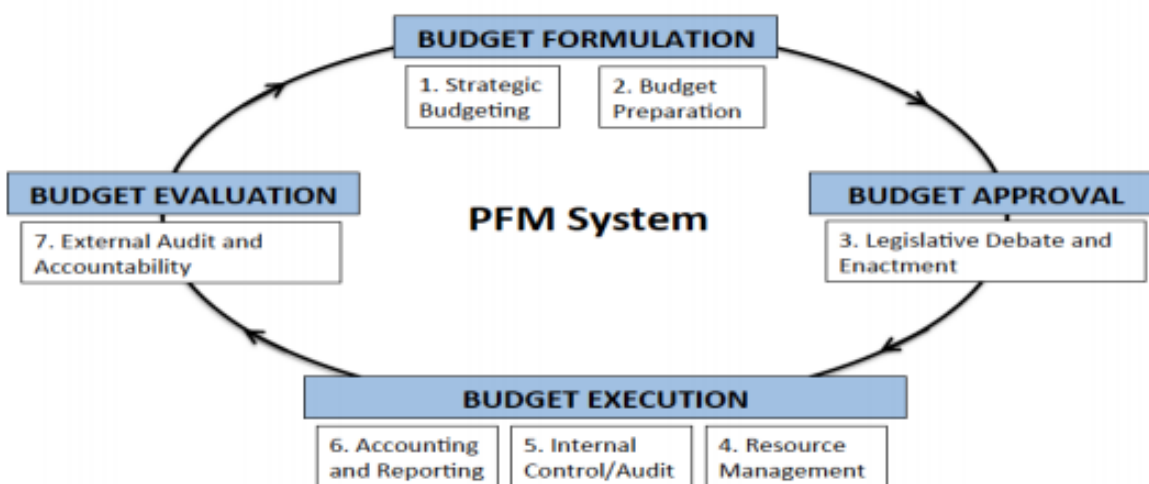
2. OVERVIEW OF THE AUDIT AND OVERSIGHT ECOSYSTEM

2.1 ENSURING ACCOUNTABILITY: THE IMPORTANCE OF THE AUDIT

External auditing is a central component of public financial management (PFM). Its role is to ensure that those responsible for conducting public business and using public resources will be held accountable to those who use and pay for the services provided, in accordance with the law and proper standards (Brétéché and Swarbrick, 2017). In this respect, audits are the core components of accountability in the use of public funds, auditors are the key actors, and auditing is a key element of public financial management that contributes towards these goals.

External auditing of government spending is normally the last step in the budget cycle as shown in Figure 1. While this report focuses solely on this last stage, it is worth stressing that the PFM stages that take place before external audit have a bearing on the auditing function. For example, deficiencies in the quality of internal control systems in some public institutions will impede the external audits that involve them.

FIGURE 1. THE ACCOUNTABILITY FUNCTION OF AUDIT AND OVERSIGHT WITHIN THE BUDGET CYCLE



Source: Original picture from Andrews, et al. (2014: 2).

Supreme audit institutions (SAIs) are the main actors at this stage of the PFM system and carry out the external audit. (For the remainder of this report we will refer to the external audit as the “SAI audit”.) The SAI’s role is to “help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the efficient and effective receipt and use of public resources for the benefit of their citizens.” (INTOSAI: 2019). They exercise this role by providing independent and objective audit reports with information on the reliability of a government’s financial reports; its use of resources; the safeguarding of the assets and resources entrusted to it; and compliance with the laws, regulations and other relevant authorities which enable parliaments (and other stakeholders) to hold a government to account (Brétéché and Swarbrick, 2017).

2.2 AUDIT AND OVERSIGHT AS A SYSTEM OF INTERDEPENDENT ACTORS AND PROCESSES

Each of the PFM dimensions in the budget cycle depicted in Figure 1 is governed by a multitude of actors and processes (Andrews, et al., 2014), and the audit and oversight function is not an exception. Whereas SAIs play a dominant role, the impact of their work is also dependent on the enabling environment in which they work, a set

of other actors – legislators, civil society including the media, and the government – and processes. If one part of this ecosystem does not work effectively, then the effectiveness of audit and oversight overall will be affected. As aptly stated in an evaluation of the World Bank’s investments accountability institutions (Migliorisi and Wescott, 2011):

“A very effective supreme audit institution combined with a weak parliamentary accounts committee cannot have any significant impact”.

This way of seeing actors and processes as interdependent goes hand in hand with recent thinking within the PFM community. A newly published report by an International Working Group on Managing Public Finance argues that since development results are ultimately the *raison d’être* of managing public finance, PFM needs to be approached as an open system that interacts more fluently with all aspects of public policy – government policy choices, government actions, especially service delivery, and development results.³ As it stands now, there is a tendency to see PFM as a closed system that focuses on what specific institutions can each contribute in isolation (International Working Group, 2020; Mansoor and Williams, 2018; Wehner, 2018).

Thinking of audit and oversight as a system of actors, conditions and processes that, as a whole, strives to achieve the goal of accountability and improvement in financial management helps shift the focus from treating these actors as independent and acontextual to, rather, seeing each actor as interdependently fulfilling a part of an ecosystem toward audit impact.

There is a realization within the community of SAIs that the eye needs to be fixed on audit impact. that publishing an audit report is only the beginning of the journey but does not in itself lead to accountability and financial management akin to social or economic development. This can, for example, be seen from the INCOSAI Moscow declaration from 2019 by which SAIs committed themselves to develop a strategic approach to public auditing in support of achieving national priorities and the sustainable development goals.⁴

Some SAIs take more of an ‘impact approach’ to their work than others, and this is partly linked to the nature of the legal frameworks and mandates in different countries. While some SAIs are ‘creatures of mandate’ whereby they stick to their legal mandate of conducting audits and submitting reports, others work more from the basis of their vision and mission, which ultimately is about audit impact and adding value for citizens. This takes them into much broader areas. One example of the latter approach is **Finland**, which has moved to rework its entire SAI structure and way of working around the idea of delivering impact for citizens. The **UK**’s SAI has also extended its scope of not just conducting audits but also providing quick commentary and independent perspective on the UK

³ <https://wagner.nyu.edu/files/publications/NYU%20PFM%20Working%20Group%20WEB%206.6.20.pdf>

⁴ Other relevant references in this regard are ISSAI 12 (INTOSAI, 2013), and INTOSAI’s Strategic Plan 2017-2022 (INTOSAI, 2016).

government's pronouncements and programs, to ensure citizens have access to independent information and objective views.

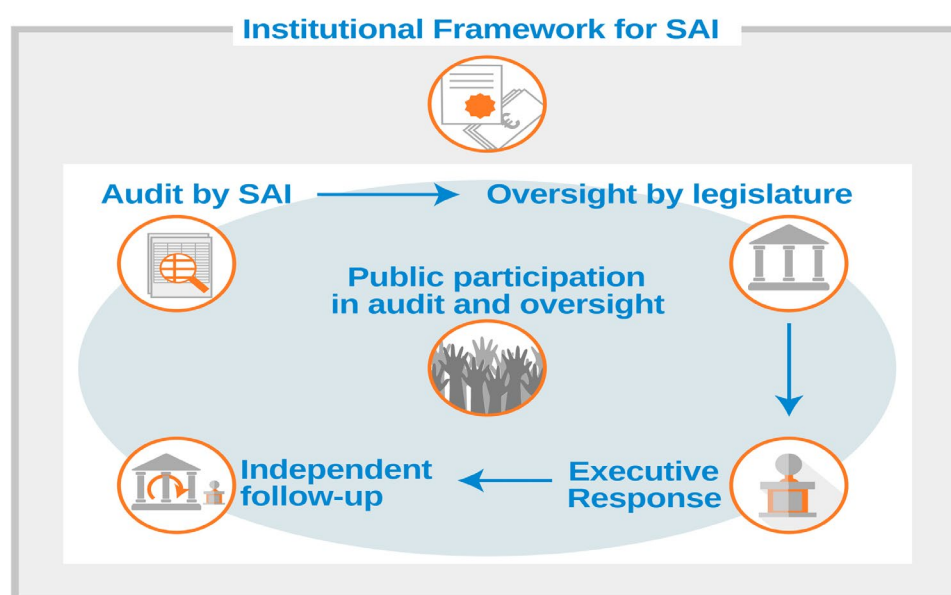
2.3 SIX ESSENTIAL COMPONENTS OF THE AUDIT AND OVERSIGHT ECOSYSTEM

Achieving effective audit and oversight requires several actors, conditions and processes to be in place and working in tandem toward the goals of accountability and, ultimately, social and economic development. In the next chapter, we look more closely at six components that are an integral part of the “audit and oversight ecosystem” and present the OBS findings on each.⁵ These six include:

1. **Institutional framework for SAI audit:** Independence of and sufficient resources for SAIs to do their job
2. **Audit by SAIs:** Production and public dissemination of relevant audit reports of high quality.
3. **Oversight by legislature:** Timely deliberation of SAI audit reports by a committed legislative body.
4. **Executive response:** Government's response to, and implementation of, audit recommendations.
5. **Independent follow-up:** Scrutiny to ensure audit recommendations are effectively implemented (usually by the legislature or SAI)
6. **Public participation in the audit and oversight process:** Opportunities for the public to be involved in the auditing process.

⁵ These components align with the Open Budget Survey framework (see survey questions in Annex 1), which contains a limited number of indicators on audit and oversight systems. Of note, the survey does not distinguish countries based on the type of audit system in place – i.e., Westminster or Judicial or Board model – which in turn may have implications for the scores received by countries.

FIGURE 2. SIX ESSENTIAL COMPONENTS OF THE AUDIT AND OVERSIGHT ECOSYSTEM



2.4 THE STRENGTH OF THE CURRENT SYSTEM: A GLOBAL VIEW

The Open Budget Survey 2019 data indicate a weak performance on oversight globally. The latest average score for oversight across 117 countries is only 37 out of 100. However, this average score masks significant variation in relative strength across the six components of the audit and oversight ecosystem.

Figure 3 illustrates the highly uneven level of strength across the oversight components at a global level. The highest scoring component of the ecosystem, institutional framework, scores an average of 76 out of 100 and is the only one scoring above 60, the threshold for adequacy. This is followed by effective audit by SAI (47 out of 100) and legislative oversight (44 out of 100). These two components are assessed as moderate in strength. The rest of the components are all assessed as weak based on their low scores. Independent follow-up (by SAI or legislature) receives a score of 28 out of 100, public participation in legislative review/audit received 16 out of 100, and the executive response component scores a mere 13 out of 100.

FIGURE 3. STRENGTH OF THE ECOSYSTEM BY COMPONENT



Note: This figure is based on OBS data for 2019 on a sample of 117 countries. (See list at the front of the report.)

The components with the lowest average scores are, unsurprisingly, the areas where most countries fall beneath the accepted threshold for a functioning process. Whereas 77% of the 117 countries in the dataset have an adequate institutional framework for audit institutions, only 21% of the countries experience an effective executive response, and only 20% have an appropriate public participation mechanism in place. Executive response and opportunities for public participation, then, are the weakest links and need urgent strengthening to ensure a well-functioning auditing system.

A comparison to the scores obtained two years earlier in OBS 2017 shows only small average changes. For the entire ecosystem, a one-point change is noted (from 36 out of 100 in OBS 2017 to 37 in OBS 2019). Some positive, albeit small changes in individual components – oversight by the legislature, executive response, and independent follow-up – have occurred in that short timeframe, whereas the public participation component has seen a small decline.

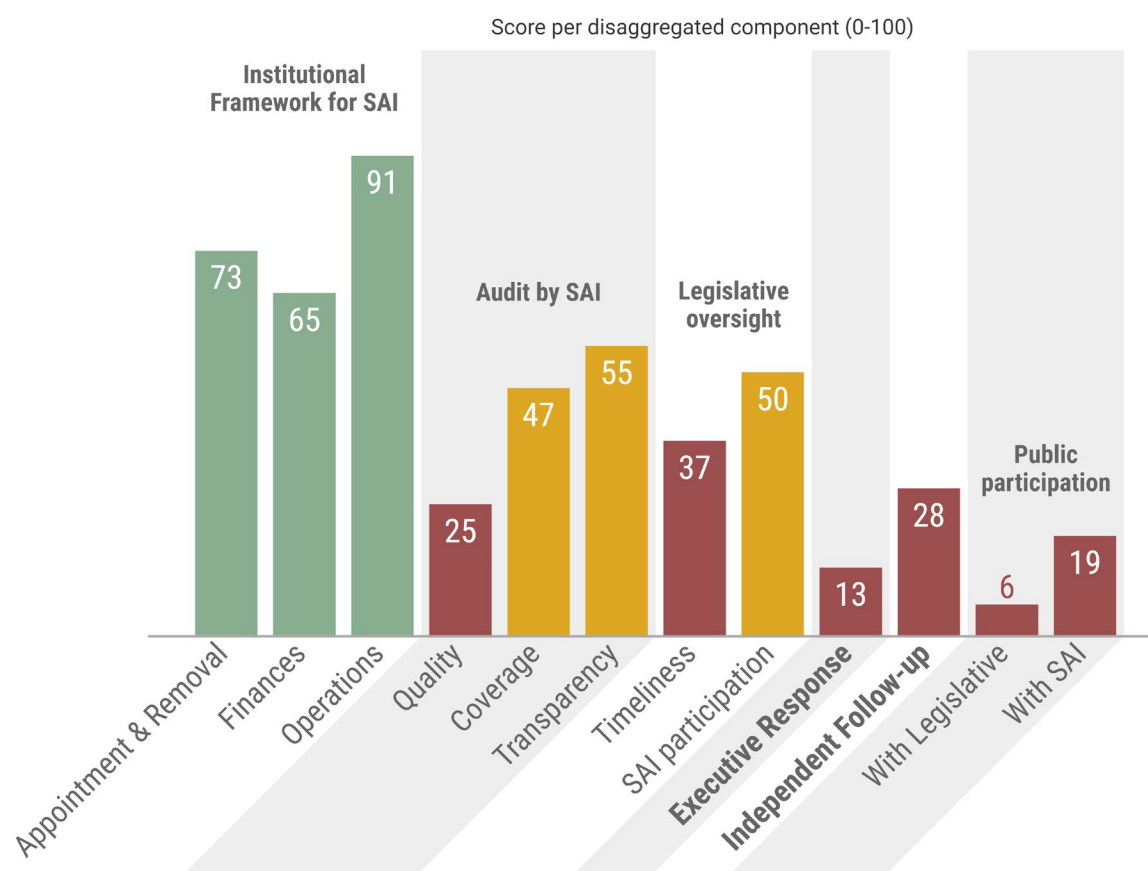
Two years is a very short time from which to expect any significant change in institutional trends. However, certain recent developments – notably the shrinking of democratic space that has been documented in the past few years (Lührmann, et al., 2020) – can be expected to put pressure on the independence of SAIs and have a negative impact on the enabling environment for public participation and engagement in auditing. Auditing trends are worth keeping an eye on as future OBS rounds become available. In addition, data from the next survey round

(scheduled for 2021), when compared to 2017 and 2019, will be able to shed light on the toll taken on the auditing and oversight ecosystem in the aftermath of COVID-19 and the related threats to SAI budgets.

3. ASSESSMENT OF AUDIT AND OVERSIGHT BY ECOSYSTEM COMPONENT

A closer look at the different components comprising audit and oversight reveals great variation in strengths and weaknesses across the system. As illustrated in Figure 4, apart from confirming the overall weakness in executive response, independent follow-up and public participation, the data also show a troubling situation with regard to certain sub-components such as quality of audit reports, which has an average score of 25 out of 100, and timeliness of the legislative response to the audit reports which has an average score of 37. Low quality audit reports and legislative tardiness in engaging with the reports may well be linked. In the next few sections, we delve into these components and sub-components in more detail.

FIGURE 4. STRENGTH OF THE ECOSYSTEM PER SUB-COMPONENT



Note: The bars are colored based on scoring categories used in the Open Budget Survey: red (0-40: weak), amber (41-60: moderate), and green (61 and above: adequate). The bars show average scores across 117 countries per sub-component of the ecosystem.

3.1 INSTITUTIONAL FRAMEWORK

Component 1: A solid **institutional framework** that protects SAI's independence, in law and practice, must be in place for SAIs to play an effective accountability role. Legislators, CSOs and the media can all contribute to promoting and upholding SAI independence.

The audit and oversight function begins with the enabling conditions or what we call, institutional framework, within which SAIs operate. Applying the assessment parameters of the Open Budget Survey, this component focuses heavily on the independence of auditors and on the auditing function, using three indicators: (1) independent processes to appoint and remove the head of the SAI; (2) financial independence and adequate resources for the SAI, and (3) sufficient operational independence, i.e. the ability of an SAI to undertake the audits they see fit.⁶

The independence of SAIs matters greatly to their ability to contribute to positive outcomes. This has, for example, been concluded by cross-country statistical research, which has found a relationship between the level of independence and effectiveness of SAIs, and various developmental achievements, including greater gender equality, lower infant and child mortality, and higher health spending. These results stand up even when taking into account, and controlling for, a country's economic development (Fukuda-Parr et al., 2011).

Assessment: Institutional framework for audit by SAI

Most high-income countries uphold the independence of their SAIs, according to the Open Budget Survey results. Some low-and middle-income countries (LMICs) also stand out as having achieved high levels of audit independence, notably **Georgia**, the **Philippines** and **South Africa** (all scoring a full 100 in the 2019 OBS). These countries all have laws or constitutional provisions upholding SAI independence.

The institutional framework component, while seemingly strong overall, nonetheless conceals some worrying issues. A deeper analysis of country-level results shows that less than half (44%) of countries have in place all of the elements of SAI independence examined in the Open Budget Survey: appointment and removal of the SAI Head, adequate funding to discharge the SAI mandate and discretion in law to decide which audits to undertake. Data from other sources reveal concerns in other areas impacting on SAI independence. The 2017 INTOSAI Global Survey showed that the legislature oversees the SAI's budget process in only 46% of countries, and 64% of SAIs reported executive interference in the budget process. Further, 31% of SAIs faced restrictions in publishing the findings of their audit work.

⁶ See Annex 1: Indicators based on survey questions 119, 120, 121 and 122.

Recent experience has shown that, despite seemingly robust legal provisions, *de facto* independence may still be curtailed as powerful actors find ways to threaten and undermine the independence of SAIs. In several countries, the long and fixed terms granted to SAI Heads to enable them to discharge their duties have been undermined by regulations on retirement ages. Thus, some SAI Heads who had been appointed to a term allowing them to continue beyond the retirement age, have been abruptly dismissed at short notice, contrary to constitutional provisions for removal. The timing of dismissal often seems opportunistic in relation to critical audit reports. Other examples of practical interference are in-year cuts or lack of timely release of appropriated funds to the SAI by the Ministry of Finance, including cutting the budget before it is sent to the legislature, cutting budget approved by the legislature, or refusing to release funds (or not issuing spending approvals in a timely manner).

It is easy to see how accountability struggles when auditors do not have the authority (in law as well as in practice) to determine their own agenda. This is especially critical in light of COVID-19 emergency funds, because extra budgetary funds are often not subject to the same level of reporting, regulation, or audit as other public finance items. Whether legally denied or not, a lack of audits around these funds will compromise accountability and potentially fail to contribute to outcomes akin to social and economic development.

The issue of audit independence requires other actors within the ecosystem, including governments, but also legislators, civil society and the media to step up and amend legal frameworks and/or question practices that curtail the independence of SAIs. That said, there are still things SAIs can do, themselves, to ensure the strength and independence of their institutions. Notably, they can strive to establish strong leadership as strength of SAI leadership has been identified as the most defining factor when it comes to SAIs adding value to their countries (INTOSAI Development Initiative, 2020a).

Sometimes civil society is better placed than SAIs, themselves, to champion the need for independent and empowered SAIs. A few years ago, in **Ghana**, a national CSO went to court and won a verdict that required the SAI to recover public expenditures that were incurred illegally. Within a short period of the court verdict, the SAI issued 112 surcharge certificates and recovered approximately USD 12 million of misappropriated funds. More recently, following a directive from the Presidency that the Ghanaian Auditor General take his accumulated 167-days leave, more than 400 CSOs have launched a campaign, well-covered in the media, calling on the Presidency to rescind its decision. The coalition of CSOs believes the President's directive to the Auditor General, a staunch anti-graft campaigner, goes against the spirit and letter of the 1992 Constitution. Although the action has been justified by the Presidency as appropriate and grounded in the law governing the Public Service Commission, the decision has been criticized by some legal experts. Critique has also come from the international community, including a statement from the INTOSAI Development Initiative expressing its concern over the independence of the SAI. Once again, civil society is taking the case to court (GhanaWeb, 2020; INTOSAI Development Initiative, 2020b).

3.2 PUBLIC EXTERNAL AUDIT BY SAI

Component 2: An **audit** that is of high quality, relevant and publicly accessible is key to the success of the auditing function.

The effectiveness of the audit refers to the **quality, coverage and transparency** of audit reports (encompassing all three types of external audits that are undertaken by SAIs: financial audit, compliance audit, and performance audit).⁷ This component is measured by three OBS indicators: (1) quality of the external audit, (2) audit coverage of the budget and (3) transparency of audit reports.⁸

The quality and relevance of audit reports are key determinants of the impact of the auditing function. For example, evidence shows that parliamentary committees – the next actor in the ecosystem – will only make full use of audit reports if they are interesting and understandable in a political context (Brétéché and Swarbrick, 2017). It is important for SAIs not only to ensure that their work is of high quality but also to make sure it is communicated in a way that facilitates buy-in from legislators. In terms of audit coverage, as touched upon earlier, SAIs must have the mandate and ability to ensure that a sufficient part of the public budget is covered by their audits.

Finally, in terms of transparency, audit findings should be made publicly available. Countries with publicly available audit reports are more likely to follow up on audit recommendations, thus the transparency of audit reports has repercussions downstream in the auditing process.⁹

This is a particularly low hanging fruit as SAIs themselves can publish (if allowed to) the audit reports on their own websites in a timely manner. The media can also be an ally when it comes to transparency and play an important role in enhancing visibility of the audit reports and findings.

Assessment: Audit by the SAI

The average global score for audit reporting among all 117 countries in OBS 2019 is 47 out of 100. As highlighted in Figure 4, the average scores for the three subcomponents assessing audit effectiveness are: 55 on transparency, 25

⁷ The objective of financial audit is to verify whether a set of financial statements (which can include a government budget execution report) has been prepared in accordance with the applicable financial reporting framework. Compliance audits ascertain whether a given subject matter complies with applicable authorities, such as rules, regulations and good practices. The scope of a compliance audit could be a particular entity, or a cross-cutting process (such as procurement) or a programme. Lastly, performance audits are an independent and objective examination of whether government undertakings, systems, operations, programmes, activities or organizations are operating in accordance with the principles of economy, efficiency and/or effectiveness.

⁸ See Annex 1: Indicators based on survey questions 123, 98 and AR2.

⁹ <https://www.internationalbudget.org/publications/open-budget-survey-2019-global-report/>

on quality control measures and 47 on coverage. Some low-and middle-income countries stand out for receiving high scores, 80 points and above (out of 100) on this measure. Among AFROSAI-E countries, **Ghana** and **South Africa** both receive high scores, and for ARABOSAI, **Morocco** stands out in this respect. In the ASOSAI group, **Indonesia**, **Kazakhstan** and **Mongolia** all receive a score of 80 or above on audit, and among LMICs in the EUROSAI group, **Bosnia and Herzegovina**, **Georgia** and **Russia** all receive high scores. Finally, among countries in the OLACEFS group, **Brazil** and **Guatemala** stand out as good performers in this regard.

Some countries have also seen large improvements in their audit scores since the last OBS round took place in 2017. **Vietnam** has improved its score by a full 72 points, from scoring a mere 6 out of 100 in 2017 to receiving a score of 78 in 2019. This was driven largely by improvements in coverage and transparency. Other countries that have seen major improvements in scores are **Malawi** (56-point improvement); **Lesotho** (+55 points); **Fiji** (+45 points); **Madagascar** (+44 points); **Sri Lanka** (+39 points), and **Georgia** (+30 points).

3.3 LEGISLATIVE OVERSIGHT

Component 3: Meaningful **legislative oversight** is critical to ensure audit impact. It is accomplished when designated legislative committees engage with the audit findings in a timely, competent and dedicated manner. SAIs can help strengthen this component by, for example, improving how they communicate their audit findings, and CSOs and the media can play a role by engaging with, and thereby raising the profile of, legislative oversight.

A fundamental role of a parliament is to authorize the national budget and to hold the government accountable for its execution, ensuring on behalf of citizens and users of public services that resources are spent legally and responsibly, for the purposes intended, and economically, efficiently and effectively. This requires that legislators have objective and fact-based information about the soundness of government financial conducts. Special parliamentary committees are set up to do this job, often in the form of a public accounts committee (PAC) (Brétéché and Swarbrick, 2017).

Legislative oversight is assessed on the basis of the PAC's (or equivalent committee's) engagement with the SAI, both in regard to their examination of the annual report on the budget, and the extent to which the committee calls on SAIs to testify in hearings.¹⁰

Effective legislative oversight of the budget requires that the designated committee examines the SAI's audit reports in a timely manner. With the unprecedented emergency-and relief spending by governments as a

¹⁰ See Annex 1: Indicators based on survey questions 118 and 124.

consequence of the COVID-19 crisis, it will be more important than ever to ensure effective feedback loops by allowing audit reports to go through the ecosystem in a timely manner.

Assessment: Legislative oversight of budget implementation

While more advanced economies tend to score higher overall on legislative oversight, 10 low- and middle-income countries in the dataset score a full 100 points on this component. These are **Georgia, Kyrgyzstan, Moldova, Mongolia, Myanmar, Peru, Russia, South Africa, Ukraine and Zambia**.

Some specific obstacles to the effective working of the public accounts committee (PAC), or equivalent committee, have been identified in various studies. These include capacity constraints, principally in terms of the skills of committee members and the size of the committees' staff. A lack of capacity among members of the financial oversight committee risks creating a self-fulfilling prophecy whereby the government loses respect for the role of legislative oversight and has no confidence that useful results can come out of it. Studies have also pointed at a lack of legal powers, or "teeth", to demand responses by government or pursue prosecutions. Finally, a lack of political support to carry out the oversight mandate and internal political issues such as partisan behaviour on the part of members have been identified as impeding the effectiveness of legislators as actors in the audit and oversight ecosystem (Mills and de Lay, 2016).

In some countries, for example, in **Jamaica**, the SAI has even been asked to conduct real-time audits on COVID-19 relief spending to safeguard it from waste and irregularities (Auditor General's Department of Jamaica, 2020). If these reports get stuck at the legislative committee stage, this will nullify much of the effort and waste the opportunity to course-correct as countries enter the post-crisis period. Good practice in this regard also includes calling senior staff of the SAI to testify in committee hearings and publishing the official committee report, including findings and recommendations.

While legislators must take responsibility for improving their oversight, there are still things SAIs can do to help in this process. By publishing high quality and relevant audit reports, SAIs can help ensure buy-in from legislators. SAIs can also proactively engage with the relevant legislative committee. In a recent good practice note, SAI **Uganda** shared that since members of parliament keep changing, sensitization and dialogue with the parliament, and in particular with the public accounts committee, is an ongoing and continuous process (Office of the Auditor General of Uganda, 2019). This insight is in line with findings from cross-country statistical research which conclude that greater budgetary oversight by SAIs leads to greater legislative budgetary oversight, not only ex-post (audit stage) but along all stages of the budgetary process. As an implication for public policy, this finding supports the idea that a strong, independent SAI, properly provided with human and technical resources, is key to enhancing the legislative oversight role (Ríos et al., 2014).

3.4 EXECUTIVE RESPONSE

Component 4 – The **executive response** and implementation of audit recommendations put forth by SAIs and legislators ultimately determine whether the audit and oversight function has the intended impact. SAIs, legislators, civil society and the media all have a role to play in prompting an effective executive response.

The government's attention and response to the findings and recommendations of the audit reports is crucial. In the same way that we cannot expect a problem to be solved just because it is identified, publishing an audit report on its own will not have teeth unless the issues pointed out are subsequently addressed.

Executive response is assessed based on whether the executive makes available to the public a report on the steps it has taken to address audit recommendations or findings that indicated a need for remedial action.

Unfortunately, many governments do not respond favorably to audit findings and often ignore important recommendations contained in audit reports.¹¹

Assessment: Executive reaction to audit findings and recommendations

Overall low scores point to executive response as the weakest component in the audit and oversight ecosystem. This finding applies to low- middle- and high-income countries alike. Only a handful of countries stand out as strong in this respect (receiving a full 100 out of 100). These are **Brazil, Georgia, Malaysia, Norway, Peru, Sweden, Ukraine** and the **United Kingdom**.

Although the assessment on this component is rather gloomy, beacons of light do exist that we can learn from. In **Georgia**, for example, the staff at the SAI were themselves surprised about the expediency of the government in responding to and implementing recommendations from an audit of the Education Management Information System.¹² Several factors, both political and technical, could help explain this positive outcome, including the fact that the audit report received wide media coverage, or that the audit was communicated in relation to a sustainable development goal that the government had signed up to. It could also be that the recommendations were rather technical in nature, as opposed to political or behavioural, and therefore did not receive any major opposition. While these are speculations, the bottom line is that executive response to audit findings is an identified weak link in the auditing system, and it is pertinent that effort goes into enhancing our understanding of how this problem can be solved by looking at cases where the executive response was constructive.

We know a little more about why governments fail to respond to audit recommendations. Barriers are believed to be a combination of a lack of demand and defensive attitudes. Governments typically do not face enough pressure

¹¹ Annex 1: Indicator based on survey question 101.

¹² This anecdotal information is based on correspondence with staff at the Georgia SAI.

internally or from formal oversight institutions, such as national legislatures or from the broader society, to cause them to implement audit recommendations. At the same time, failure to act on audit findings is often the result of defensive or negative reactions from officials whose actions have been questioned by the audits. Officials may view audits as threats to their powers rather than as tools that can improve the effectiveness of their operations (International Budget Partnership, concept note).

3.5 INDEPENDENT FOLLOW-UP

Component 5: Conducting **independent follow-up** and scrutiny of the extent to which the executive response has taken place and is satisfactory is an important part of ensuring executive uptake and subsequent audit impact. This role is formally played by legislators or supreme audit institutions.

To hold the government accountable for addressing the issues pointed out in audit reports, information must be collected about actions taken. Otherwise, there is no way of knowing whether auditing is effective or not and calls into question whether the auditing system is worth the time and effort. Collecting this information falls under the domain of either the SAI or the legislature and can also be undertaken and complemented by CSOs.

Recognized audit standards call for follow-up: “SAIs have a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. Follow-up focuses on whether the audited entity has adequately addressed the matters raised, including any wider implications. Insufficient or unsatisfactory action by the audited entity may call for a further report by the SAI.” (INTOSAI, 2019: 29). The assessment of this responsibility goes one step further and is based on whether either the SAI or the legislature releases a report to the public that tracks actions taken by the executive to address audit recommendations.¹³

Assessment: Independent follow-up on executive actions

Based on the OBS data, independent tracking and reporting on the executive response to the audit is another weak aspect of the audit and oversight ecosystem, especially among less advanced economies. That said, the ASOSAI region stands out in terms of high scores. **Indonesia, Malaysia, Myanmar, Nepal, the Philippines and Timor-Leste** all received a score of 100. Other LMICs that also score 100 include **Bosnia and Herzegovina, Brazil, Cote d’Ivoire, Georgia, Peru, Ukraine and Zambia**. Three of these countries (Myanmar, Peru and Zambia) improved from a score of zero in 2017 to a score of 100 in 2019, which demonstrates that institutional progress in this area is doable within a short timeframe. In fact, this component of oversight is one that should be relatively easy to improve by SAIs.

¹³ Annex 1: Indicator based on survey question 102.

To facilitate follow-up, several countries have set up systems for tracking audit recommendations. The **United States** is one of them. A decade ago, the SAI in the United States set up an interactive online tool called the Action Tracker that tracks the progress that Congress and federal agencies have made in reducing duplication, overlap, and fragmentation—and reducing costs and increasing revenue—that the SAI has identified in its annual reports. It is estimated that since 2010 when the U.S. SAI was given this mandate, the annual audit reports have helped the federal government save about USD 429 billion (U.S. Government Accountability Office, 2020).

Georgia provides another innovative approach to ensuring the implementation of audit recommendations. Following a decree issued by the Parliament, all auditees are obliged to implement the recommendations issued in the audit reports in accordance with and after preparing “recommendation implementation action plans”. To effectively monitor progress, the Georgian SAI has developed an electronic system called the Audit Recommendation Implementation System, which integrates the audit reports, audit findings, corresponding recommendations, and the recommendation implementation action plans. The system is accessed by the SAI, auditees and parliament. Responsible persons, appointed by the auditees for each audit recommendation, are expected to follow the action plans and to periodically report on the progress. The top management of the auditees have direct access to this information and can scrutinize the process across the whole agency. The SAI analyses the uploaded documentation and approves or disapproves the progress. Parliament can track the changes in real-time and get a full picture of the implementation of recommendations across the agencies. As a result of this decree and accompanying information system, the audit recommendation implementation rate that amounted to 43% in 2015-2017, reached 60% in 2018-2019. While this tracking system is itself not publicly accessible, data collected from it is presented in reports to parliament, etc. (Georgia State Audit Office, 2019).

3.6 PUBLIC PARTICIPATION

Component 6: Through **public participation** in the audit and oversight process, civil society organizations, citizens and the media can contribute to strengthening and upholding the integrity of the actors and processes comprising the entirety of the audit and oversight ecosystem.

Civil society actors – be it civil society organizations, the media or individual citizens – can help strengthen the audit and oversight ecosystem in a variety of ways.¹⁴ This component of the audit and oversight ecosystem is assessed using OBS data on indicators that address: (1) citizen participation in legislative review and (2) citizen participation in the audit process.¹⁵

¹⁴ We recognize that the media holds a potentially important role as a stakeholder in its own right in the audit and oversight ecosystem. However, due to a lack of data in the OBS that specifically focuses on the participation of media actors in the audit process, media does not get the full assessment it warrants.

¹⁵ See Annex 1: Indicators based on survey questions 139, 140, 141 and 142.

Social and participatory audits: Citizen engagement in the audit process can take the form of social and participatory audits. Social audits are participatory processes through which citizens and CSOs collect and share information on weaknesses in public programs. This information is then used by the government auditor. Often, these processes involve community members monitoring the implementation of government programs to ensure the appropriate extent and quality of public services are provided in their community. Social audits were pioneered in **India**. Participatory audits in turn are processes through which joint audit teams of SAI and CSO staff conduct audit investigations. This approach was established in the **Philippines**. Engagement with civil society may involve seeking inputs on what issues get audited or encourage CSOs to give publicity to the audit reports (Ramkumar, 2008).

Another noteworthy case comes from **Argentina**, where the SAI has introduced various ways through which citizens can engage with the auditing process. First, a framework of Participatory Planning exists whereby CSOs can present proposals on the organizations and/or programs they would like to see audited. Argentina is unique across the Open Budget Survey countries in providing the public with feedback on how public inputs were used. The Argentine SAI provides a report that details the proposals presented by CSOs within the participatory planning process and shares information on which of them were incorporated into the audit plan. The reasons for their corresponding inclusion or exclusion from the plan are also explained.

CSO / SAI collaboration: There is a strong overlap between CSO watchdog groups and SAIs in terms of objectives and goals: both actors work to protect public money and hold governments to account in their use of public funds. However, until recently collaboration between the two actors has not been as fruitful as it can potentially become (Bailey, 2020). This is changing with a growing realization within the auditing community that collaboration can be beneficial. For example, CSOs and SAIs are each in possession of information that the other actor can make use of. CSOs can also be a strategic asset to SAIs by using their networks to build pressure on the parliament and the executive to implement audit recommendations (Baimyrzaeva and Kose, 2014). As concluded from case study research from **India**, the **Philippines** and **South Africa**, interactions between CSOs and SAIs can lead to [strategic partnerships between civil society groups and SAIs](#) that can assist both entities in creating the political capital needed to push legislatures and the executive to take corrective action to protect public funds (Ramkumar and Krafchik, 2005).

It is also becoming evident that having insulated institutions that people do not know about is not how governance works in the 21st century. Involving citizens and CSOs in the audit process can improve SAIs' credibility and, in so doing, ensure institutional relevance. To that end, the shake-up across institutions and systems caused by the COVID-19 pandemic should be seen by SAIs as an opportunity for increased involvement of citizens and CSOs in audits; this can contribute to improving the quality and depth of SAIs' audit work and ensure much-needed collective action in dealing with the aftermath of the pandemic (Olowo-Okere, 2020).

Civil society organizations and the media can enhance legislative oversight: Participation from civil society actors can also result in improved legislative oversight. For example, research has found that external scrutiny through media coverage and public involvement creates incentives for PACs to perform effectively (Pelizzo et al., 2006). An evaluation of reforms to legislative financial oversight in **Ghana** provides an example of this. The opening up of PAC hearings on SAI audit reports to the media and the public not only increased public awareness of the role of the PAC but also led to pressure on the PAC to increase its technical capacities and improve the quality and timeliness of its scrutiny (Betley et al., 2012).

Assessment: Public participation in audit and oversight

Despite the promise that enhanced civil society involvement holds, thus far the data – both on legislative oversight committees’ openness to public engagement and on SAIs’ openness and collaboration with the public – indicate dismal country performances overall. In fact, over half of all countries (66 out of 117) in the dataset score zero on this ecosystem component and only three countries score above 60 out of 100. The countries that stand out for having instituted participatory channels between the public and audit functions are **Georgia, South Korea** and the **United Kingdom**.

With a score of 83 out of 100, **Georgia** received the highest score on this component among the 117 countries in the dataset and provides an interesting example of how SAIs can engage with the public. The Georgian SAI operates a ‘Budget Monitor’, which is an interactive web-platform through which citizens can actively participate in setting up the annual audit plan by sending audit requests, proposals and identifying priority fields for audits. Stakeholders can also track the progress of their requests and get information on the results of their engagement. The SAI conducted 10% of its audits upon citizens’ requests in 2018. The Georgian SAI also engages with civil society during performance audit planning, particularly with CSOs who are working on public finance management-related issues. The SAI has noted several benefits of this engagement, including its contribution to the development of relevant audit objectives and questions. The engagement has also added stakeholder interest in the audit results, which in turn has increased the pressure on the audited institutions to follow through with audit recommendations (Georgia State Audit Office, 2019).

Encouraging evidence on successful CSO/SAI partnership is emerging from other countries too. The SAI in **Sierra Leone** began reaching out to civil society organizations a few years ago and has since established a unit charged with citizen outreach, which connects with citizens through town hall meetings, radio programmes, and the like. One specific area in which this CSO-SAI collaboration has taken place is on efforts to improve the water, sanitation and hygiene facilities across the country’s schools. The CSO in this case, the *Budget Advocacy Network*, benefits from the collaboration by gaining access to information held by the SAI. In turn, the SAI benefits from the CSO’s advocacy efforts to implement its recommendations in the schools and from information provided by the

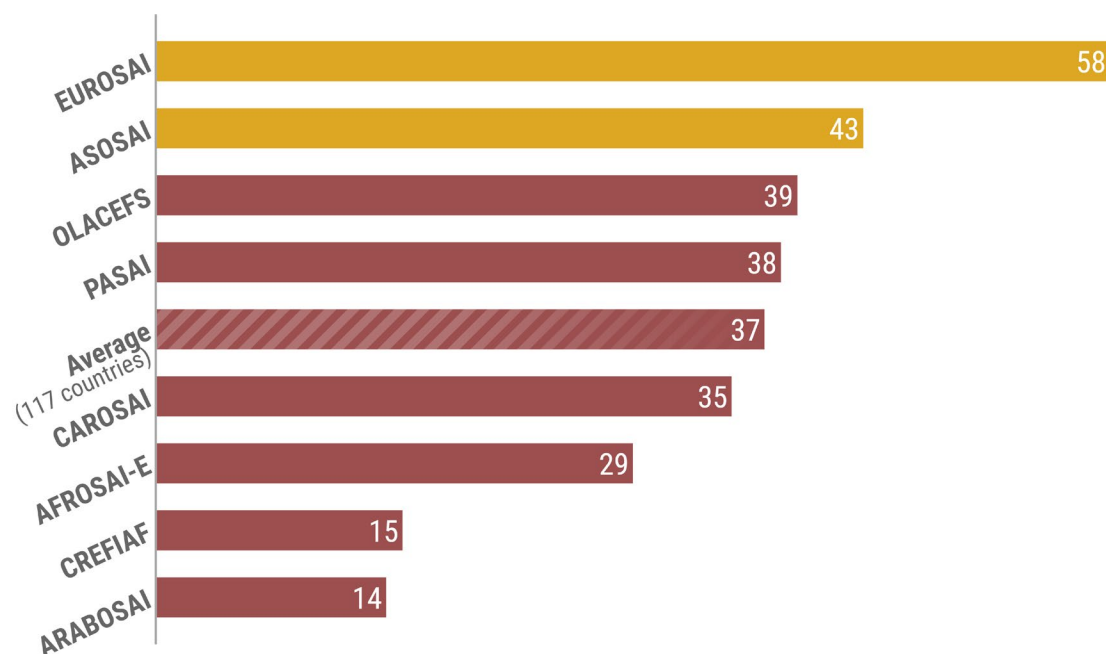
Budget Advocacy Network and its coalition of CSOs, especially from the school “scorecard” that graphically depicts the audit’s findings, accompanied by photos and examples of students impacted by the lack of basic hygiene.

Sierra Leone presents an interesting example also from the perspective of CSO-legislative collaboration. Initially, when the Budget Advocacy Network approached the parliamentary public accounts committee for support in helping to enforce the audit recommendations related to water, sanitation and hygiene facilities, it received a lukewarm reception. However, the PAC came onboard as the COVID-19 crisis elevated the importance of water, sanitation and hygiene as a condition for reopening schools. Inter-institutional collaboration, such as that between CSOs and an SAI, and CSOs and a PAC take effort to develop and uphold and need to be of benefit to both parties. In this case, and perhaps more broadly, the PAC collaboration with the CSO was deemed worth the effort only when the issue was high enough on the political agenda.

4. SUMMARY AUDIT AND OVERSIGHT PERFORMANCE BY REGION

A wide disparity in audit and oversight systems is evident across INTOSAI regions. As mentioned earlier and illustrated in **Figure 5**, the average oversight score for all 117 countries in the OBS is a mere 37 out of 100. While generally regions with more advanced economies receive higher average scores than other regions, no INTOSAI region as a group has a strong enough ecosystem that rates in the “adequate” category (over 60). The CREFIAF and ARABOSAI regions perform the weakest.

FIGURE 5. REGIONAL DISPARITY OF AUDIT AND OVERSIGHT, BY INTOSAI REGION

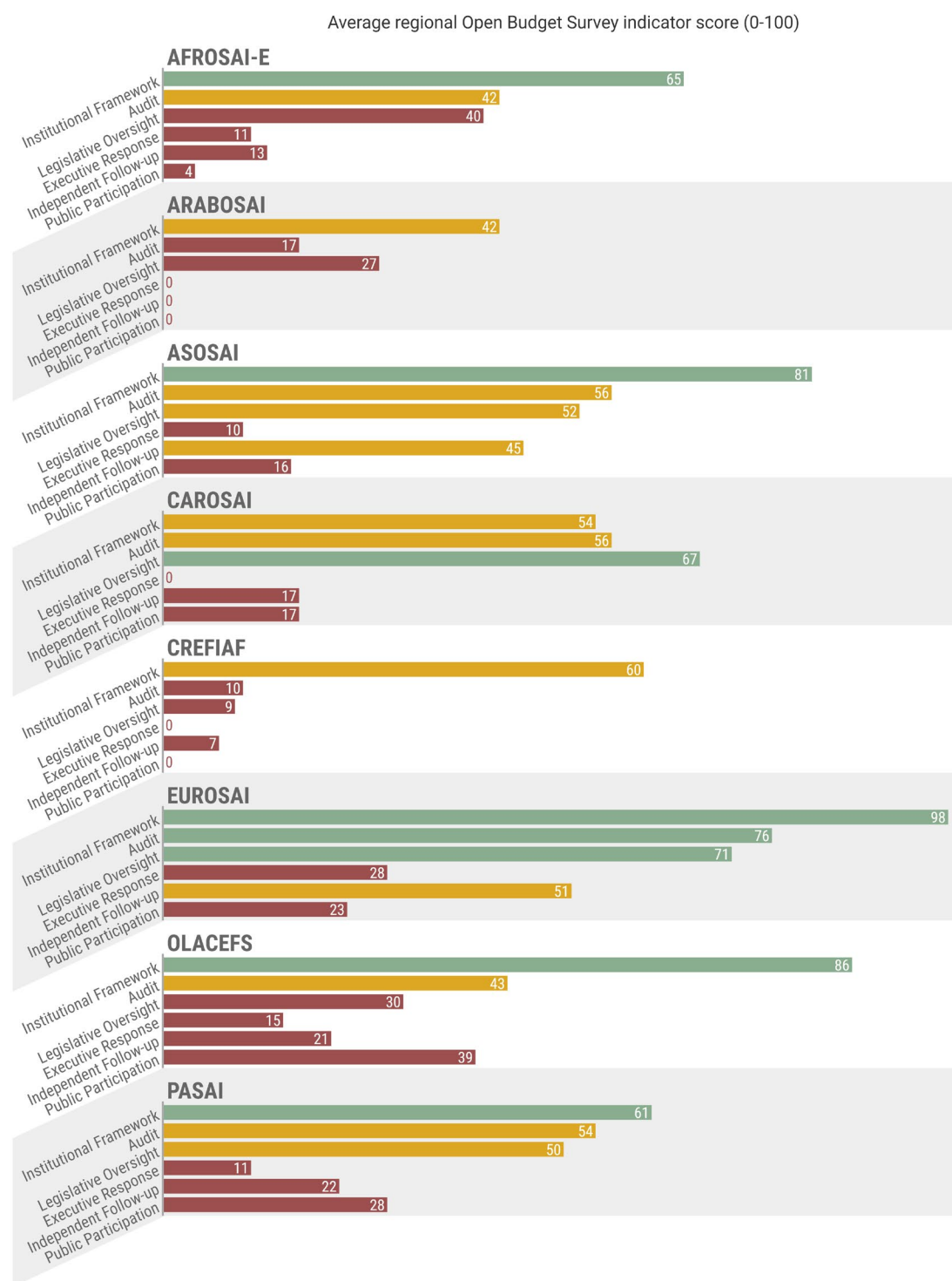


Average OBS score for audit and oversight (0-100) in surveyed countries

Note: The bars are colored based on scoring categories used in the OBS: red (0-40: weak), amber (41-60: moderate), and green (61 and above: adequate). The United States and Canada are not included in this figure as they are not a party to any of the INTOSAI regional groups; both countries scored in the adequate, i.e., green category.

Generally, the weakest components of the oversight ecosystem are fairly consistent across INTOSAI regional groups: executive response, citizen participation, and independent follow-up. Figure 6 illustrates this finding and also indicates that institutional framework is usually stronger than the rest of the components, especially in INTOSAI regions with predominantly low and middle-income countries. For example, although the average institutional framework score for the CREFIAF regional group is 60 out of 100, because the rest of the components receive very low scores, the average score for the overall performance on audit and oversight for that group is a mere 15 out of 100. (Annex 2 presents yet more detailed information on scores by sub-component and region.)

FIGURE 6. RELATIVE STRENGTH OF ECOSYSTEM COMPONENTS ACROSS INTOSAI REGIONAL GROUPS



Note: The bars are colored based on scoring categories used in the Open Budget Survey: red (0-40: weak), amber (41-60: moderate), and green (61 and above: adequate). The United States and Canada are not included in this figure as they are not a party to any of the INTOSAI regional groups. However, both countries would have been categorized as green (adequate) in all components apart from public participation.

5. CONCLUSION AND RECOMMENDATIONS

Successful accountability relies on an ecosystem of interdependent conditions, actors and processes. Data from the Open Budget Survey points to aspects of the audit and oversight ecosystem that are strong: notably, the institutional framework in which SAIs operate. But the evidence also reveals weaknesses and insight into why SAIs' work in many countries is not translating into increased accountability. Although SAIs are central actors in the audit and oversight ecosystem, their work is often impeded by unresponsiveness and the absence of other actors.

No INTOSAI region is performing at the level of internationally accepted norms for audit and oversight. The weaknesses are most prevalent among countries in the Arab and Francophone African SAI-regions, although there are significant shortcomings in other regions too.

Across INTOSAI regions, the weakest components in the audit and oversight ecosystem include the executive's response to audit findings; the independent follow-up of these responses, which threaten the ability of public sector audits to check government excesses; and the lack of opportunities for the public to engage in and bolster audit and oversight efforts.

Ineffectiveness of the audit and oversight ecosystem as a whole is especially troubling now when SAIs have greater visibility than ever before. Expectations are high that SAIs will conduct expedited and near real-time audits that will prevent misuse and mismanagement of the huge sums of monies meant to mitigate the debilitating health and economic woes of the COVID-19 crisis. At a time when we need SAIs desperately, we are underinvesting in them and undermining their capacity. This report should be a wake-up call to all stakeholders to help rectify this situation.

RECOMMENDATIONS

Moving forward, the following recommendations set out a number of priority areas to be addressed by the various stakeholders involved in the audit and oversight ecosystem as well as development partners. Although we recognize that the time and effort needed to strengthen these issues will vary across countries, for simplicity, we list actions to be expedited in the short-term (within a year) and medium-term – by stakeholder.

SUPREME AUDIT INSTITUTIONS:

- Immediate priority – within a year:
 - Unless prohibited by mandate, publish all audit reports on websites in a timely way. For effective communication, these reports should include executive summaries and simplified key findings.

- Conduct timely follow-up review of implementation audit recommendations and publish a summary of key findings.
- Engage in dialogue with CSOs on priority and high-risk areas to audit.
- Benchmark independence against international best practices and prompt a dialogue with all stakeholders on the importance of SAI independence.
- Medium-term:
 - Put in place systems and independent checks to provide assurance on, and improve, the quality of audit reports
 - In addition to timely follow-up review, maintain a public tracker of implementation of key recommendations
 - Create meaningful and inclusive mechanisms for public participation in all relevant aspects of your work, including the determination of high-risk areas for audit, the conduct of audits, themselves, and the publication and follow-up of audit recommendations.
 - Whenever possible and useful, work with CSOs to improve audit targeting, expand coverage and improve capacity

LEGISLATURES:

- Immediate priority – within a year:
 - Initiate processes to ensure that SAIs have the mandate, independence and resources to conduct and publish relevant, high quality audits, including of any extra budgetary funds
 - Proactively review and follow-up on audit reports, forward recommendations to the executive, and promote and track executive responses
- Medium-term:
 - Take necessary steps to ensure the SAI's independence – legally, operationally and financially – vis-à-vis the executive branch of government,
 - Hold hearings, which are open to the media and the public, on audit findings during which testimony is sought from SAIs and relevant members of the public

EXECUTIVES:

- Immediate priority – within a year:
 - Focus on removing any obstacles (such as weak mandate, lack of resources) that are hindering effective auditing to make the system of audit and oversight that is currently in place work better
 - Address audit recommendations or findings that indicate a need for remedial action
- Medium-term:

- Direct audited public organizations to make all information available to SAIs, and to heed and take appropriate action on the audit findings. Senior officials should set the tone through the chain of command that the audit must be taken seriously.

CIVIL SOCIETY ORGANIZATIONS:

- Immediate priority – within a year:
 - Champion the independence of SAIs and call out governments when independence is threatened
 - Engage with SAIs in dialogue on priority and high-risk areas to audit, promote the visibility of audit reports and recommendations, and track and advocate for executive follow-up
- Medium-term:
 - Strengthen the ecosystem through monitoring SAI independence, resources, and barriers to publication of audit reports, and call out any limitations or emerging threats

MEDIA:

- Immediate priority – within a year:
 - Publicize audit findings and legislative hearings on audit reports, and investigate follow-up on audit recommendations
 - Raise the importance of SAI independence and engage when threats to independence emerge
- Medium-term:
 - Strengthen capacity to ensure the ability to effectively analyze and communicate audit findings and recommendations.

DEVELOPMENT PARTNERS:

- Immediate priority – within a year:
 - Work out a coordinated assessment when the independence of SAIs in partner countries is threatened to strengthen individual responses or lead powerful joint actions
- Medium-term:
 - Explore opportunities to support the institutions that form the audit and oversight ecosystem as a set of interconnected accountability actors (for example, the SAIs, legislatures and CSOs should be included in government-donor policy dialogue and provided with financial support to bolster their accountability roles).

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ANNEX 1: SURVEY QUESTIONS FROM THE OPEN BUDGET SURVEY, BY ECOSYSTEM COMPONENT

The following 19 indicators (survey questions) from the 2019 Open Budget Survey make up the components of the audit and oversight ecosystem.

Institutional Framework for Public External Auditing
Independent Appointment and Removal of the Head of the SAI
<i>Survey question 119.</i> Was the process of appointing (or re-appointing) the current head of the SAI carried out in a way that ensures his or her independence?
<i>Survey question 120.</i> Must a branch of government other than the executive (such as the legislature or the judiciary) give final consent before the head of the Supreme Audit Institution (SAI) can be removed from office?
Financial Independence and Resourcing
<i>Survey question 121.</i> Who determines the budget of the Supreme Audit Institution (SAI) (and is it consistent with the resources the SAI needs to fulfil its mandate)?
Operational Independence
<i>Survey question 122.</i> Does the Supreme Audit Institution (SAI) have the discretion in law to undertake those audits it may wish to?

Audit by Supreme Audit Institution
High Quality External Audit
<i>Survey question 123.</i> Are the audit processes of the Supreme Audit Institution (SAI) reviewed by an independent agency?
Audit Coverage of the Budget
<i>Survey question 98.</i> What percentage of expenditures within the mandate of the Supreme Audit Institution (SAI) has been audited?
<i>Survey question 99.</i> What percentage of extra-budgetary funds within the mandate of the Supreme Audit Institution (SAI) has been audited?
Transparency of Audit Reports
<i>Survey question AR2.</i> When is the audit report made available to the public?
<i>Survey question AR6a.</i> If the audit report is not publicly available, is it still produced?
<i>Survey question 97.</i> What type of audits (compliance, financial, or performance) has the Supreme Audit Institution (SAI) conducted and made available to the public?
<i>Survey question 100.</i> Does the annual Audit Report(s) prepared by the Supreme Audit Institution (SAI) include an executive summary?

Oversight by the Legislature
<i>Survey question 118.</i> Did a committee of the legislature examine the Audit Report on the annual budget produced by the Supreme Audit Institution (SAI)?
<i>Survey question 124.</i> In the past 12 months, how frequently did the head or a senior staff member of the Supreme Audit Institution (SAI) take part and testify in hearings of a committee of the legislature?

Executive Response

Survey question 101. Does the executive make available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action?

Independent Follow-up

Survey question 102. Does either the Supreme Audit Institution (SAI) or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?

Public Participation in Audit and Oversight**Citizen Participation in Legislative Review**

Survey question 139. Does the legislature hold public hearings and/or use other participation mechanisms through which the public can provide input during its public deliberations on the Audit Report?

Citizen Participation in the Audit Process

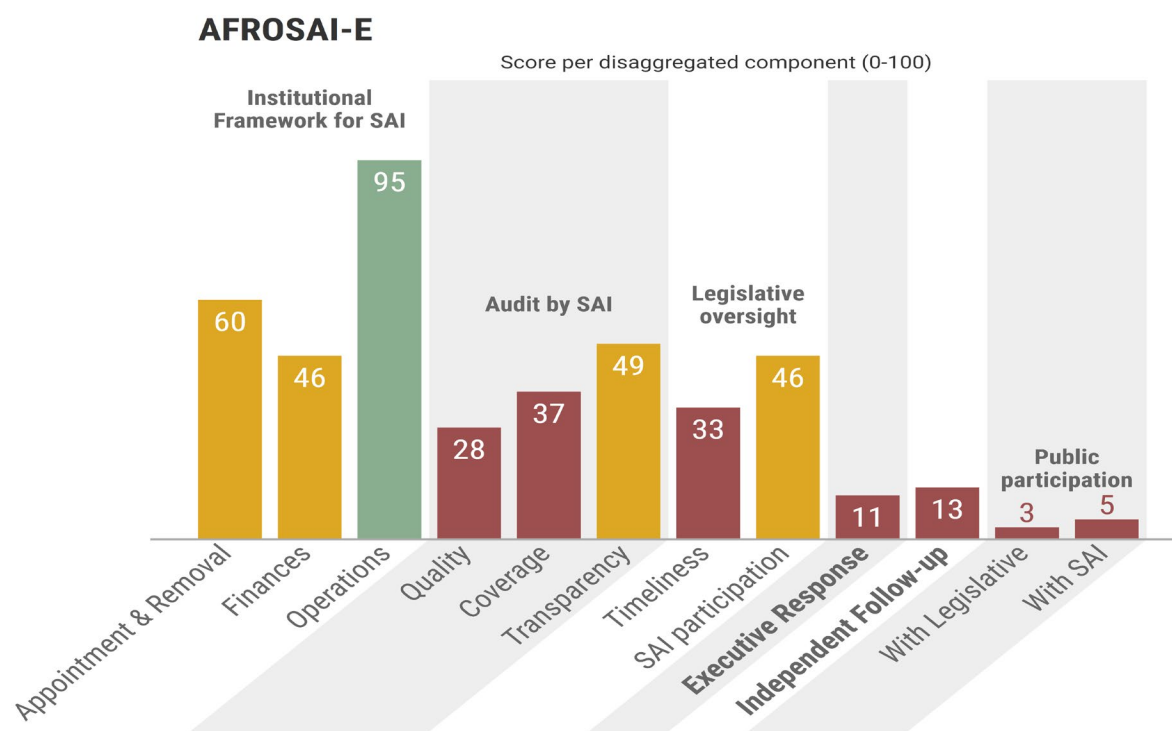
Survey question 140. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can suggest issues/topics to include in the SAI's audit program (for example, by bringing ideas on agencies, programs, or projects that could be audited)?

Survey question 141. Does the Supreme Audit Institution (SAI) provide the public with feedback on how citizens' inputs have been used to determine its audit program?

Survey question 142. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can contribute to audit investigations (as respondents, witnesses, etc.)?

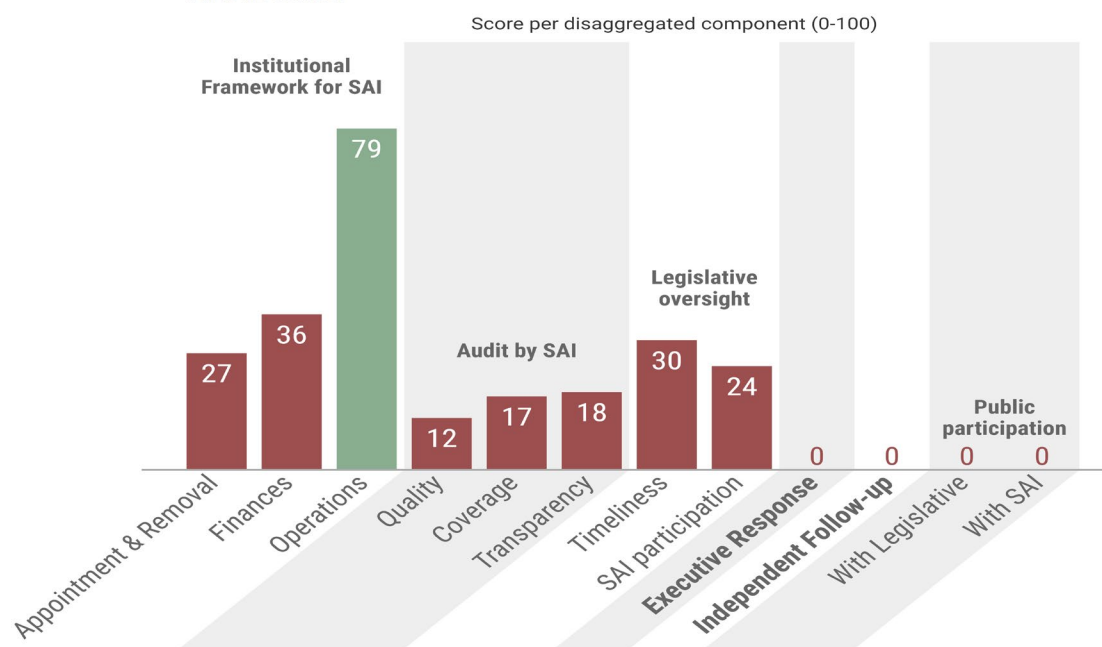
ANNEX 2: STRENGTH OF SUB-COMPONENTS IN THE AUDIT AND OVERSIGHT ECOSYSTEM, BY INTOSAI REGIONAL GROUP

This annex provides a picture of where each INTOSAI region is at in terms of relative strength of the different sub-components of the audit and oversight ecosystem.



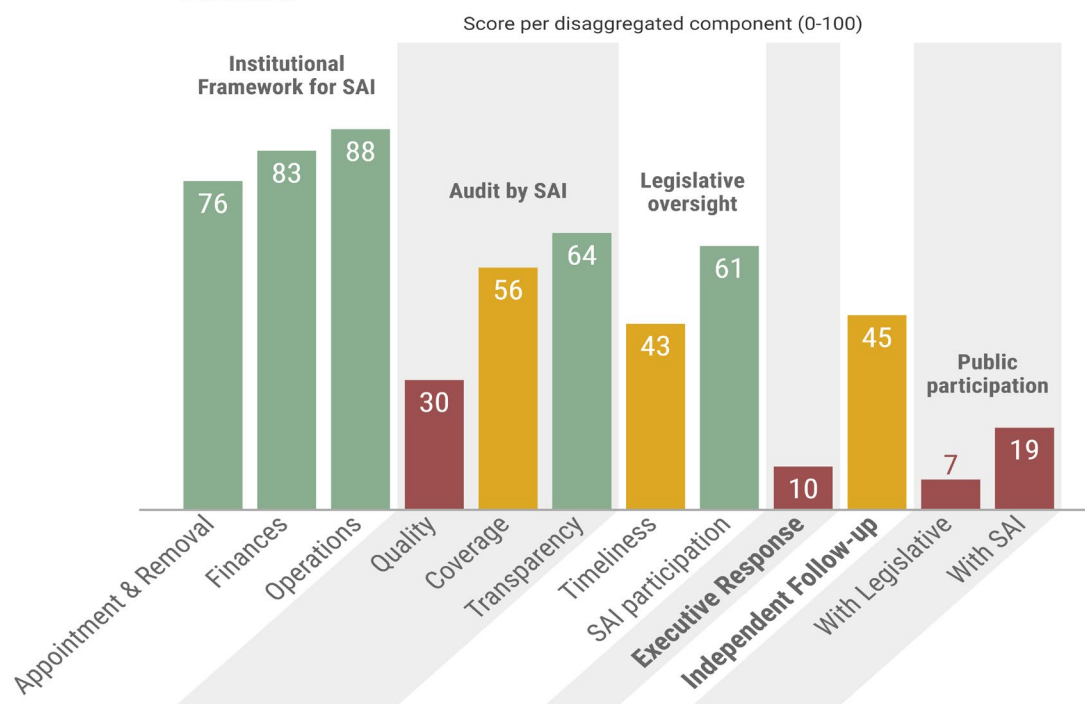
Note: Based on data from the following countries: Angola, Botswana, Eswatini, the Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Rwanda, Sierra Leone, Somalia, South Africa, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

ARABOSAI



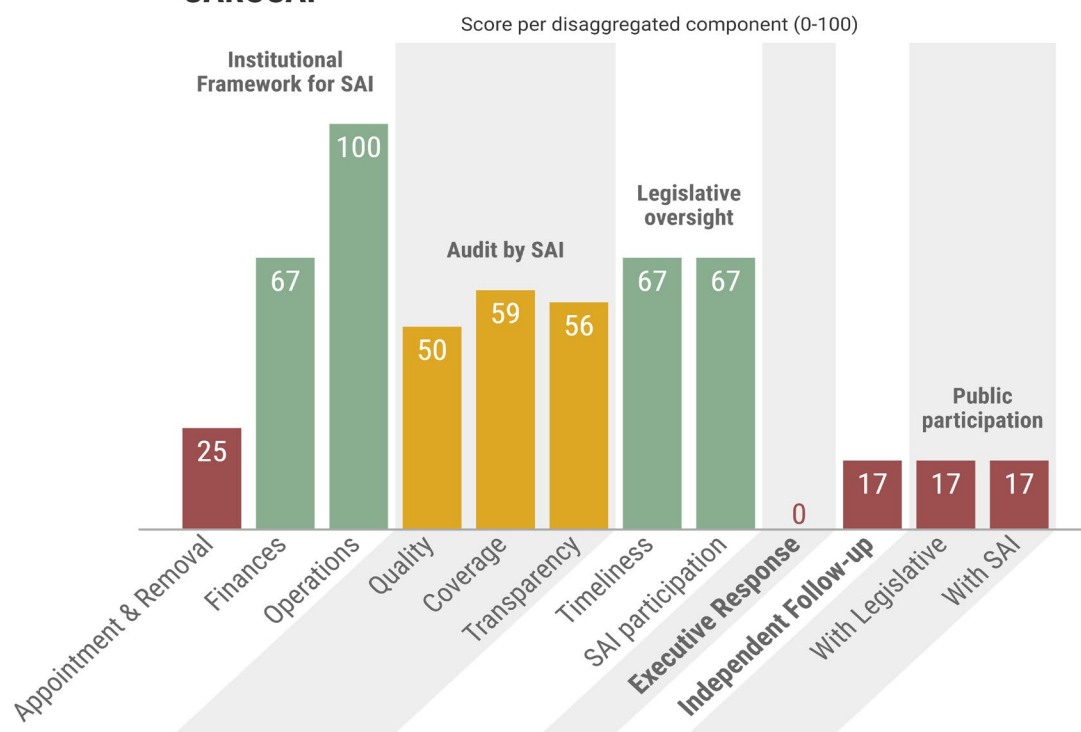
Note: Based on data from the following countries: Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Qatar, Saudi Arabia, Sudan, Tunisia and Yemen.

ASOSAI



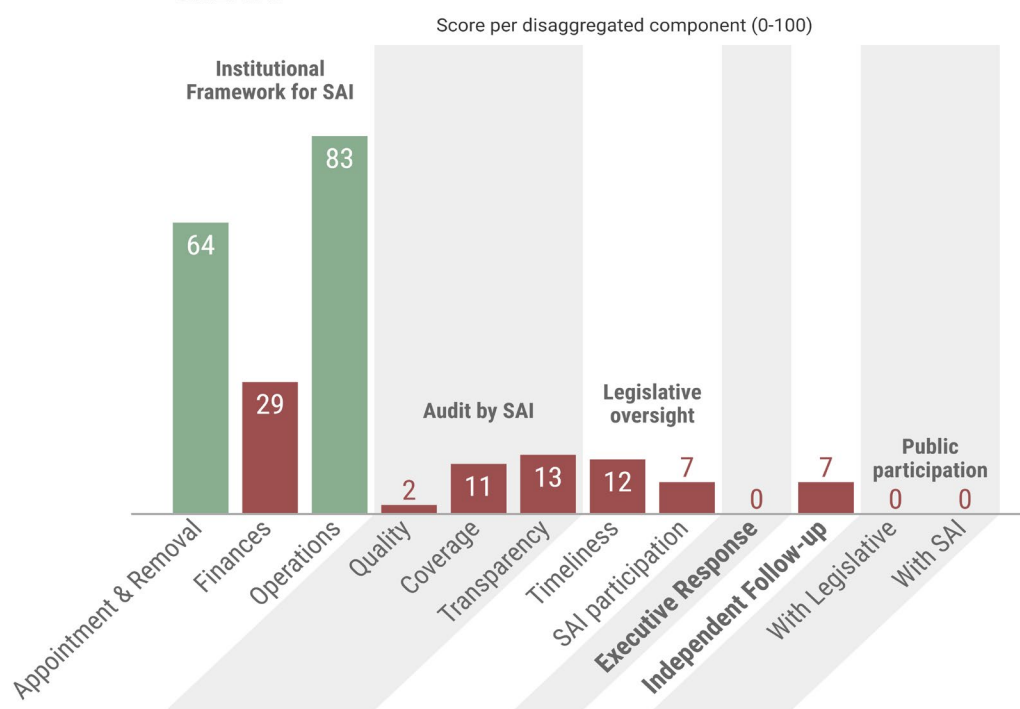
Note: Based on data from the following countries: Afghanistan, Australia, Bangladesh, Cambodia, China, India, Indonesia, Japan, Kazakhstan, Kyrgyz Republic, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, the Philippines, South Korea, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkey and Vietnam.

CAROSAI



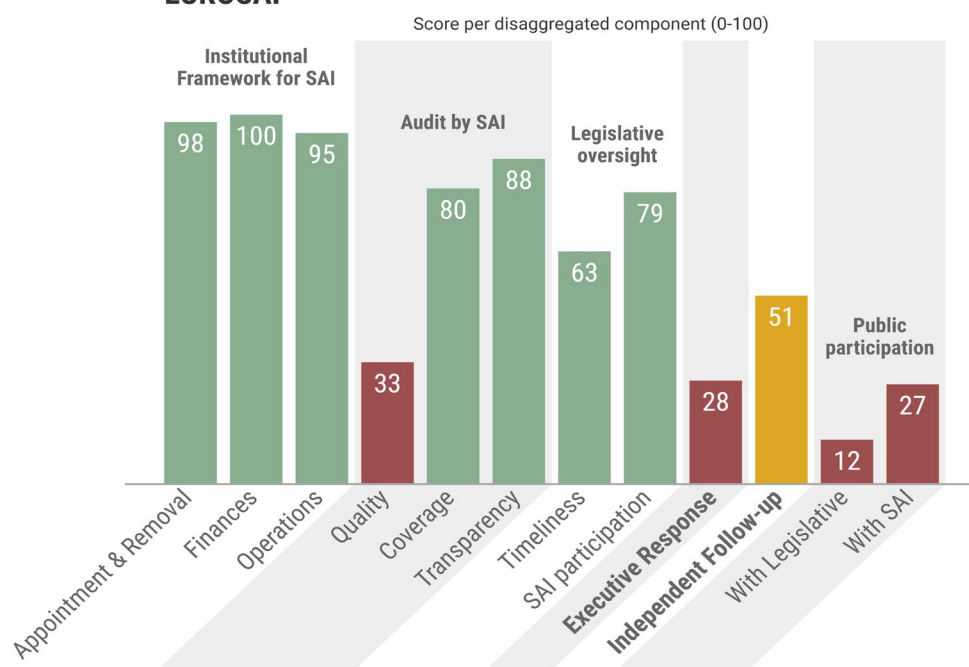
Note: Based on data from the following countries: Jamaica and Trinidad and Tobago.

CREFIAT



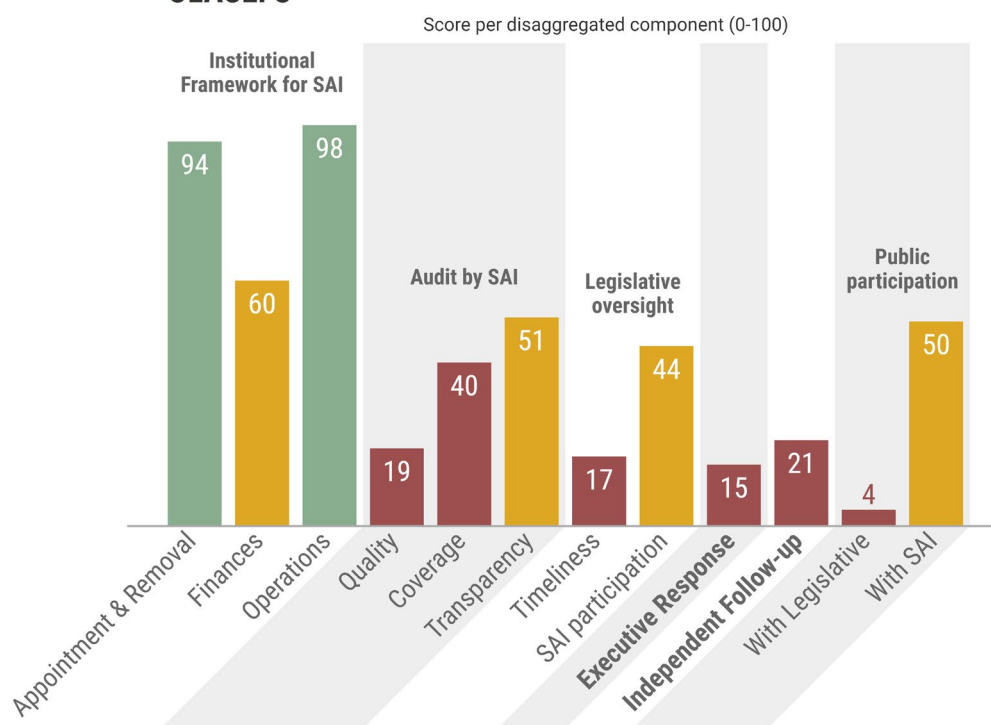
Note: Based on data from the following countries: Benin, Burkina Faso, Burundi, Cameroon, Chad, Comoros, Democratic Republic of Congo, Equatorial Guinea, Ivory Coast, Madagascar, Mali, Niger, Sao Tome and Principe ad Senegal.

EUROSAI



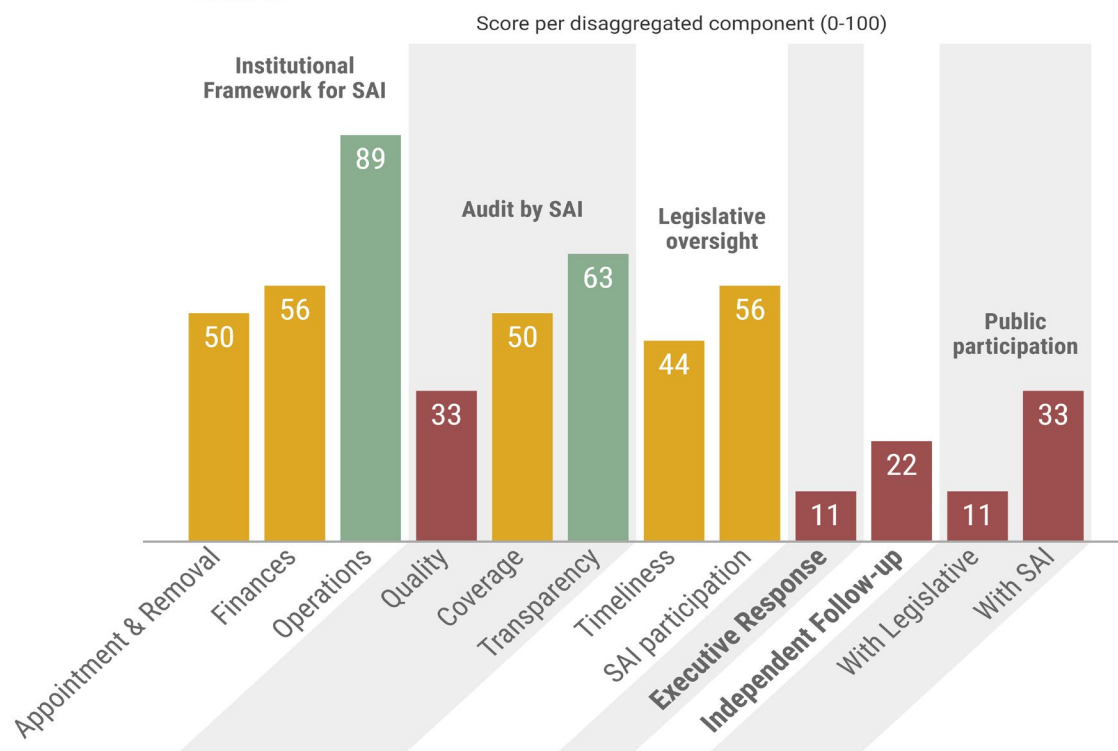
Note: Based on data from the following countries: Albania, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, France, Georgia, Germany, Hungary, Italy, Moldova, North Macedonia, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Ukraine and the United Kingdom.

OLACEFS



Note: Based on data from the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Venezuela.

PASAI



Note: Based on data from the following countries: Fiji, New Zealand and Papua New Guinea.