INTOSAI

CAPACITY BUILDING COMMITTEE

Building capacity in Supreme Audit Institutions

A Guide

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Building capacity in Supreme Audit Institutions

A Guide

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Foreword

The demands on, and expectations of, Supreme Audit Institutions (SAIs) in the twenty first century are formidable. This is because SAIs play such a vital role in holding governments to account for their stewardship of public funds and in helping ensure the transparency of government operations. In turn, this means SAIs must work with integrity and meet the highest professional standards. It also means that SAIs have to organise and manage their own operations and activities in ways which equal or surpass the standards that SAIs expect the organisations they audit to achieve. Finally, SAIs have to fulfil their mandates as effectively as possible in environments marked by constant change and challenge.

In these circumstances, all SAIs have to continually re-evaluate and reassess how they discharge their responsibilities. They have to ensure their work consistently meets the highest standards expected of the organisation and that their activities remain relevant to the environment in which they operate. The key elements in any SAI's strategy to meet these challenges are ensuring that it: embraces a culture of continual improvement; invests the time and resources needed to develop the capacity it requires, professionally and organisationally, to respond to the challenges that it faces; and, does all this in ways that do not compromise or call into question its independence. This Guide is intended to help all SAIs meet this challenge. It describes a process that an SAI may use to assess its current state of development and so identify the strategic steps it needs to take to build its capacity in order to become an organisation that is even more effective at meeting its responsibilities.

A theme running through the Guide is the realisation that individual SAIs do not have to face these challenges alone. The Guide itself is the product of the experience of capacity building of a range of SAIs from around the world. And the Guide reflects the core strength of INTOSAI – the willingness of SAIs to share their experience, the desire of SAIs to learn from each other and the propensity of SAIs to help and support each other.

Finally, the authors of this Guide must acknowledge all the help and advice they have received from colleagues around the world. They recognise that the Guide itself will be subject to continual refinement and improvement as the experience of capacity building among SAIs grows.

Dr. Ahmed EL Midaoui
First President of the Court of Accounts of the Kingdom of Morocco,
and Chairman of the INTOSAI Capacity Building Committee

Chapter 1
Introduction

Purpose of the guide

Supreme Audit Institutions (SAIs) play a vital role in holding governments accountable to legislatures and the public for their stewardship of public funds, and helping to ensure the transparency of government operations. They are uniquely suited to provide independent views on the quality of public sector management.[1] It is the purpose of this guide to help SAIs build their professional and institutional capacities so that they can discharge the requirements of their mandate more effectively and efficiently.

The Capacity Building Sub-committee has developed the guide to support Goal 2 of International Organisation of Supreme Audit Institution's (INTOSAI) strategic plan for 2005-2010, "building the capabilities and professional capacities of SAIs through training, technical assistance and other development activities". 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 capacity.

The guide draws upon SAIs' experiences of capacity building, and the key guides listed in **Annex 1**.

What is 'capacity building'?

By 'capacity', we mean the skills, knowledge, structures and ways of working that make an organisation effective. Building capacity means developing further each of these, building on existing strengths, and addressing gaps and weaknesses.

Many SAIs are continually building capacity, through internal training, staff development schemes and daily informal and formal exchanges between colleagues and partner institutions world-wide. A programme of capacity building goes further. It involves the SAI:

- systematically assessing its current level of capacity, and its strengths and weaknesses;
- deciding why it is seeking to build capacity and what barriers or constraints it faces;
- determining what additional capacity it seeks to build, the resources it will need and the outcomes it expects to achieve;
- developing a strategy for delivery of this increased capacity, and related outcomes, without interfering with delivery of its remit;
- implementing this strategy;
- evaluating the impact of the changes and the outcomes achieved; and

1. International Organisation of Supreme Audit Institutions, *Independence of SAIs Project: Final Task Force Report* (March 31, 2001, Preamble).

- sustaining the changes and developing a new strategy to build on what has been achieved.

Strengthening professional and technical audit skills is likely to be an important element in a capacity building strategy. A major element is also likely to involve development of the SAI's skills in managing resources and people, and in influencing external stakeholders.

Applicability of the guide

While there are several distinct models of SAIs, in practice each SAI has a unique mandate and structure, determined by its history and political setting. Each also faces unique resource and capacity challenges. This guide is intended to be relevant to all SAIs.

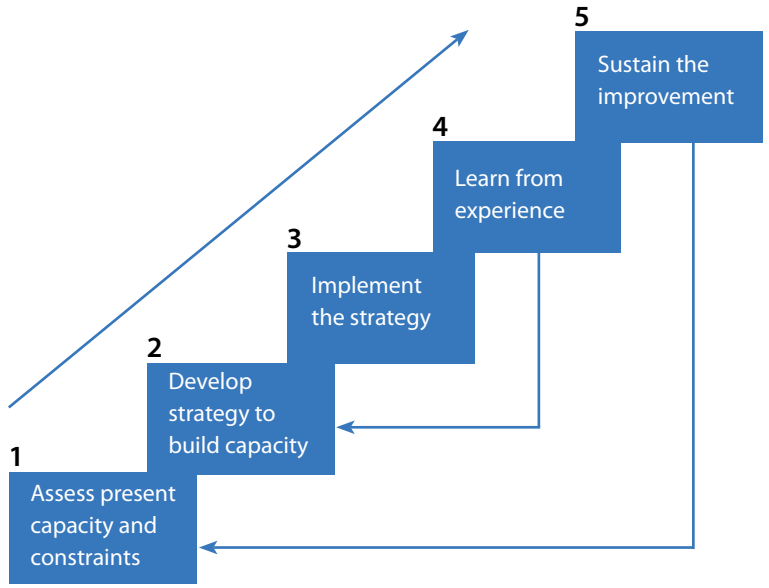
Capacity building can be most successful when endogenous, or organic, within the SAI as this will help ensure it becomes sustainable. But this guide recognises that for many SAIs the capacity challenges are so great that, to take forward the process of capacity building, they may wish to draw on help and resources from outside. The guide reflects the need of SAIs to secure and use this support to build on their own efforts in a way that does not compromise, or call into question, their independence. In putting external support to best use, SAIs need to adapt capacity building measures to their local conditions. It is hoped that the guide will act as a point of reference for organisations involved in assisting with capacity building, and for donors.

The structure of this guide

Part 1 of this guide considers the process of capacity building.

Experience shows that capacity building can be most effective when embedded in a structured and informed intervention involving a five step iterative process, as set out in **Figure 1**.

Figure 1 Key steps in the process of capacity building



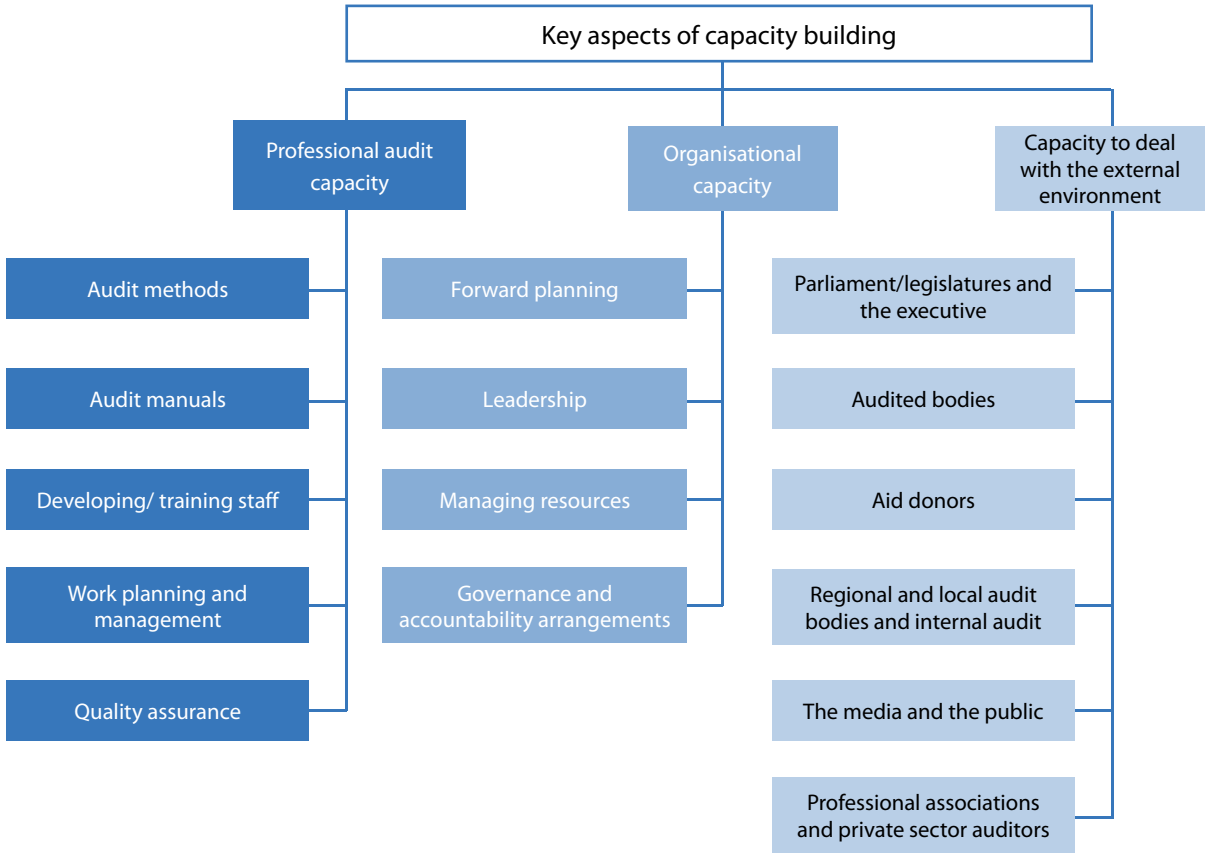
When embarking on the process of capacity building, an SAI needs first to assess objectively its present capacity, what it wants to achieve and any constraints it faces. **Chapter 2** describes the assessment models an SAI might use.

Having established its current capacity and the challenges it faces, an SAI is in a position to develop a strategy for developing its capacity which is appropriate to its circumstances. **Chapter 3** sets out the issues an SAI might consider.

Chapter 4 outlines the key issues an SAI needs to consider when implementing a capacity building programme. The most successful and enduring capacity building is that driven from within an SAI. Essential to this is understanding of and commitment to the change programme across all levels within the SAI, and particularly senior management. Some SAIs may face externally imposed barriers to capacity development, such as a lack of independence or lack of control over recruitment and reward of their staff. These they may need to first seek to address if capacity building is to be effective. Some may also face severe shortages of financial and technical resources and may need to seek financial and technical support from outside.

Part 2 examines the three key aspects of capacity building for an SAI set out in **Figure 2:** professional audit capacity (**Chapter 5**); organisational capacity (**Chapter 6**); and, the capacity to deal with the external environment (**Chapter 7**). The guide sets out key questions an SAI might consider when developing each aspect.

Figure 2 Key aspects of capacity building



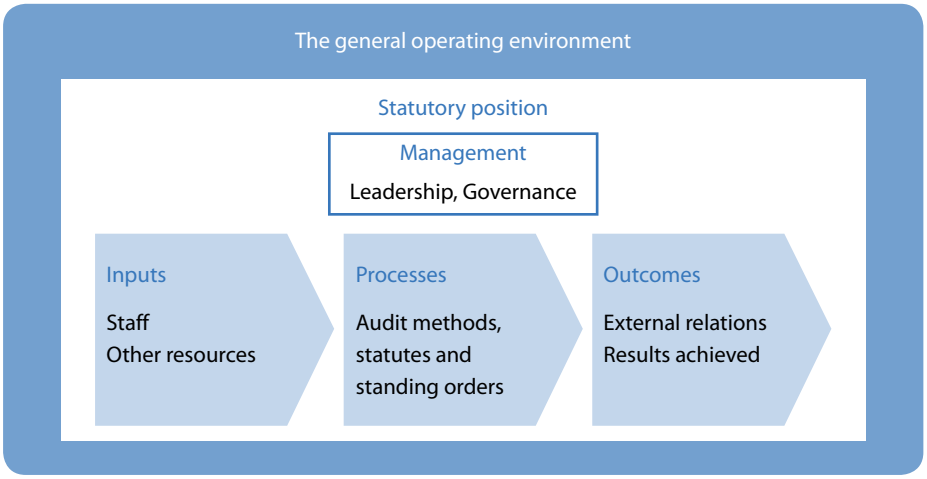
Part 1

The process of capacity building

Chapter 2
Assessing capacity

Figure 3 outlines the key factors that directly affect how an SAI operates. They comprise: its statutory mandate and organisational structure; the way it is managed; the inputs and resources available to it; the processes it adopts to carry out its work; and, ultimately, the outcomes it is able to achieve.

Figure 3 Factors affecting how an SAI operates



Source: Adapted from *Working with Supreme Audit Institutions,* UK Department for International Development (DFID) (2005), p. 10.

Before embarking on a capacity building programme, an SAI needs to assess objectively how well it is operating, through identifying strengths, weaknesses, gaps and, the constraints it faces. Capacity constraints may include scarce resources, low staff skills, lack of independence and, within the country, underdeveloped public financial management (PFM) systems – for example, inadequate accounting systems, limited financial statements, weak or absent internal controls and internal audit, and a lack of familiarity with international accounting and auditing standards. Once it has identified these challenges, the SAI is in a position to develop an appropriate strategy for developing its capacity: one that builds on its strengths and addresses (or copes with) weaknesses, gaps and constraints that inhibit its effectiveness.

When carrying out an assessment, it is important that an SAI has a clear understanding of the reasons why it is seeking to build capacity and has considered carefully what the changes will involve and their implications for the SAI. It is hoped that this guide will be of assistance in helping to clarify what capacity change can involve and require of an SAI.

In carrying out this assessment, an SAI can draw upon a number of models that have been developed for capacity assessment:

- The first set is SAI-specific and has been developed by SAIs, based on their own experience of helping to build capacity in other SAIs. These models are of particular value for SAI capacity assessments.
- A second, more generic, set has been developed mainly by development agencies and other international bodies. Some focus on organisational capacity and others on Public Financial Management (PFM). The latter are of particular value to donors seeking to support development of PFM.

In this chapter, we describe the key features of the SAI-developed models. We provide brief details on the generic models, with further information set out in **Annex 1**, and we provide advice on how an SAI can get the most out of an external assessment.

SAI-specific capacity assessment models

SAIs have developed two models which can be used for assessing the capacity of an SAI and as models for development:

- the **SAI Capability Model**, which has been developed by the African Organisation of English-speaking Supreme Audit Institutions working with the Swedish National Audit Office; and
- the **SAI Maturity Model**, which has been developed by the UK National Audit Office, as part of its partnering work with transitional and developing nations, and has been adapted by the Netherlands Court of Audit.

These models have been used to assess capacity across a range of SAIs, in developed, developing and transitional nations. **Figure 4** outlines the key features of these models and their strengths and challenges.

Figure 4 The SAI Capability and Maturity Models

The SAI Capability Model was developed to enable AFROSAI-E SAIs to self-assess and develop their independence, technical competence, and relations with the auditee and other stakeholders. With these three major components, the model comprises a staircase of five broad capability levels: founding level; development level; established level; managed level; and, optimised level. At each level, there are criteria covering the following areas: independence and legal framework; organisation and management; external communication; human resources; audit methodology and standards; and, training.

The model was developed by AFROSAI-E in cooperation with the Swedish National Audit Office. It is used both to assess capacity and as a model for development. Details and criteria for levels 4 and 5 are being developed. At its annual meeting in 2006, the AFROSAI-E Governing Board set an objective for 70 per cent of its SAIs to have reached capability level 3 by the end of 2009.

The SAI Maturity Model was developed in 2002 by the United Kingdom's National Audit Office to help it in working with partner SAIs. It is an assessment tool for comparing the position of an SAI with international best practice. An SAI can use this framework to rank itself on a four point scale against a model of a fully developed SAI. The assessment criteria are based on INTOSAI standards, best current practices and the European Foundation for Quality Management (EFQM) Excellence Model.

Figure 4 The SAI Capability and Maturity Models (continued)

The model covers 15 'excellence factors': independence; access and follow up; accountability; proper conduct; governance, leadership, strategy/vision; people; knowledge; technology; resources; processes; people results; customer results; and, key performance results. For each factor, the model lists the different attributes that could be expected at four different levels of maturity: basic; developing; performing; and excellent.

An SAI is ranked against the model on the basis of discussions with senior staff, a questionnaire of its staff and workshops/interviews with key external stakeholders. This exercise can take up to two months to complete. Findings from this consultation, and from other reviews of the SAI, are reported back to senior management in a workshop to identify key challenges, and develop agreed action plans to build on strengths and address weaknesses. The Netherlands Court of Audit has developed a checklist based on this model for peer review of other SAIs.

Strengths

- Assessments engage the SAI, which encourages ownership, are grounded in the particular SAI's context, and can help break down communication barriers and foster creative solutions.
- The models consider all key aspects of the SAI and can be used with all types and models of SAIs.
- The assessments involve consideration of issues relevant to a modern and responsive SAI, such as the importance of independence, good leadership and management, the need to interact with the environment within which the SAI operates and the focus on results and not just inputs.
- The models allow benchmarking and provide a common basis for regional and local discussions on capability building.

Challenges

- Initially, SAI staff may give answers they believe others want to hear or have little to compare their organisation with.
- The SAI can sometimes feel overwhelmed by the challenges it faces.
- External stakeholders may have limited knowledge of the work of the SAI and its quality.
- The models need to be further tested both as assessment and development capability tools.

To get the most out of capacity assessments using these models, the SAI needs to:

- thoroughly prepare participants at the start of the process and ensure that there is buy-in from senior management;
- encourage staff to give their views openly and without recrimination, and ensure that questionnaire returns are anonymous;
- properly brief and prepare stakeholders; and
- constantly keep in mind the institutional perspective and the interaction between capability levels and excellence factors.

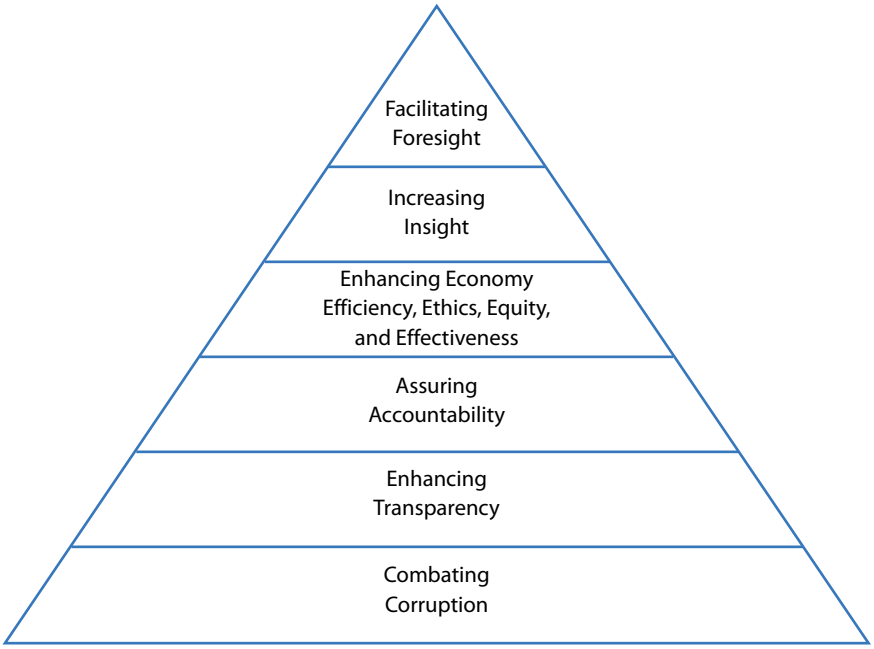
The U.S. Government Accountability Office (GAO) has developed an **Accountability Organization Maturity Model** to assist SAIs in increasing their effectiveness in terms of financial oversight, insight into the effectiveness of government programmes, and foresight about emerging issues. **Figure 5** outlines the key features of this model.

Figure 5 The Accountability Organization Maturity Model

Developed in 2006 by the US GAO, this model seeks to assist SAIs in strengthening their capacities in governance and transparency, and helping them to enhance their roles in preventing and detecting corruption and also protecting and strengthening accountability. The model considers three key elements to be essential if an SAI is to maximise its effectiveness and credibility:

1. **Incentives** – this requires an adequate degree of SAI independence and resources.
2. **Transparency** – this involves commitment to keeping elected officials and citizens informed about what the SAI does and how it carries out its business, including protocols for dealing with clients and agencies, and making its non-classified reports public.
3. **Accountability** – this requires the SAI to have adequate access authority and to be subject itself to independent financial audits and external peer reviews.

An objective of this approach is to move an SAI incrementally in terms of its independence, its mandates (to carry out performance audit as well as financial audit) and its impact (to embrace insight and foresight – identifying how audited bodies can improve – as well as financial oversight).



Source: GAO GAO-07-251CG

Generic assessment models

There are a number of generic models for self-assessment of organisational capacity, which can be of value for SAIs. Some have been developed by business schools and have been used in both the commercial and non-commercial sectors, notably SWOT analysis. Others have been developed by international development agencies specifically for Public Financial Management (PFM) organisations. In addition, international development agencies have developed models which focus on the assessment of a country's PFM systems prior to making development loans and to help establish whether donors can rely on SAI audits of donor development funds.

Figure 6 overleaf describes key features of these models. Further details are set out in **Annex 2**.

Figure 6 Generic models for organisational capacity and Public Financial Management assessment

Title	Developed by	Features
For organisational capacity		
The Common Assessment Framework (CAF)	European Institute of Public Administration	Self-evaluation of an organisation, focusing on five enablers and four types of results. The outcome of the evaluation can be compared with those from other organisations.
Key Areas and Excellence Factors for Evaluating the Effectiveness of an SAI	UK Department for International Development	Uses a checklist, informed by the SAI Maturity Model, to evaluate excellence factors in eight key areas.
Participatory Organizational Evaluation Tool (POET)	United Nations Development Programme	Staff members are brought together in cross-functional and cross-hierarchical groups to assess organisational capacities in seven critical areas.
SWOT Analysis	Albert Humphrey, at the Stanford Research Institute	Involves a self-assessment of the strengths, weaknesses, opportunities and threats faced by an organisation to help identify what it needs to do to reach its desired position.
For Public Financial Management (PFM)		
Country Financial Accountability Assessment	World Bank	A high-level checklist used in externally-led assessments of a country's overall financial systems.
Diagnostic Studies on Accounting and Auditing	Asian Development Bank	Provides a benchmark against which to measure progress in improving financial management and governance arrangements.
Framework for Cash Transfers to Implementing Partners	United Nations Development Group	A macro assessment of a country's public financial management system and a micro assessment of implementing partners' financial management capacity.
PFM Performance Measurement Framework	Public Expenditure and Financial Accountability programme	Includes a PFM performance report, and a set of high level indicators which draw on the International Monetary Fund Transparency Code and other international standards.
Public Sector Accounting and Auditing – A Framework for Comparison to International Standards	World Bank	A diagnostic tool to assist countries in assessing how well their public sector accounting and auditing standards accord with international standards.
Public Sector Integrity – A Framework for Assessment	Organisation for Economic Cooperation and Development	Includes a checklist and options for possible solutions.

Making the most from external assessment

An SAI may choose to carry out a self-assessment by itself or involve external partners. **Self-assessment** is likely to be an appropriate option for an SAI which is well developed and has the experience and resources to carry out a capacity review. But even a well developed SAI can benefit from external involvement in the review, for example from a peer SAI or through consultancy input, as this will provide a fresh perspective. An SAI in a

developing or transitional nation is less likely to have the experience and resources needed for a successful self-assessment and would probably benefit more from involvement in the assessment by an experienced partner SAI or an international counterpart.

A **peer review** involves an evaluation of an SAI's working practices against best international practice by a team of external counterparts. Peer reviews have been carried out in most European Union (EU) Candidate Countries, as part of the process of EU Enlargement and with the assistance of the Support for Improvement in Governance and Management (SIGMA) programme.[2] To be successful:

"It is critical that the self-assessment exercise and any peer review are thorough, and carried out in a spirit of openness and honesty. There are no doubts that beneficiaries will have to face some harsh and difficult realities if such an exercise is to be worthwhile but there is no point in glossing over the issues. Nor is there any point in dwelling on and defending past practices if they are no longer appropriate in the modern audit world. Unless the beneficiary can accept this, change becomes even more difficult than it already is. At the same time, such an exercise needs to be carried out carefully and constructively, and the results presented in a way which is sensitive to the often difficult environment in which the beneficiary operates". [3]

Key considerations when assessing capacity

It is important that:

- the SAI's:
  - senior (and other tiers of) management understand how the assessment is to be carried out, are committed to, supportive of, and involved in, the assessment process; and
  - staff, at all levels, are involved in the process and are free to express their views openly and without recrimination, with senior management prepared to accept criticisms aired by staff at other levels;
- the assessment team:
  - and SAI senior management agree and own jointly the terms of reference;
  - has the requisite skills (e.g. interviewing, language and analytical), experience and objectivity;
  - has a thorough understanding of the SAI's working culture, its operational and institutional constraints, and the political, social and economic context in which it operates;
  - applies appropriate assessment criteria; and
  - is constructive and able to present the results to the SAI in a sensitive way.

2 A joint Organisation for Economic Co-operation and Development (OECD) and European Union (EU) initiative created in 1992 to support public administration reform in 15 countries in transition – 10 candidate countries and five in the West Balkans – and financed principally by the European Community.

3 The SAIs of the Candidates and Potential Candidates Group, ECA and SIGMA Twinning Expert Group, *Making Supreme Audit Institution Twinning Successful: A Good Practice Guide* (2007, para. 19).

Chapter 3
Developing a capacity building strategy

Having assessed its present capacity and identified constraints, gaps and areas of weakness, an SAI is in a position to develop and then implement a strategy to build on strengths and to enhance capacity where needed and where the impact promises to be greatest. In this chapter, we set out issues an SAI needs to consider.

Developing a strategy

The Congress of the International Organisation of Supreme Audit Institution's (INCOSAI) 1977 Lima Declaration stated that "Supreme Audit Institutions can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence". The Declaration specified a number of key features of independence: the SAI is independent of the executive and bodies it audits; its members are protected against arbitrary removal; and, the SAI is provided with the financial means to enable it to accomplish its tasks. It expected this independence to be anchored in the constitution or appropriate legislation.

There is no single blueprint for capacity building for an SAI. Each strategy should be practical and tailored to the circumstances (culture, resources and constraints) of the SAI. But, in developing this strategy, the SAI is likely to find it helpful to consider the following key issues.

Issues to consider when developing a strategy

Independence

- What is the legal and constitutional framework within which the SAI operates and does this accord with the Lima Declaration and INTOSAI guidance?

  The adequacies of the laws that govern any SAI are crucial to ensuring it has the powers and duties to fulfil its expected role and mandate. A strong statutory framework for an SAI is one that:

  - ensures its independence and accountability;
  - clearly identifies its role, mandate and approach;
  - allows comprehensive access rights;
  - defines reporting requirements;
  - defines responsibilities towards employees; and
  - places duties of collaboration with other relevant organisations.

A robust external audit should have perceived and real independence from individual audited bodies and from the political executive.

In assessing its level of independence, an SAI needs to consider:

- whether the SAI carries out executive functions?
- is there transparency in the appointment of its head?
- are its head and/or Members of the SAI protected against arbitrary removal?
- can it select subjects to audit?
- is it able to report publicly and unfettered?
- can it appoint, reward, promote and dismiss its staff?
- whether its audit staff are dependent on the audited organisations?
- is it provided with the financial means to accomplish its tasks?
- what is the context and are there current reform processes in the country?

Content and understanding of the change programme

- Is the SAI clear about the key elements of the change programme and how they interact? The key elements are likely to involve some or all of those set out in Part 2 of this guide.
- Is the SAI clear about how the programme relates to any wider reforms in the country in Public Financial Management (PFM)?
- Is the SAI clear as to priorities within its change programme?
- Is the SAI clear as to what the change programme will require of it and how much can realistically be achieved within the timeframe and budget? The SAI should be careful not to overestimate the number of activities that are to be carried out.

Timeframe

- What is a realistic timeframe for change? The level of investment to develop an SAI from basic to performing (applying the SAI Maturity Model) is substantial and may take 10 years or more for real change to be effective.

Resource needs and availability

- What resources (financial, human and leadership) are needed for this change programme?
- What resources (financial, human and leadership) does the SAI have available?
- What external resources/assistance is available?
- How will any gaps between resources needed and resources available be filled?

Managing the change programme

- What impact is the programme likely to have on delivery of the SAI's core remit?
- How much support/opposition is there, within the SAI and externally, for these changes?

- Does the SAI's organisational structure and/or culture need to be changed to support the programme?
- Does the SAI have the project management systems and skills to manage a complex change programme?
- Are there arrangements in place to coordinate work where more than one capacity building project is being carried out, with different teams, at the SAI?

Sustaining change

- How can the strategy best help to 'grow capacity from within' so as to sustain development?
- Will the strategy lead to balanced development of capacity within the SAI, i.e. is it informed by a thorough understanding of the connections between the different elements of capacity and the development of plans for each?

Partners to support delivery

To achieve positive and sustainable improvement, it is vitally important that reform comes from within the SAI. Many SAIs may wish however to seek external support to work alongside them in order to benefit from the experience of others. In upholding its motto that mutual experience benefits all, INTOSAI has done much to encourage and support cooperation and knowledge transfer among SAIs[4], through its congresses, working parties, seminars, publications, joint audits and training programmes.

There are a range of possible partners for supporting SAI capacity development:

- **INTOSAI**, which provides SAIs with access to a network of audit institutions that can provide advice and support for capacity development;
- **INTOSAI regional organisations:**
  - Organisation of Latin American and Caribbean Supreme Audit Institutions (OLACEFS)
  - African Organisation of Supreme Audit Institutions (AFROSAI)
  - Arab Organisation of Supreme Audit Institutions (ARABOSAI)
  - Asian Organisation of Supreme Audit Institutions (ASOSAI)
  - South Pacific Association of Supreme Audit Institutions (SPASAI)
  - Caribbean Organisation of Supreme Audit Institutions (CAROSAI)
  - European Organisation of Supreme Audit Institutions (EUROSAI)
- **The INTOSAI Development Initiative (IDI)**, which has established training networks in all regions of the world, with regional pools of trainers, and seeks to develop and deliver needs-based, collaborative and sustainable development programmes for SAIs in developing countries as part of its vision of becoming a global leader in strengthening capacities of SAIs;

4 INCOSAI paper, *The possibilities for bilateral and multilateral co-operation among Supreme Audit Institutions* (2004).

- **SAI to SAI bilateral cooperation**, many SAIs are involved in long-term technical cooperation work with partner SAIs to mutual benefit;
- **Professional bodies and private sector consultants** with experience in capacity building and change management.

If an SAI identifies the need to cooperate with a partner in developing or implementing the capacity building process, it should select the most appropriate partner and mechanism for capacity building. If it seeks external funding to support delivery of its change programme, it is important that the SAI puts forward an effective case.

Issues to consider when seeking external support

Choosing a partner

- What is the past history and experience of the partner organisation in capacity building in SAIs?
- What volume and breadth of expertise does the partner have access to?
- If key people are not available, does the partner have access to possible replacement staff with the same skills and experience?
- Does the partner understand the unique context of the beneficiary SAI and will it be flexible in its approach?
- Will the partner be able and willing to provide longer term advice and support after a formal project has been completed?

Drawing up an effective case for external funding

- Are the proposals clear, with measurable outcomes?
- Is the budget realistic and transparent?
- Are the proposals related well to the funding guidelines and practice of the funding body?
- Has the SAI provided evidence to demonstrate that use of the funds will be carefully monitored and independently audited?

Deciding whether to accept a donor's funds

- Is the donor prepared to make a long-term commitment to the SAI?
- Will the donor involve the SAI in determining terms of reference and selecting appropriate partners?
- Will the donor ensure that the resource inputs complement those of other donors, in line with the Paris Declaration on Aid Effectiveness[5]?
- Will the donor be flexible as the project unfolds?
- Will the donor fund the SAI directly, so recognising the SAI's independence?

5 The Paris Declaration is an agreement to increase efforts in harmonisation, alignment and managing aid. Endorsed March 2005. Full text at http://www.oecd.org/dataoecd/11/41/34428351.pdf

Chapter 4
Managing and sustaining change

In this chapter, we set out key issues an SAI needs to consider when implementing its capacity building programme.

Controlling, influencing and coping with change

An SAI needs to be realistic about what it can achieve and what it can seek to achieve. This realism should be based on an understanding of which elements of change the SAI is likely to be able to control itself and which it may seek to influence or deal with as best it can (**Figure 7**). The areas an SAI is able to control or influence will vary from SAI to SAI depending on their national situation. For some aspects, such as developing professional capacity, an SAI is likely to be subject to budget constraints, but an SAI might seek to attract in outside resources.

Figure 7 SAIs' spheres of influence and control

Working with partners to strengthen independence

Independence is crucial to the effective and objective working of an SAI. Some SAIs will fall short of the independence expected by the Lima Declaration and this is likely to act as a serious barrier towards building capacity. To surmount this barrier, the SAI needs to develop and implement a realistic strategy to work with its legislature, Ministry of Finance, executive and civil society organisations, including the media, to persuade them of the advantages that will arise from having an effective, well resourced, independent SAI.

This strategy needs to be informed by and related to the wider context within which the SAI operates, and ongoing reforms (if any) of public financial management and public administration. At the same time, an SAI can make an important contribution in promoting reforms in these areas.

Planning, sequencing and coordinating changes

Capacity building is a complex process of organisational change, which is likely to take a number of years and will require careful planning and coordination, and proactive management, with a readiness to adapt in the light of experience.

Issues to consider when planning change

- Does the project and delivery plan:
  - include a timetable for implementation, with milestones and stages for formal review?
  - include clear, measurable, realistic and achievable objectives, with benchmarks against which to assess achievements?
  - set out a logical sequence for changes, informed by a thorough understanding of the impact of changes on different elements of the SAI?
  - include careful, realistic and comprehensive costs for each element?
  - take into account peaks of work in the SAI?
  - have some flexibility to include additional issues and needs as they arise?
  - take into account attitudes in the SAI and other factors that might impede or support the achievement of objectives?
  - allocate clearly responsibilities for activities and for overall delivery?
  - identify and evaluate risks to delivery, with each risk entered on a risk register and responsibility for managing it allocated?

Direction, leadership and buy-in

Experience has shown that, to succeed, a capacity building programme must have the full support and commitment of the senior management of an SAI. The reasons for the programme, its goals and the key elements need to be communicated to and understood by all levels of management and staff in the SAI, and key stakeholders.

Issues to consider about direction, leadership and buy-in

- Has the SAI:
  - a clear and articulated vision of what it is seeking to achieve?
  - a clearly defined and accountable decision making leadership and management team for the programme, who are committed to change?
  - devoted sufficient and suitable human resources to the programme delivery team, and given its individuals appropriate briefing and training?
  - communicated the goals, anticipated impact and progress of the programme clearly and openly, to promote staff buy-in and encourage staff to become involved?
  - identified stakeholders affected by the programme (e.g. audit clients and members of the legislature) and communicated to them the programme's aims and progress, to obtain their understanding, and prospective buy-in?

Monitoring and managing implementation

Close monitoring of delivery of the capacity building programme is important as it enables proactive adjustments to be made to keep the programme on course when unexpected issues arise.

Issues to consider when monitoring delivery

- Are senior management kept regularly informed of the programme's progress and are they actively involved at key stages?
- Are there arrangements for timely reporting to the programme's management team on the progress of delivery of outputs, targets and milestones, with corrective actions taken and adjustments to targets/milestones where needed?
- Are staff and key stakeholders kept informed on the programme's progress?
- Are budgets regularly monitored and, for large projects, interim audit or evaluation undertaken?
- Are formal high level reviews of the programme carried out at key stages, with the strategy and programme, subsequently adjusted as necessary?
- Are programme risks reviewed at regular intervals and the risk register updated, as necessary?
- Do reviews report on and assess the programme's sustainability?

Where partnering is involved

For SAIs, particularly in developing and transitional nations, capacity building programmes may involve working with partner SAIs and/or other outside organisations, to benefit from their expertise and experience. This assistance may take a number of forms:

- large-scale donor-funded programmes, for example Twinning, in which an SAI providing the support may locate staff full time in the partner SAI, as well as providing a significant volume of short-term experts;
- SAI technical networks driven by peer reviews, workshops to share experience and expert groups on specific subjects;
- participation in internship and exchange programmes;
- purchase of specific training and support inputs from local private sector consultants, for example for the introduction of a new IT system; or
- specific bilateral arrangements between SAIs.

An increasing body of evidence has been accumulated as to how to make partnering successful. **Annex 3** sets out checklists of good practice identified by SAIs involved in cooperation and twinning projects with EU Candidate Countries.

Learning from experience and evaluating results

Capacity building should be iterative and informed by experience. It is important that, at key stages, an SAI reviews how delivery of its strategy is proceeding and that it learns from its experience and makes adjustments, where appropriate, to its delivery plan. But the SAI should not just wait for formal reviews. It needs to be proactive and ready to respond to tackle problems and take advantage of opportunities, as they arise.

After its capacity building programme has been implemented, the SAI should evaluate its impact. This can be done through a post-project review at an interval after completion which is appropriate for expected results to be witnessed. A further evaluation at a later date may be appropriate to track improvements in performance.

Issues to consider when evaluating impact

- Are there mechanisms in place to capture the experience of programme delivery and to feed to senior management ideas on acting on lessons learned?
- As well as formal reviews, is feedback from staff at all levels captured and valued?
- Does the capacity building plan specify the measurable impacts expected from the programme, to assist post-project evaluation? Examples of impacts might include: changes in staff attitudes, measurable through surveys; a reduced average cost of delivery for specific outputs; and, improved quality of work, evidenced by quality assurance reviews.

Sustaining improvement

A capacity building programme is ineffective if the improvements achieved in the SAI's ways of working and outputs are not sustained. It should be the aim of each SAI to sustain and build upon improvements. To help achieve this, it should be the aim of each SAI to promote a culture in its organisation and a mindset among its staff that values improvement: in professional and personal skills; in the SAI's processes; and in its relations with key stakeholders.

Issues to consider about sustainability

- Does the capacity building strategy set out how the SAI will sustain improvements, how it will retain and train staff, and what funding is in place to cover the new level of capacity?
- Are members of staff encouraged to suggest improvements and are those who contribute to improvements recognised and, if appropriate, rewarded?
- Where capacity building involves working with a partner, does the beneficiary SAI take ownership of the project?

Part 2

Key aspects of capacity building

Chapter 5
Strengthening professional capacity

The audit responsibilities of an SAI vary depending on organisational model (**Figure 8**) and specific mandate. All SAIs carry out financial and/or compliance/judicial audit of spending by government departments and agencies. Many also carry out performance (or value for money) audit of the economy, efficiency and effectiveness of government expenditure, or carry this out as part of their financial audit. Other types of audit carried out may include IT audit, environmental audits (examining the environmental footprint of government activities), audits of privatisations and audits of international institutions. [5]

Professional capacity encompasses the processes, skills and knowledge needed to enable an SAI to carry out its audit responsibilities. To carry these out effectively and efficiently, an SAI needs appropriate audit working methods, guidance and manuals, professional staff with appropriate knowledge and skills, and good management and quality control of its audit work. These aspects of capacity are substantially within the control of the SAI **(Figure 7)**.

In this chapter, we outline issues an SAI should consider when developing its professional capacity. It should be read in conjunction with the works produced by INTOSAI's Professional Standards Committee, which promotes development and adoption of appropriate and effective professional standards.[6]

Developing appropriate audit methods

An SAI needs audit methods appropriate to its role and mandate, the resources it has available, including its staff's skills, and the context in which it operates: in particular, the level of PFM, the accounting standards in use, and the adequacy of internal control and internal audit. At the same time, there is a growing desire among SAIs for their audits to be undertaken to international public sector auditing standards.[7]

5 INTOSAI, *Audit of international institutions: guidance for Supreme Audit Institutions (SAIs)* (2004).
6 The Committee has produced a *Code of ethics and auditing standards*, setting out a framework for audit procedures and practices, and *Implementation Guidelines for Performance Auditing* and *Guidelines for Internal Control Standards for the Public Sector.*
7 Public Expenditure and Financial Accountability (PEFA), *Inventory of public sector standards in accounting, auditing and internal control* (2003).

Figure 8 The three main SAI models

Model	Key features
Parliamentary	The work of the SAI is linked closely to the system of parliamentary accountability, with reports presented by the SAI to a committee in parliament. Typically, the SAI is designated the 'national audit office' and has a single head (Auditor General) who may be an officer of the legislature. The focus of work is on financial audit and performance audit, with less emphasis on compliance with detailed legislation and regulations. Staff have a professional financial background – accountants and auditors.
Judicial	The SAI is an integral part of the judicial system, operating independently of the executive and legislative branches. Typically, the SAI is known as the Court of Accounts (or Audit). Its Members are judges and are typically appointed for an unlimited term, until retirement age, with one Member selected to act as its president. The focus of work is on financial and performance audit, with major attention paid until recently to the regularity of transactions. Staff have legal or generalist backgrounds. There is often no committee in parliament to which the Court reports. The Court itself holds officials to account, and is able to impose penalties on audited officials.
Board or Collegiate	The SAI has a number of members who form its governing board, or college, and take decisions jointly. Members of the governing board, or college, are normally appointed for a fixed term, by national parliament. The SAI is normally part of a parliamentary system of accountability, with reports submitted to and considered by parliament. The focus of work is on financial, regularity and performance audit. The SAI does not have judicial functions. The required professional qualifications of staff range from a financial background to lawyers, economists and engineers.

Source: DFID, Working with Supreme Audit Institutions (2005)

For financial and regularity audit

International auditing standards endorse a comprehensive risk-based approach to **financial audit** for preparation of a professional opinion on the reliability of the financial reports or statements generated by audited bodies and whether accounts are free from material misstatement and have appropriate parliamentary approval.[8] To reach this opinion, the SAI needs to carry out:

- risk and compliance audit of financial controls and accounting systems; [9]
- in-depth checks of samples of transactions for accuracy and regularity; and
- where appropriate, extrapolate the results of these checks.

Where an SAI's mandate is limited to verifying that individual transactions are in compliance with finance ministry requirements, a sampling approach may not be appropriate.

Issues to consider when developing financial and regularity audit methods

Has the SAI:

- consulted *INTOSAI's Code of ethics and auditing standards (2001)*, guidelines produced by INTOSAI's regions, and guides on specific methods as well as other relevant standards and guides (such as those produced by the International Federation of Accountants)? Guides on sampling, risk-analysis, computer-assisted auditing, and treatment of potential cases of fraud are available on the websites of SAIs which have developed expertise in these areas.
- considered which methods are needed to achieve the audit objectives set out in its mandate?
- considered establishing a central support and advisory team with expertise in financial audit methods and able to provide technical advice? This team would typically comprise experienced financial/compliance auditors from within the SAI and/or experts recruited from outside. Its role would be to constantly review and, where appropriate, revise the methods used by the SAI; keep in touch with developments in methods used outside; and, support implementation of new methods, through, for example, assisting in training and development of manuals.
- built into its training plan and IT strategy, the needs arising from any changes in audit methods? If audit methods are changed but there is inadequate staff training or, where needed, IT provision, the changes are unlikely to succeed.
- developed ways of measuring the comparative costs of different audit methods and piloted key changes? The ability to compare costs will depend, in part, on how well developed is an SAI's system for capturing and measuring audit and staff costs. Ideally, the SAI should have systems in place to capture the time spent and cost of work at the level of audit jobs and tasks. Where these systems are not in place, an SAI can still compare costs of carrying out work using different methods through special exercises.

8 INTOSAI, *Code of ethics and auditing standards* (2001); IFAC, *Handbook of international auditing, assurance and ethics pronouncements* (2003).

9 The SAI should consult INTOSAI's *Guidelines for internal control standards for the public sector* (2004) and the INCOSAI paper, *Preventing and detecting fraud and corruption* (1997) and *Internal control: providing a foundation for accountability in government* (2001).

When developing its audit methods, an SAI is likely to benefit most from a 'learning-by-doing' approach, in which it uses the experiences of pilot-activities in the elaboration process. This approach promotes ownership, sustainability and institutional knowledge, which can improve the chances for successful implementation.

For performance audit

Performance (or value for money) audit examines the economy, efficiency and effectiveness of the use of resources by the government to achieve desired outcomes. Its focus is on how well government has managed its resources and delivered services or other outputs. The key elements of performance audit are:

Economy: the cost of resources used or required (***spending less***)

Efficiency: the relationship between the output from goods or services and the resources used to produce them (***spending well***)

Effectiveness: the difference between intended and actual results of spending (***spending wisely***)

Issues to consider in building capacity for performance audit

Does the SAI:

- have a mandate to undertake such studies? If it does not, it is likely to need to obtain a mandate before it can proceed further.
- have a body of external opinion in the legislature, the Ministry of Finance or elsewhere which would support these kinds of audits? If not, it should consider how it can best galvanise support.
- want to create stand alone performance audit reports or will these be a part of its routine financial audit reports?
- know what volume of resources it is able and willing to devote to performance audit reports, initially and after say five years?
- have staff interested in this type of audit or with past experience and training? If not, it will need to recruit staff with a wider mix of skills to create a multi-skilled team.
- have support for performance audit work from its senior management? If there is not, the SAI should consider how best to generate support.
- have resources allocated for these types of audits in its annual plan and budget? Where appropriate, these should include travel and external consultancy costs.

In its methods used, performance audit is more flexible than financial auditing. The overriding aim is to collect sufficient, reliable and relevant evidence. This can be collected using a variety of methods, including interviews, document review, data analysis, surveys, focus groups, observation, and statistical techniques.

Issues to consider when developing performance audit methods

Has the SAI:

- consulted INTOSAI's *Implementation guidelines for performance auditing* (2004) and guides on performance audit and specific methods available on the websites of SAIs with long experience of performance audit? For example, the websites of the SAIs of Australia, Canada, Germany, the Netherlands, Sweden, the United Kingdom and the United States provide a range of useful material.
- considered setting up a central team to develop and advise on methods and to oversee quality assurance?

Developing audit manuals

Audit manuals provide guidance to audit staff to promote consistency in audit work, compliance with relevant standards and efficient ways of working. An SAI can benefit from developing manuals/guidance for each key area of its audit work, such as financial and regularity/legalistic audit and performance audit. Some SAIs have developed comprehensive manuals integrating the key areas of its audit work into one document.

Issues to consider about the content and format of manuals

To be of greatest value, manuals should be:

Accessible

- Do all audit staff with a need to use the manual(s) have access to it/them? Traditionally manuals have been produced in a paper format, but with modern technologies it can be more cost effective to have manuals available electronically, if the SAI has an intranet, or make them available to audit staff in a CD-Rom format, if auditors have good access to a computer.

Accurate

- Has the content of each manual been checked for accuracy by experts from within the SAI?
- Has consideration been given to seeking external expert or peer review of the SAI's manual(s)?

Clear

- Is each manual written and presented in a way which is concise, easy to understand and free of jargon?
- Does each manual include charts, diagrams and illustrations to make them more interesting to read and clearer to understand?
- Has each manual been piloted to receive feedback on these aspects?

Relevant

- Is each manual attuned to the SAI's working practices and culture?
- Where the SAI seeks to use a manual developed by and for another organisation, has the SAI adapted it to ensure its relevance to its mandate and ways of working?
- Has each manual been piloted to receive feedback on these aspects?

Up-to-date

- Does the SAI have arrangements to ensure that each manual is updated as standards and working practices change?
- Does the SAI have arrangements to ensure that, when changes are made, those using earlier versions of the manual are advised of the changes?

Issues to consider when developing manuals

- How, and by whom, can manuals be developed? To develop a manual relevant to audit practices, strong input is needed from those carrying out the audits. A manual can benefit from outside input (from technical experts and/or those with expertise in presenting information), but should always be reviewed by experienced auditors from the SAI to ensure it is appropriate to the SAI's ways of working.
- How to avoid re-inventing the wheel? Before developing a manual, an SAI should consult websites of other SAIs and the INTOSAI Development Initiative (IDI) to establish what good practice guidance already exists and how far this may be relevant. For example, in addition to general handbooks, a number of SAIs have produced good practice guides on specific methodologies used in performance audit methods, such as conducting surveys and using focus groups. Also, there are SAI and INTOSAI developed guides on computer-assisted auditing, sample selection and analysis, the auditing of fraud, compliance audit, risk assessment and internal controls.
- Has the SAI considered what training staff will need to ensure that they understand how to use the manual, and what will be the cost of this training?
- Are quality assurance processes embedded in manuals?

Improving the planning and management of professional work

A high performing SAI plans its audit work well and has motivated audit teams who deliver high quality work to time and budget. This requires good management information, planning processes, project management and team leadership. These are areas where SAIs can potentially achieve 'quick wins' at relatively low cost through learning from good practice elsewhere and through developing, through training and coaching the leaders of audit teams, skills in planning, managing and leading staff.

Issues to consider about planning staff resources

- Has the SAI identified what information it needs to collect to effectively plan and monitor delivery of its audit work? This will depend on the type of work the SAI carries out and its assessment of the costs and benefits of collecting information. At a minimum, an SAI should be expected to know what resources it is using to deliver its audits, when work is completed and how this compares with its budget and delivery plan.
- Has the SAI put in place fit-for-purpose processes and systems to collect, analyse and report this information to management in an accurate and timely manner? Appropriate systems will depend on the nature and volume of work carried out.

- Have staff who manage and lead audits been assessed and/or received training in leading and motivating teams, and in project management?
- Have audit staff undergone training in effective team-working?
- Does the SAI have arrangements to reward effective individual and team performance? These arrangements might comprise financial bonuses based on performance appraised as above the standard expected for the audit grade. It might also or alternatively take the form of financial or recognition awards for outstanding performance in a specified area of work.

Developing quality assurance

Robust internal quality control review arrangements are important to:

- ensure the SAI's audit standards, methodology and guidance are being applied correctly;
- check that a consistent approach is being applied across all departments by all auditors;
- understand the training and skills needs for the SAI; and
- improve standards and the development of audit guidance.

Improving audit quality requires a systematic SAI-wide approach[10], with quality assurance embedded in audit programmes and audit manuals.

Issues to consider about quality assurance

- Has the SAI:
- defined the standards of quality and put in place quality assurance procedures that will ensure these standards are met? The standards should be set out in audit manuals, circulars and desk instructions. Procedures are likely to include use of audit checklists, standard ways of documenting work, and requirements for work to be reviewed and authorised at specified points.
- checked that quality assurance procedures are working effectively and identified ways of improving their effectiveness? Quality assurance reviews can be carried out by experienced auditors within the SAI who are independent of the audit under review, by the SAI's internal audit, or by outside experts, to provide a fresh perspective. There can be two types of review:
    - 'hot' review: at key stages, for example at the end of planning and the end of fieldwork, before findings are presented. Where review is at the pre-fieldwork stage, it will provide the opportunity for improvements to be made to the audit/fieldwork plan and, if necessary, for the project to be abandoned.
    - 'cold', or post-audit, review: to enable lessons to be learned and applied to future projects. These reviews can be performed on a selected sample of financial/regularity audits annually and may be performed on all performance audits.

10 SIGMA, a joint initiative of the OECD and EU, reviewed the experiences in this area of SAIs in Central and Eastern Europe and identified a number of key issues. SIGMA Paper 34, *Achieving high quality in the work of Supreme Audit Institutions* (2004). Work on quality assurance has been carried out by INTOSAI at regional level.

- built an institutional culture in which high quality is a fundamental value that is reflected in the leadership management competencies of the SAI and in its relations with other institutions? It can be helpful if the SAI disseminates to audit staff the results of quality reviews and any identified weaknesses in current approaches to work. It should be made clear that this is for the purpose of learning.

Issues specific to Courts of Audit

A Court of Audit carrying out judicial audits faces several unique capacity challenges to:

- **keep its knowledge base up-to-date**: The SAI needs to put in place mechanisms for maintaining and updating a database of the laws and rules applicable to management of its country's public finances, as well as judgements made by both the Court and sister courts and tribunals on matters concerning the Court's jurisdictional remit.
- **build and develop the capacity of its judges to fairly and correctly interpret these regulations**
- **maintain and develop close relations with sister courts and tribunals**: This is important because some cases detected by the Court during its audit activities may need to be transferred to the competent criminal court, and because judgements made by the Court could potentially be brought before the Supreme Court.

Delivering a training strategy

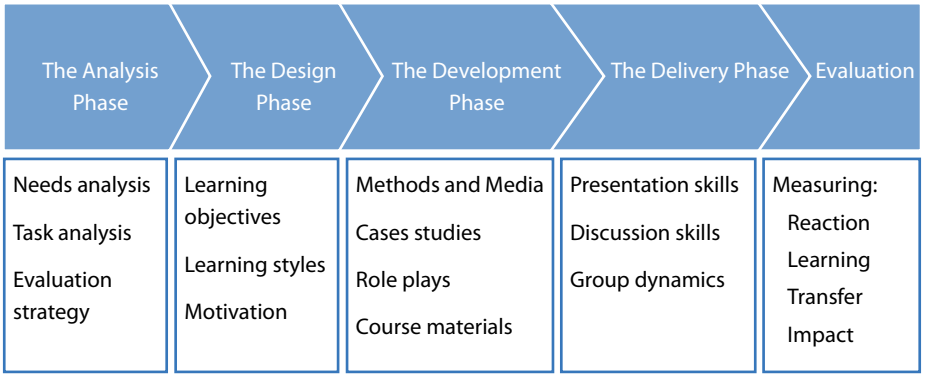
People are the prime resource of an SAI and one of the most effective ways for an SAI to strengthen its capacity is through developing its professional staff through training. By generating a pool of trainers and coaches able to disseminate skills and knowledge and breeding a culture of continuous improvement, training can also help make capacity building sustainable.

INTOSAI launched, in 1986, the INTOSAI Development Initiative (IDI) to help developing nations to develop their audit capacity through training, sharing information and providing technical assistance. The IDI provides support through: long-term regional training programmes, launched in 1996 to establish and/or strengthen training infrastructure in INTOSAI's regions; providing training on how to design, develop and deliver audit training; holding training seminars and workshops in key areas of government auditing; and providing *General Guidelines for SAI trainers*. Documentation of courses forms part of its systematic approach to training. Its course directory is available on its website at http://www.idi.no.

In building capacity through training, an SAI will need to identify its training needs and decide on how best to design, deliver, monitor the effectiveness, and sustain the training (**Figure 9**). When appropriate, it should consult guidance available from the IDI and seek assistance from its training specialists.

Figure 9 Key steps in developing training

The Systematic Approach to Training (SAT)



Source: IDI, General guidelines for SAI trainers, p. 2

Identifying and meeting training needs

An SAI should draw up a training plan, as part of its human resources strategy (**Chapter 6**), and which is based on analysis of its training needs and its available resources. A well constructed training plan will ensure that:

- resources are used effectively, with training focused on developing knowledge and skills in areas of greatest need and potential impact; and
- the volume of training does not overstretch the SAI, in terms of its ability to deliver its core audit and other responsibilities.

Issues to consider when developing a training plan

Has the SAI:

- identified the current skills and experience of its staff? This can be done through developing a skills register. The SAI's human resources function can build up this register from information it holds and/or through asking staff to self-assess their skills and experience, with the information provided reviewed for accuracy by their managers. The SAI should indicate what types of skills and experience it wishes to record in the register. The register should be regularly updated: ideally, annually.
- specified standards and competencies for effective performance at each job grade? Professional standards should accord with those set out in INTOSAI's *Code of ethics and auditing standards* and those of relevant professional associations. Competencies should cover professional, technical and personal effectiveness skills, for example team-working, communicating, leading, and managing people, projects and resources.
- determined, from its capacity assessment, the mix of skills and competencies it will need, and when, to deliver and achieve its capacity building strategy?
- generated, through comparing current skills and needs, a training needs analysis? This outlines what new skills and competencies it will require, and when.
- compared the training needs analysis with the resources available for training, within the SAI and from outside, and its capacity available for training? In determining its training capacity, the SAI needs to consider how many professional and non-professional staff can be trained each year without affecting the SAI's ability to deliver its core work.

Typically, an SAI's training needs will exceed its available resources and capacity, so the training plan will need to prioritise who will receive training, when and in what skill and competency areas. In taking these decisions, the SAI should consider:

- priorities of the SAI's capacity building strategy;
- grades or specialisms most in need of, or who would benefit most from, training;
- both its short-term and long-term goals – for example, if an SAI wishes to develop a cadre of staff with an internationally recognised professional qualification it will need to consider whether to seek to become an accredited training body for this qualification, work with an external accrediting body (such as a university or professional association) or concentrate on recruiting already qualified staff;
- individuals most likely to be able to successfully disseminate new skills and learning as future trainers or coaches; and
- specialisms, professional staff and consultants it would be more cost effective for the SAI to recruit, or contract in, rather than training its staff.

Issues to consider about professional qualifications

- What professional qualification does the SAI wants its staff to have?
  - review existing qualifications; and
  - invite presentations from major professional associations.
- Has the SAI identified the likely costs and benefits to it of:
  - becoming an accredited training body;
  - working with an existing accrediting body; or
  - recruiting directly staff with the desired qualification?
- What proportion of staff does the SAI seek to have with the qualification?
- How much will this training cost?
- Is there the necessary funding in place?
- How will the training be accredited?
- How will on-the-job training be managed and accredited?
- How will qualified staff be rewarded and remunerated so they do not leave soon after qualifying?

Designing and developing training

Training should be designed and delivered using best practice in adult learning and education. The IDI promotes good practice and provides training to SAIs in instructional techniques and course design. It has developed a participatory methodology of training, involving case studies approximating real life situations, exercises and role plays which allow trainees to put the knowledge and skills gained in the training sessions to practical applications. In designing and developing training, an SAI can usefully seek advice from the IDI. Where its experience in training is limited, an SAI is likely to benefit from assistance from an IDI-accredited trainer.

Who should carry out the training, and where?

There are a range of options for who should carry out training for an SAI, and where. For each, the SAI will need to consider cost, funding and other practical issues.

Issues to consider in planning training

When using in-house trainers

- Do the in-house trainers have appropriate skills and experience, or will they be able to acquire them?
- Do they fully understand and are they committed to the capacity building strategy?
- Do they have the capacity to carry out this training in addition to existing training requirements?

If using trainers from partner SAIs and/or training consultants

- Do these trainers have the necessary technical skills and training experience?
- If the trainers are from a partner SAI with a different mother tongue, do they have the necessary language skills, or, if they do not, will adequate support (e.g. translators) be provided?
- Have they been fully briefed on the capacity building strategy, culture and constraints of the SAI?
- Do 'external' trainers have the capacity to help build a local training capability?

If sending staff on secondments/staff exchanges and study visits to partner SAIs

- Do members of staff selected for secondment have the necessary skills, experience and language skills?
- Do they understand the differences in working culture and have the flexibility to adapt?
- Have clear and measurable objectives been set for the secondment/study visit?
- Does the partner SAI understand and agree with these objectives?
- Has the partner SAI put in place an appropriate work programme and provided necessary facilities?
- Is there a liaison person with sufficient seniority in the partner SAI for the secondee to discuss progress and any problems with?

The format of training

To be effective, training needs to engage trainees and be practical. The content should be presented in a way that is easy to understand and be relevant to the work and culture of the SAI. To achieve this, trainers will need to keep in close touch with the audit function, with material reviewed carefully by experienced staff in the SAI before it is used.

A range of formats are available for training, with different costs, strengths and requirements to succeed (**Figure 10**), which an SAI should consider carefully. Typically, the most appropriate form of learning is participatory, involving interactive exercises, case studies approximating real life situations and role plays. Support materials and post-course support are important in reinforcing learning.

On-the-job training, involving the coaching and mentoring of less experienced staff by more experienced staff with appropriate skills, is an important way of strengthening professional capacity. To be most effective, coaches and mentors can benefit from short training on how best to impart their knowledge and skills, and to motivate and support the staff they are coaching and mentoring.

As technology and SAIs' investment in IT improves, e-learning is likely to become an increasingly attractive option for SAIs. Useful lessons on how to effectively develop regional e-learning have been learned from an IDI and Organisation of Latin American and Carribean Supreme Audit Institutions (OLACEFS) e-learning project on performance audit.[11]

11 P. Callaghan and E. Walmann, *Meeting new learning challenges: how IDI and OLACEFS delivered the first regional e-learning workshop* (International Journal of Government Auditing, July 2006, pp. 17-21).

Figure 10 Key considerations on choice of training format

Model	Cost	Strengths	Requirements to succeed
Classroom-based presentations/ lecture	Low	For conveying concepts and information to groups of staff Low cost	Engaging lecturers, with excellent communication skills Reinforcing messages with support materials and practical experience after the course
Workshops and seminars	Medium	For developing concepts and techniques to meet the circumstances of the SAI	Preparation of participants
Case studies and assignments	Medium	Enables understanding of new concepts and skills to be tested in approximating real life situations	Reinforcing concepts and skills through support materials and practical experience after the course
Observed role play	High	For developing personal skills, such as interviewing, team-working, leading and coaching staff	Careful selection and briefing of those carrying out role play
Pilot audits	Medium	Enables new concepts and skills to be applied and tested in real life situations, but with the support of trainers	Contingency to be built into the audit
Interactive training rooms	High	For learning practical IT and computer audit skills	IT training suite, with classroom of computers
Distance or e-learning, and use of CD-Roms	Low (if IT infra-structure is already available)	For conveying and testing understanding of concepts and new skills to groups in an interactive way – with feedback from online tutors E-learning is part-time, fitted around work commitments Avoids travel and accommodation costs	Considerable preparation in developing appropriate materials and training online tutors Appropriate IT infrastructure required (e.g. internet access and terminals) SAIs must set aside sufficient time for tutors and participants to devote to e-learning

Issues to consider in delivering training

- Has the training been piloted? Piloting enables the format and content of training to be adapted, in the light of feedback, in order to increase effectiveness. It can be important to pilot training where it is to be delivered to large numbers and across the SAI.
- Are senior staff adequately informed about and engaged with the SAI's training programme? Senior management should be given opportunities to discuss and consider the impact of the training programme, and of specific elements, on the organisation and on their own work. A useful mechanism for this can be through 'Master Classes' – short intensive workshops for senior management.
- Is the size of class appropriate to the type of training? It is beneficial to have smaller class sizes for interactive and hands-on training. Larger class sizes can be appropriate if the purpose is to convey broad messages rather than impart specific skills.
- Is the time available appropriate? The length of a training course, or training event, needs to be matched to the learning objectives of the course. Where real time translation is needed, this will greatly reduce the amount of material that can be presented. In such cases, trainers should check carefully with the recipient SAI their understanding of terminologies.
- Has written guidance been developed to support the training? Training manuals and desk instructions are important in supporting training through reinforcing messages and providing post-course support. It is not enough to rely on a presentation or workshop as the sole means of transferring knowledge.
- What opportunities will there be for staff to apply their new knowledge and skills? It is important that, after the end of formal training, those trained have opportunities to apply the new knowledge and skills.
- What support will be provided after the end of a training course/event? It can be helpful to provide access, after formal training has finished, to advice from people within the SAI who have proven expertise in the relevant area or skill. This may be through a mentoring programme. It can also be useful to hold follow-up clinics in which trainees are given an opportunity to discuss with trainers any problems they have encountered in applying their new knowledge and/or skills.

Evaluating and monitoring the effectiveness of the training

Monitoring and evaluation is important to ensure training is effective in transferring skills and knowledge and that any weaknesses in the training are addressed. One approach to assessing training effectiveness is through the four-level model developed by Kirkpatrick.[12] This assesses the impact in a sequential manner, as time and budget allows, with each successive level representing a more precise measure of the effectiveness of the training:

- **Level 1 – Reactions**: measuring how participants reacted to the training – whether they were satisfied and whether the material was relevant.
- **Level 2 – Learning**: measuring whether skills, knowledge and attitudes have advanced.

12 D.L. Kirkpatrick, *Evaluating Training Programs: The Four Levels* (San Francisco, CA: Berrett-Koehler, 1994).

- **Level 3 – Transfer**: measuring whether new skills and knowledge are being used in everyday work.
- **Level 4 – Results**: assessing what has been the consequent impact on the SAI's outputs.

Issues to consider about impact of training

- Has the SAI obtained and analysed feedback from those who have attended training courses/events? This may be obtained from a course evaluation questionnaire. Participants should be encouraged to be frank in their evaluations, with forms completed anonymously.
- Does the SAI monitor the achievement of outcomes from training?
  - For example, line managers might review the work of those recently trained, including working papers, to ensure that the new ways of working have been properly understood and implemented.
  - If line managers find weaknesses, these should be discussed, reasons established and the weaknesses addressed by tutoring and mentoring the relevant professional staff.
  - The SAI needs to identify, and try and address, organisational or cultural barriers that may impede the impact of application of the new knowledge and skills.
  - An SAI should set out, in its training plan, what contribution it expects training to have on improving the cost, quality, impact and timeliness of its work. It should then set in place arrangements to track whether this impact is being delivered.
- Does the SAI monitor the impact of training on staff retention? There is a risk to an SAI that, after investing in training to help staff develop new skills, it loses these staff because their skills are in great demand elsewhere. The SAI should consider developing a strategy to manage this risk. For example, an SAI may wish to reward trained staff with training bonuses, quicker promotion or greater autonomy and responsibility in their work.

Sustaining training and skill development

The SAI should consider, and build into its training plan and human resources strategy, how training and staff development can best be sustained.

Issues to consider about sustainability of training

- Is staff development embedded in the appraisal system? An effective way of identifying which skills (technical and personal) staff need to improve, and how this can best be achieved (for example, through training, on-the-job experience and/or coaching), is during regular appraisal interviews which staff may have with their line managers.
- Does the SAI encourage its professional staff to keep up-to-date with developments in the profession? An SAI might encourage this through, for example, setting goals/targets for the number of hours of Continuing Professional Development (CPD) it expects its professional staff to undertake each year. CPD may be achieved through attending relevant training courses and workshops and through reading of professional journals.
- Does the SAI identify and develop new trainers and coaches from amongst those who have been trained? Line managers and trainers are well positioned to identify those who display aptitude or potential to become trainers or coaches to other staff. Their skills in training and coaching can be developed through 'train the trainers' courses and workshops.

Chapter 6
Strengthening organisational capacity

An effective SAI is clear about the direction in which it is heading, has good planning and leadership in place to achieve its mission, and plans and manages well its human resources, knowledge, communications and finances. Improving professional and technical skills is important, but is likely to form only part of any capacity building programme. Leadership, better budgeting, better resource management and better people management are vital if an SAI is make best use of its resources to achieve the outcomes it desires. In each of these areas, an SAI has substantial control potentially.

Corporate strategy and planning

A self-confident SAI should know the direction it is seeking to go and have in place long and shorter-term plans to achieve this vision.

Mission, vision and values

Many SAIs have found it helpful to develop a mission statement, setting out the overall objective the SAI seeks to achieve (**Figure 11**). Others have also set out an overarching vision. These statements can help bring staff together through a common understanding and cause, and provides the SAI with a clear direction towards which it can plan.

Figure 11 SAI mission statements, visions and values

Office of the Comptroller and Auditor General of Bangladesh	**Vision:** Committed to promoting accountability and transparency in government for achieving good governance for the people of Bangladesh.
Brazilian Court of Audit	**Mission:** To assure the effective and proper management of public resources for the benefit of society.
National Audit Office of Mauritius	**Vision:** To promote good governance and ensure accountability of public funds. **Mission:** To be known as one of the most excellence driven institutions in the country.
Office of the Auditor General of South Africa	**Vision:** We are the independent world-class provider of public sector audit and related value-added services.
The United Kingdom's National Audit Office	**Vision:** To help the nation spend wisely. **Mission:** To promote the highest standards in financial management and reporting, the proper conduct of public business and beneficial change in the provision of public services. **Values:** Cooperative spirit; integrity; looking outwards; making a difference; open communications; professional excellence; and valuing individuals.

Developing a strategic plan

The bridge between mission and the present day is an SAI's strategic or corporate plan. This outlines what the SAI plans to achieve in the medium-term, over the next three to five years, what resources it will need, and how it will make use of them.

Issues to consider when developing a strategic plan

Is the strategic plan:

- Integrated with other plans?
  - Has it been developed iteratively, in consultation with heads of all key units within the SAI, and approved by the SAI's senior management?
  - Is it informed by the SAI's capacity building strategy and linked to the SAI's plans and strategies for human resources, information technology, communications, and other key areas and functions?
  - Is it integrated with other lower-level plans for units within the SAI and with the SAI's annual operational plan?
  - Although the strategic plan covers a three to five year period, is it a 'rolling plan' which is annually updated? This can be most effectively achieved if the SAI sets in place a formal annual planning cycle for developing and updating the Corporate Plan.
- Realistic?
  - Does the plan set out clearly the costs of specific activities and how each will be funded?
  - Is information for the plan provided candidly?
  - As the useful work an SAI might do is likely to exceed its available funding, has the SAI's senior management agreed key objectives, so that resources can be focused on priorities?
- Reliable?
  - Does the SAI have robust budgeting and management information systems, which generate information on work costs and volumes?
  - Has the quality of this information been checked and assured?
- Measurable?
  - Are expected outputs and outcomes quantified, wherever possible? Examples of the type of quantification are numbers of accounts to be audited and performance audit reports to be published each year, and their expected cost. Some SAIs have also found it helpful to set targets for the size of financial impacts to be achieved from their work.
  - Have heads of units been made responsible for delivering specified outputs and been set budgets?
- Communicated?
  - Has the plan been communicated to staff within the SAI?
  - Where appropriate, has the plan been communicated to external stakeholders?

Strengthening leadership and management

For successful delivery of its capacity building strategy, an SAI needs leaders and managers who are committed to the strategy and with the skills and motivation to lead and persuade others to support the changes needed. To develop its capacity, an SAI might need to extend and enhance its pool of leadership and management skills.

Issues to consider about leadership and management

Has the SAI:

- defined the leadership and management skills and competencies it seeks to develop?
- ensured that recruitment, training and appraisal systems are directed to identifying, developing and rewarding those with the appropriate skills? For example, some SAIs have in place 'talent spotting' systems in which staff identified as having the attributes and skills to become future leaders are identified early and given the job experience and support to enable them to take up leadership roles early.
- delegated authority and responsibilities to those with the appropriate skills?
- identified and publicised role models? Some SAIs have also found it useful to invite well-regarded leaders from other organisations, both public sector and private, to give workshops and motivational talks at the SAI.
- put in place clear accountability systems, so that managers know what they are responsible for?
- developed a culture in which all staff are held accountable for their work and the tasks they have been delegated?
- systems in place to deal quickly and effectively with poor management? Bad managers can make reform difficult and can demoralise staff. Some managers may need support and training.

Developing and managing resources

A high-performing SAI needs to have sufficient and appropriate resources, and use them well. Some SAIs may face constraints, for example over budget size and powers to appoint, reward and dismiss staff. In these cases, the SAI may seek to address these through discussions with the legislature and Ministry of Finance, in the context of its capacity building strategy. Within its funds available, the SAI needs to develop strategies for human resources, information technology and managing information that contribute to its overall capacity building strategy, and then implement them.

Developing an appropriate human resources strategy

Developing an appropriate strategy for recruiting, developing, rewarding, disciplining and retaining staff is vital if an SAI is to achieve its short and long-term goals. Where recruitment and reward of staff is outside the SAI's control, it needs to work with other stakeholders to persuade the Ministry of Finance of the benefits of it achieving greater control over its human resources.

Issues to consider when developing a human resources strategy

On recruiting staff

Has the SAI:

- determined the numbers, types, competencies and qualifications of staff it requires? It needs to compare its current staff mix with the desired numbers and mix identified in its capacity building strategy, while taking account of anticipated departures over the plan period. If it has the wrong balance of staff, how will it manage restructuring?
- decided how to most effectively meet new demands? For example, through:
  - recruiting those with the required skills, competencies and professional qualifications;
  - recruiting those with required competencies and then training them to acquire technical skills and professional qualifications; and
  - the short-term contracting in of specialists.
- tailored recruitment to the competencies it desires? This is likely to affect the format of recruitment interviews and whether and what types of tests it sets.
- if seeking to become an accredited training body for a professional qualification, considered the issues set out on page 36?
- power and freedom to define and implement an effective and timely recruitment policy? To do so, it will need to control its recruitment procedures and processes.

On developing staff

- Are there induction arrangements for new staff? These might include presentations/briefings on the SAI's values, ethics, practical instruction of the SAI's IT and resource management systems, an overview of the audit environment, and basic training on the SAI's audit and quality assurance approach. It is helpful for these to be supported by desk instruction, manuals and/or online guidance.
- Is there a programme for job-related and technical training and appropriate process for deciding which staff should attend this training and when? An SAI may consider it appropriate to specify the core technical training it requires audit staff to undertake at different career points.
- Has the SAI identified what personal effectiveness competencies it seeks from staff at different grades/functions, with training packages in place and systems for matching staff with training? Personal effectiveness training covers skills in interviewing, leadership, effective presentations and writing, time management, project management, negotiating, facilitating, assertiveness and coaching. The SAI is likely to have considered these skills as part of its competency framework. An effective way to identify what support and training staff members require in developing these skills is through the process of performance appraisal, by line managers, and at different career points (for example, after promotion to a new grade). Training and development of these skills might take the form of on-the-job coaching by those within the SAI with proven expertise in the area or through training courses, delivered by trainers from the SAI or by outside trainers.
- Does the SAI support staff in undertaking non-core training which can contribute to their increased effectiveness? For example, professional staff might have a desire to study in their own time for a professional qualification or a Master of Business Administration (MBA) and the SAI may consider what additional support it may wish to give to encourage and recognise this.

On rewarding and retaining staff

- Does the SAI have the power to set pay and remuneration for staff? Many SAIs find it difficult to attract and retain appropriately qualified and skilled staff because salaries do not compare favourably with those available outside the SAI. Some SAIs have been able to negotiate flexibility within the public sector pay systems. Others have sought and obtained the freedom to set up their own systems. As part of this, some SAIs seek to benchmark their own salaries against other key public sector bodies and private sector auditors and use this to ensure that they are paying enough to retain staff – recognising that there are other benefits from working in the public sector (intrinsic rewards, security, pensions) which mean that it is rarely necessary to pay private sector equivalent salaries.
- How will staff be remunerated and rewarded as they become qualified and more experienced, so that they do not leave? The SAI will need to consider how its pay and benefit levels compare with those in comparable organisations in its country. But it should also consider its work environment and conditions, to ensure that staff are motivated and feel able to fulfil their potential. It should also consider its work life balance arrangements, including its provision of career breaks and flexitime.
- Are there arrangements in place to reward performance that contributes to corporate goals? The SAI should consider what targets and good performance criteria it might set to encourage effective working. This may be linked to staff appraisal ratings or to one-off rewards for which staff compete.
- Are there clear criteria and arrangements for promoting staff? Increasingly, SAIs are broadening the competition for promotions. Good practice includes the use of assessment tests and panels, particularly for managerial positions.
- Are there career development arrangements for staff? These might comprise formal discussions with staff on their future prospects and development opportunities at set intervals.
- Has the SAI in place arrangements for monitoring levels and trends in staff turnover, and establishing the reasons why staff leave? These may comprise exit interviews or the analysis of where staff move on to.

On managing staff performance

- Does the SAI have a Code of Conduct which staff are required to sign?
- Does the SAI have in place effective arrangements for appraising staff performance? Arrangements need to be appropriate to the SAI's culture and ways of working, but are likely to include regular evaluations by line managers of staff performance in carrying out work on a project or at regular (at least annual) intervals. The appraisals should be based on consistent criteria applied across the SAI and have arrangements for appeal against ratings in specified circumstances. The appraisal system should be reviewed periodically to evaluate its effectiveness in encouraging desired outcomes.
- Are there clear criteria and arrangements for disciplining staff for poor performance or breach of the Code of Conduct? Are they applied?
- Are there arrangements in place for monitoring levels of sickness absence among staff and reasons for absences?

Developing and implementing an information and communication strategy

Information is a vital resource and requires planning to ensure that it is best applied to meet an SAI's business aims and objectives. An SAI will need to communicate and share information internally to support its audit work. It will also need to communicate with external bodies, who may also seek access to the information it holds. An SAI needs a strategy and policies for managing and communicating information.

Issues to consider about an information and communication strategy

Corporate information

- How are corporate decisions shared with staff?
  - How is it decided what information to share?
  - What formats are used? For example, these might include management circulars, distributing copies of minutes from senior management meetings, and circularising information via e-mails or an intranet.
- Are policies set out in a manual or on an intranet?
- Does the holding of information on personnel comply with relevant data protection requirements?
- How does the SAI want to be perceived by external bodies and by the public, and how does it decide what key messages it wants to put across?
- What methods does it wish to use to communicate this information? Internally this might comprise regular meetings, a newsletter or via an intranet or e-mails, if the SAI has a networked IT system. Externally this might comprise press releases and briefings, publications, radio and television and via a website.
- Does the SAI publish an annual report, highlighting its key activities and impact?

Audit information

- Are there defined procedures for obtaining, maintaining and updating standing information on its audit clients?
- Are there audit/technical manuals and circulars, with robust arrangements for updating them?
- Are there guidelines and standards on how audit information should be recorded? For example, the use and contents of working paper folders.
- Are there clear procedures for the retention, archiving and destruction of audit and key corporate documents, and do these comply with relevant legislation?

Sharing information

- Is there a formal policy covering sharing information with external bodies, including the public and media, and does this policy comply with relevant legislation? For example, in some countries Freedom of Information provisions may apply.

Developing and implementing an IT strategy

IT can play a key role in the efficient functioning of an SAI. It can enable data to be integrated to add value, information to be shared (through networking), audit to be carried out efficiently (for example, through data extraction and sampling), office and back-office processes to be automated and rapid internal and external communication. An IT strategy is important in helping to ensure that IT systems meet business needs and that standards adopted allow for future upgrade. An IT strategy is likely to cover a three to five year timeframe, linked to the corporate plan, and be regularly updated (annually in the case of a large SAI).

Useful guidance on developing an IT strategy is set out in INTOSAI's 1995 *Guide to developing IT strategies in Supreme Audit Institutions*. The European Organisation of Supreme Audit Institutions (EUROSAI) has also developed an *IT Assessment Tool*, which identifies a detailed list of issues.

Issues to consider when developing and implementing an IT strategy

- Has the SAI designated a senior manager with related skills as the owner and champion of its IT strategy? Senior management commitment is vital to ensure that the strategy meets corporate objectives and that its delivery is monitored at a high level.
- Has the SAI carried out a strategic review of its IT systems and needs in order to identify whether, and what, further investment in IT may be worthwhile? This review requires a clear and full understanding of the SAI's business functions and objectives, which can be obtained through consulting senior managers from each function and a cross-section of staff. It is important to involve users when reviewing and developing new systems, and the SAI may consider holding workshops and seminars to enable staff to air their views.
- Has the SAI the internal expertise to assess development options? The SAI is likely to need to commission external IT experts to advise, evaluate and rank (in terms of contribution to corporate objectives) current systems and propose options for development. To evaluate these options as an 'intelligent customer', the SAI will benefit from having within its organisation people with IT expertise.
- Where new systems are being introduced are there appropriate contingency and data migration arrangements? Introducing new systems presents risks and needs careful planning, particularly arrangements for migrating data from legacy systems and contingency arrangements if implementation is delayed.
- What networking solution is appropriate? With modern technology, networking provides substantial benefits in terms of sharing documents, printers and IT resources, but the SAI will need to adopt a form appropriate to its needs – for example, a local area network (LAN) or wide area network (WAN), with a server(s) – and to put in place appropriate security arrangements.
- Will customised or off-the-shelf solutions be used? Off-the-shelf package solutions are tried, tested and reliable, but may not exactly match business requirements. The SAI will need to consider the cost, benefits and risk associated with developing bespoke solutions.
- How will the system be maintained? For a large, networked system, the SAI may decide it is sensible to contract out IT support to outside specialists as likely to be more cost-effective than recruiting and training its own IT support function. For parts of the system, for example printers and photocopiers, it may decide to rely on support contracts.

- How will staff be trained to use the system? The SAI will need to identify and schedule staff IT training in its training plan. Guidance and support (for example, online or via a help desk) should also be considered.
- What arrangements are there to ensure security and business continuity if the system fails? SAIs handle confidential information so it is important that information is held securely on its IT systems. This includes: a secure firewall for external communications; policies requiring the use and regular updating of passwords to access the system and confidential folders; policies covering staff use of the internet and e-mails; and, the encryption of highly confidential information. The SAI should have in place arrangements for regular data backing-up, with off-site storage of copies of key files.
- How will the IT system be sustained?
- Has the SAI plans for the phasing out, enhancement and replacement of systems as they become obsolete?
- Is funding in place for all elements of the IT strategy? This is funding to implement, maintain and sustain the IT system and to train staff in its use.

Developing better governance and accountability arrangements

The way senior management manages the SAI sets the tone for the whole organisation. It is vital that they practice the highest standards of corporate governance. They need to clearly articulate where the organisation is heading, clearly allocate responsibilities, set in place systems for monitoring progress and ensure that the results of this monitoring are used to inform decisions. Good governance does not only have to be practised but it must also be seen to be practised. Many SAIs have robust arrangements for reporting on progress internally, via business monitoring reports, and externally, through annual reports and presentations to parliaments/legislatures.

Issues to consider about governance

Governance arrangements

- Have clear responsibilities been allocated?
- Are governance and decision-making arrangements for the SAI clearly defined and operating? If there is a management board, does it meet regularly, does it operate with papers and agendas in advance, are timely minutes produced with clear action lists, are staff kept informed of key issues being discussed by the management board. Is this approach cascaded down the SAI?

Budgeting and financial management

- Does the SAI know the cost of all key activities?
  - Does the SAI have a proper resource management system?
  - Do staff record their hours on different jobs?

- Does the SAI have a robust budget preparation process which results in prioritised and costed plans?
  - Are budget plans properly scrutinised and challenged before being submitted for funding?
- Does the SAI have a formal process for monitoring progress against the plan and reporting quickly on slippages?
  - Does it monitor slippages in delivery times as well as variations in cost?
- Are best financial management practices adopted by the SAI?
  - Are financial manuals up to date?
  - Are delegations clearly agreed and operating?
  - Does the SAI have access to internal audit?
  - Is the SAI externally audited annually?
  - Does the SAI act promptly on the recommendations of audit reports?
  - Are procurement guidelines followed?

Propriety

- Do staff sign a Code of Conduct and make full declarations of conflicts of interest?
- Is there a register of gifts and hospitality?
- Do staff rotate between audit areas at reasonable frequency?

Transparency

- Does the SAI take appropriate steps to report on its performance to the parliament/legislature and others?
- Does the SAI produce an annual report and is this report available free of charge from the SAI's website?

Impacts

- Does the SAI follow up on its previous observations to monitor and report on its impacts?
- Are claims verifiable?

The INTOSAI code of ethics states:

"the conduct of auditors should be beyond reproach at all times and in all circumstances. Any deficiency in their professional conduct or any improper conduct in their personal life places the integrity of the auditors, the SAI that they represent, and the quality and validity of their audit work in an unfavourable light, and may raise doubts about the reliability and the competence of the SAI itself."

Chapter 7
Strengthening capacity to deal with the external environment

SAIs do not operate as islands. They are just one element in a complex web of agencies involved in promoting good governance and responsible and transparent management of public resources. SAIs have to adapt constantly to changes in the external environment, but can also play an important role in promoting changes, concerning not only itself but also reforms in PFM among the bodies it audits. To be effective, an SAI needs, as far as its mandate allows, to forge close, but independent, links to a wide range of entities ranging from parliaments/legislatures and audited bodies to the press and civil society organisations.

Some SAIs have found it useful to establish a specialised communications and liaison unit to foster close relations with key external stakeholders and to promote the work and the role of the SAI.

Issues to consider when developing a public relations and communications unit

- Is the unit properly resourced?
- Is it staffed by suitably qualified staff with a knowledge of communications and dealing with the media?
- Does it have a budget to help promote the work and the role of the SAI?
- Does the SAI have access to a high quality publishing facility to ensure that it produces high quality products tailored to the needs of different stakeholders?

Parliament and legislatures

For SAIs which follow the parliamentary and board models (**Figure 8**), parliaments and legislatures play a crucial role in using the audit findings of the SAI to hold the executive to account. However, the legislature committee which considers the SAI's work itself does not always have good capacity and understanding of public financial management. And, like other relationships, the one between an SAI and parliament/legislature needs to be worked on.

Issues to consider about relations with parliament/legislature

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

Figure 12 Good practices identified in the SIGMA Paper 33, *Relations between Supreme Audit Institutions and Parliamentary Committees* (2002)

The SAI should:

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

The executive

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

Issues to consider about relations with the executive

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

Audited bodies

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

Issues to consider about relations with audited bodies

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

Aid donors

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

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

Issues to consider about relations with donors

- Does the SAI meet regularly with donor agencies to identify what external audits need to be done and when?
- Where the SAI is not the auditor, is there scope for SAI staff to shadow the external auditors to maximise the learning opportunities for their staff?

Regional and local audit bodies and internal audit

As far as possible, the various components of internal and external audit within a country should be operating as a seamless web: each independent, but working to similar standards and similar goals. In some countries, the SAI is responsible for all external audit. In others there may be fully independent regional or local bodies. In terms of internal audit, some SAIs are responsible for setting standards and monitoring quality; others have no formal link.

Issues to consider about relations with other auditors

- Does the SAI regularly meet regional and/or local external audit bodies to ensure consistency of audit approach across a country and the sharing of best practices?
  - Should it seek statutory powers to achieve this or is it best done through voluntary codes?
- Do public external audit bodies have protocols for working together, sharing information, exchanging staff, undertaking joint audits, and sharing training resources?
- Does the SAI have appropriate links with internal audit?
  - How are internal audit standards set?
  - Who assures the quality of internal audit?
  - Are protocols in place indicating how internal and external audit can work together and their mutual roles?
- Does the SAI place appropriate reliance on the work of internal audit? SAIs will need to assess the quality of internal audit to determine how much reliance can be placed on their work. Some SAIs have undertaken broad studies of the strengths and weaknesses of internal audit across government and have used the results to promote improvement in practices.
- Does the SAI work with audit committees of audited bodies? Working closely with audit committees can help an SAI understand better the business of the audited body, tailor its audits to perceived risks and the needs of the audited body, and achieve more substantial longer term impacts.

13 Budget support is a process by which donor organisations transfer funds to partner country treasuries to be used through their national financial management system.

The media and the public

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

Issues to consider about relations with the media and public

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

Professional associations and private sector auditors

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

Issues to consider about relations with professional associations and private sector auditors

- Are professionally qualified members of the SAI encouraged to play active roles in their professional associations?
- Are there formal liaison meetings between a senior member of the SAI and the relevant professional associations on a regular (for example, annual) basis?
- Are there arrangements for secondments between staff in the SAI and in private sector auditing firms?
- Does the SAI contract out a proportion of its audits to private sector auditors to enable it to benchmark its costs and processes?

Annex 1
Key sources of further information

Publications

Asian Development Bank, *Diagnostic studies of accounting and auditing practices in selected developing member countries: Azerbaijan, Fiji Islands, Republic of the Marshall Islands, Philippines, Sri Lanka* (2002)

INTOSAI Development Initiative (IDI), *General guidelines for SAI trainers*

INTOSAI, *Code of Ethics and Auditing Standards* (2001)

Norwegian Agency for Development Cooperation (NORAD), *Handbook in assessment of institutional sustainability* (2000)

Organization for Economic Co-operation and Development (OECD) Development Co-operation Directorate (DAC), *Harmonising donor practices for effective aid delivery*, Vol. 2, Ch. 4 'Capacity development in public financial management' (2006)

PFM Support Programme, *External audit – Role and quality of the Supreme Audit Institution* (2006)

Swedish International Development Cooperation Agency (SIDA), *Manual for Capacity Development* (2005)

Support for Improvement in Governance and Management (SIGMA) Paper no. 33, *Relations between Supreme Audit Institutions and Parliamentary Committees* (2002)

Support for Improvement in Governance and Management (SIGMA) Paper no. 34, *Achieving high quality in the work of Supreme Audit Institutions* (2004)

Support for Improvement in Governance and Management (SIGMA) Twinning Expert Group, *Making Supreme Audit Institution Twinning Successful: A Good Practice Guide* (2006)

United Kingdom Department for International Development (DFID), *A platform approach to improving public financial management* (2005)

United Kingdom Department for International Development (DFID), *Working with Supreme Audit Institutions* (2005)

World Bank, *Capacity building in Africa: an Operations Evaluation Department (OED) evaluation of World Bank support* (2006)

World Bank, *Supporting and strengthening Supreme Audit Institutions: A World Bank strategy* (2004)

Websites

INTOSAI http://www.intosai.org/

INTOSAI Development Initiative (IDI) http://www.idi.no/

OECD Public Financial Management http://www.oecd.org/

Public Expenditure and Financial Accountability (PEFA) http://www.pefa.org/

Support for Improvement in Governance and Management (SIGMA) http://www.sigmaweb.org

World Bank Capacity Development Resource Center http://www.worldbank.org/capacity/

Annex 2
Generic assessment models developed by international agencies

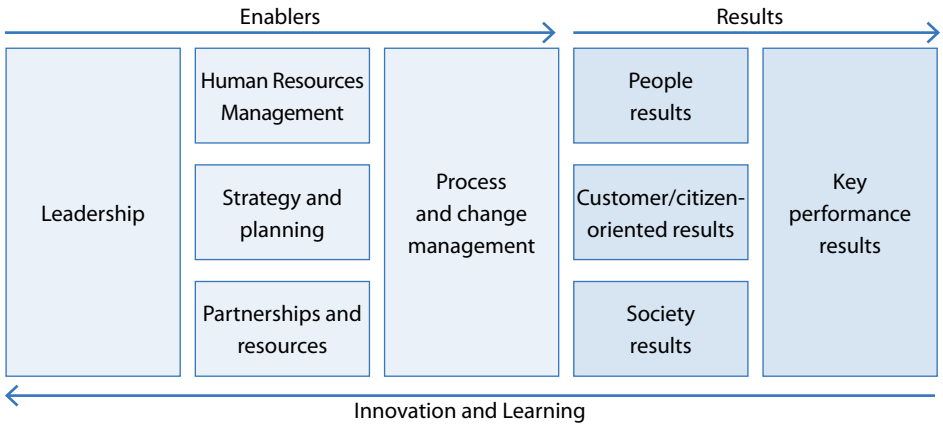
For assessing organisational capacity

The Common Assessment Framework (CAF)

A tool developed by the European Institute of Public Administration to assist public sector organisations across Europe to use quality management techniques to improve organisational performance. The CAF provides a simple, easy-to-use framework, which is suitable for a self-assessment of public sector organisations. It includes a database in order to help public organisations find partner organisations of interest from the point of view of sharing experiences or benchmarking. The evaluation form can be filled in on-line. The results will remain anonymous, but the organisation will get feedback on its scoring against the average of other organisations that have used the CAF in the same country or the same sector of activity.

The CAF has a nine box structure, identifying the main aspects requiring consideration in any organisational analysis. Within each of these boxes a list of criteria is provided.

Figure 13 The CAF model



Available via http://www.eipa.nl/CAF/CAFmenu.htm

Key Areas and Excellence Factors for Evaluating the Effectiveness of an SAI

Developed in 2005 by the UK Department for International Development (DFID) to provide guidance on ways in which country offices can support SAIs to increase their impact. It covers understanding the wider reform context in which an SAI operates and evaluating its current situation through a checklist approach based on a number of 'excellence factors' for eight key areas. For each excellence factor, there are a number of good practice criteria. The reviewer considers whether the good practice is in place and, if not, what is the likely impact, what scope is there for reform, and what incentives can be identified. The checklist is informed by the SAI Maturity Model.

In its supporting **Platform Approach to Improving PFM**, DFID sets out good practice guidance to assist advisers and programme managers working with partner countries to strengthen their PFM and accountability systems.

Figure 14 DFID's key areas and excellence factors approach

Key areas		Excellence factors
1. Statutory position	Organisation	Independence, audit remit, access rights, reporting
2. Leadership and strategy	Management	Vision, strategy, priority setting, internal communication
3. Governance		Accountability, proper conduct
4. Staff resources	Inputs	Recruitment and retention, qualifications and training
5. Non-staff resources		Finance, office space, utilites and equipment, IT, corporate knowledge base
6. Audit methodology	Processes	Standardised approaches, relations with other auditors, quality assurance
7. External relations	Outcomes	Communication policy, reputation, working with audited bodies, working with PAC
8. Achievement of results		Timeliness, monitoring and follow-up

Available from the DFID website at http://www.dfid.gov.uk/aboutdfid/organisation/pfma/pfma-briefing-platform.pdf and http://www.dfid.gov.uk/aboutdfid/organisation/pfma/pfma-working-sais.pdf

Participatory Organizational Evaluation Tool (POET)

Developed in 1998 by the United Nations Development Programme (UNDP), it enables civil society organisations and their partners to assess and profile organisational capacities and consensus levels in seven critical areas, and assess, over time, the impact of these activities on organisational capacity. Staff are brought together in cross-functional and cross-hierarchical groups for open exchange; to identify divergent viewpoints to foster growth; to create consensus around future organisational capacity development activities; and, to select, implement and track organisational change and development strategies.

Available at http://www.eldis.org/static/DOC6142.htm

SWOT Analysis

Developed in the 1960s at Stanford Research Institute by Albert Humphrey, SWOT analysis is a strategic planning tool widely used in the business sector. It uses self-assessment of an organisation against four themes: strengths, weaknesses, opportunities and threats (from which the acronym SWOT is derived). The results are set out in a grid with these four sections. SWOT analysis can be used to assess the organisation as a whole, specific units or decisions, for example a change in strategy.

A SWOT analysis template is available at http://www.businessballs.com/

For assessing Public Financial Management (PFM)

Country Financial Accountability Assessment (CFAA)

CFAA was developed in 2003 by the World Bank as a diagnostic tool to enhance knowledge of financial accountability arrangements in the public and private sectors of borrower countries. It comprises a high-level checklist which is used as part of externally-led assessments of a country's overall financial systems. It serves two purposes: a fiduciary purpose, by identifying weaknesses in accountability arrangements in the public sector and the risk that these may pose to Bank funds; and, a development purpose, by facilitating a common understanding of the problems, and the development of plans to rectify them, including use of technical assistance where appropriate.

The CFAA is available online at http://www1.worldbank.org/publicsector/pe/CFAAGuidelines.pdf

Diagnostic Studies on Accounting and Auditing

Developed in 2002 by the Asian Development Bank, this framework identifies potential actions that the participating government can take to rectify weaknesses, in partnership with donor agencies where appropriate, and provides the participating country with a benchmark against which to measure their progress in improving financial management and governance arrangements.

This framework is available online at http://www.adb.org/Documents/Books/Diagnostic_Study_Accounting_Auditing/Selected_DMCs/default.asp

Framework for Cash Transfers to Implementing Partners

Developed in 2005 by the United Nations Development Group, this framework includes a macro assessment by UN agencies of a country's public financial management system, to establish whether the audit system can be relied on, and a micro assessment of implementing partners' financial management capacity. The assessments are typically carried out by consultants and involve the use of checklists. They have two objectives:

- **Development objective:** To help agencies and government identify strengths and weaknesses in the PFM system and the financial management practices of individual Implementing Partners, and identify areas for capacity development.
- **Financial management objective:** To help agencies identify suitable resource transfer procedures, and the scale of assurance activities to be used with each Implementing Partner.

Available via http://altair.undp.org/content.cfm?id=1328

PFM Performance Measurement Framework (PMF)

Developed in 2005 by the Public Expenditure and Financial Accountability (PEFA) – a partnership programme of the World Bank, the European Commission, the UK Department for International Development (DFID), the Swiss Secretariat for Economic Affairs, the International Monetary Fund (IMF), and the Strategic Partnership with Africa which supports integrated and harmonised approaches to assessment and reform in the field of public expenditure, procurement and financial accountability – this Framework incorporates a PFM performance report, and a set of high level indicators which draw on the IMF Fiscal Transparency Code and other international standards. It forms part of the World Bank's *Strengthened approach to PFM reform*, which emphasises country-led reform, donor harmonisation and alignment around the country strategy, and a focus on monitoring and results.

The PMF is available in Arabic, English, French, Portuguese (Brazilian and Continental), Spanish, Russian and Ukrainian on the PEFA website www.pefa.org along with a 2006 *Report on early experience from application of the framework*. Details of the World Bank's *Strengthened approach to PFM reform* are available on the World Bank's website http://www1.worldbank.org/publicsector/pe/StrengthenedApproach/index.htm

Public Sector Accounting and Auditing – A Framework for Comparison to International Standards

Developed in 2006 as a diagnostic tool to assist countries in assessing how well their public sector accounting and auditing practices accord with the public sector accounting and auditing standards of the International Federation of Accountants (IFAC) and the International Organization of Supreme Audit Institutions (INTOSAI). The assessment framework uses a set of self-assessment questionnaires focusing on identifying the gaps in the standards frameworks in place in the country and the gaps in implementation. The assessment is at a detailed level to support greater implementation of international standards.

The framework is available online at: http://www.worldbank.org

Public Sector Integrity – A Framework for Assessment

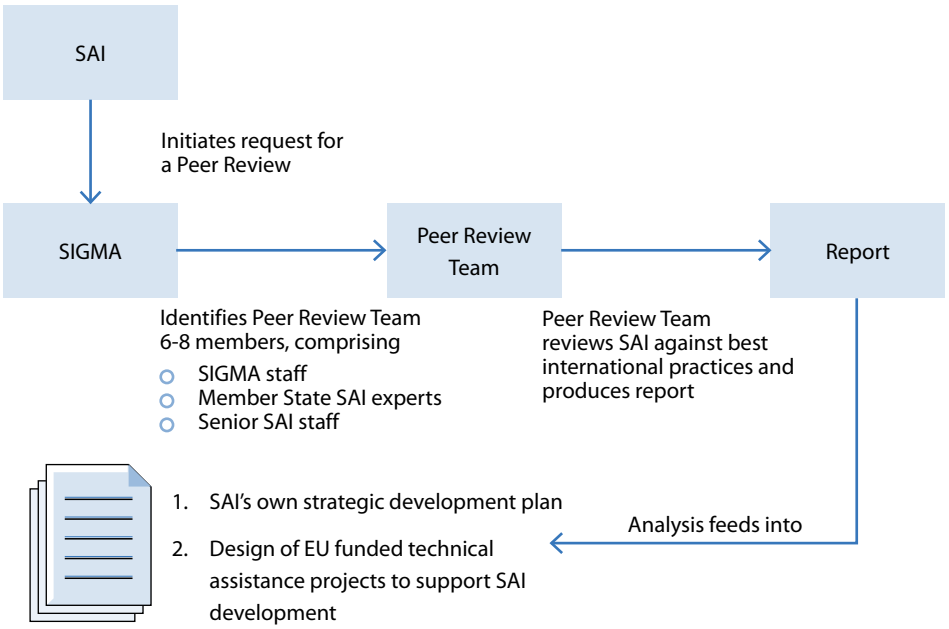
Developed in 2005 by the Organisation for Economic Co-operation and Development (OECD), this Framework provides policy makers and managers with a roadmap to help them design and organise sound assessments in concrete policy areas. The Assessment Framework also includes a practical checklist and options for possible solutions.

Available via the OECD website http://www.oecd.org/document/19/0,2340,en_2649_201185_35822611_1_1_1,00.html

Annex 3
Peer review and partnering

Figure 15 outlines the SIGMA peer review process and the critical factors associated with successful reviews.

Figure 15 The SIGMA peer review process



Success factors:

- Request for a review is initiated by the developing SAI and the SAI selects the peers
- Peers are trusted individuals who are senior and experienced in their own organisations and whose recommendations carry authority
- Peers come from a range of SAIs to provide a range of viewpoints
- Recommendations are followed up via the SAIs strategic plan and donor funded projects

Source: Working with Supreme Audit Institutions, UK DFID (2005), p. 24.

Figure 16 Checklist of good cooperation practice based on experience gained by SAIs in EU Candidate Countries

On setting objectives and formulating plans

- Develop clear, measurable and achievable project objectives and plans, based on a thorough, shared understanding of the recipient SAI's needs and priorities.
- Partners should formulate and agree project objectives based on thorough research.
- In framing project objectives, partners should take account of attitudes and other factors that may support or impede the pursuit of project objectives.
- Project plans should include benchmarks against which to assess progress and achievement.
- Partners should identify and evaluate risks to achieving project objectives.
- Project plans, and the scheduling of activities, should take into account peaks of work within the recipient SAI and partner institutions.

On allocating appropriate human resources and selecting approaches to technical co-operation

- Recipient and partner institutions need to devote sufficient and suitable human resources to projects, and adopt appropriate approaches to sharing knowledge, skills and experience.
- Individuals selected by partner institutions should be given appropriate briefing (covering, for example, objectives of their work and information about the recipient SAI's organisational and national culture) and training (covering, for example, communication, language and consulting skills, in addition to technical skills and knowledge).
- The recipient SAI should devote suitable human resources to projects.
- The leadership of the recipient SAI should directly involve itself in project deliverables.
- Partners should identify suitable approaches to transferring knowledge (such as training, advising, study tours and pilot audits) based on their assessment of costs and benefits, and the preferences of the SAI's staff.

On executing project plans

- Partners should allocate clear responsibility for implementing project plans and for particular activities; (for example, planning and evaluating expert visits, communicating progress, resolving difficulties and managing specific risks).
- Partners should establish arrangements for monitoring and evaluating progress and results, including progress against milestones and results achieved.
- Timely and comprehensive progress and evaluation reports should be prepared, detailing, for example, progress against budget, resources devoted, outputs, outcomes, and how risks are being managed.
- Progress should be checked regularly by a group that includes senior individuals from the partner institutions who are able to make decisions.
- Partners should respond flexibly to evaluations of progress and results, and to new needs and priorities.

On project communications

- Good communications are vital in technical cooperation projects and partners should adopt a strategic approach to communications, considering what needs to be communicated, to whom, how and how often.
- Open communications will help the partners adapt to changing needs and priorities.
- The leadership of the recipient SAI should communicate their personal commitment to the project and encourage staff to become involved.
- Donors should be involved at all stages and informed of progress, successes and challenges, and be provided with accurate feedback.

Source: Good Cooperation Practice Guide (for audit activities based on experience gained by SAIs in the Candidate Countries and the European Union), EU Contact Committee and Candidate Countries' Joint Working Group on Audit Activities (2004)

Figure 17 Key success factors for Twinning Projects

Preparing for development

- Start with a self assessment process
- Have realistic expectations
- Consider carefully absorption capacity
- Ensure commitment of the beneficiary SAI
- Develop a capacity for training
- Have a change management process
- Have a project management process
- Establish contacts and communications

Preparing the twinning project

- Develop a consistency of effort
- Ensure the quality of the project fiche
- Ensure the quality of the Resident Twinning Adviser
- Make the right choice of SAI partners
- Have a realistic work plan
- Plan any investments well
- Build a real partnership

Project implementation

- Allocate clear responsibilities and accountabilities
- Establish monitoring and evaluation procedures
- Expertly manage the risks to implementation
- Ensure the commitment of senior management
- Establish good coordination
- Develop effective project communication
- Involve as many people as possible
- Train staff
- Develop systematic follow-up and feedback procedures
- Ensure information dissemination
- Plan to continue with development post Twinning

Post Twinning

- Establish senior management commitment
- Develop commitment between partners
- Open and honest communication between partners
- Making difficult decisions
- Challenge and response
- Ensure absorption capacity
- Sound management structures
- Consistency with Strategic Development Plan
- Monitor progress
- Consistency in implementation
- Have a flexible approach
- Link theory and practice
- Remember Twinning is not cloning
- Be aware of the wider environment
- Identify and manage sustainability risks

Figure 17 Key success factors for Twinning Projects (continued)

- Planning for the twinning project is based on detailed analysis of development priorities from a peer review or similar
- The developing SAI selects its twinning partner or partners and maintains ownership of the project
- Each partner agrees up front what they will bring to the project – staff, IT, other equipment, financing etc and the measurable outputs which will be delivered. They also agree a mechanism for adjusting inputs/outputs if necessary
- The developing SAI nominates leaders and teams to implement each element of the project. Responsibility for maintaining overall progress is assigned to the highest level of management
- The partner's role is to facilitate development, to train, to guide, to suggest – not to be part of the line management of the developing SAI or perform its work
- At least one advisor is based in the developing SAI throughout the project to provide ad hoc advice and guidance, coordinate inputs and adapt plans in response to emerging needs
- The expertise of the resident advisor is backed up by short term inputs on specific topics from other experts
- A senior staff member from the provider organisation liaises regularly with senior management of the developing SAI to review progress and keep the project on track
- Relationship is long term, preferably at least five years

Sources: Making Supreme Audit Institution Twinning Successful: A Good Practice Guide, The SAIs of the Candidates and Potential Candidates Group, ECA and SIGMA Twinning Expert Group (2007) and *Working with Supreme Audit Institutions,* UK DFID (2005), p. 26.