

WGVBS Version 3 – Revised with comments of countries after Nanjing Sept 2015.

2016-05-30

INTOSAI DRAFT GUIDELINE:

Enhancing SAIs' Effectiveness through Cooperation with the Legislature, Judiciary, and Executive

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1 Foreword

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

SAIs can be categorized based on their closeness to the three recognized branches of government, the legislature, the executive and the judiciary. These SAI model comprise the:

- i. Legislative/Parliamentary Model (closeness to the Parliament, Congress);
- ii. Executive Model (closeness to the President, Premier, monarchial)
- iii. Judicial/Court Model (closeness to the judicial body, Court)
- iv. Mixed Model (combination of features of the other three models)

The extent to which a SAI is categorized under the models is to a certain degree, linked to the specific branch of government:

- i. from which the SAI obtained its constituted authority
- i. that request the SAI to conduct the audit assignment
- ii. that the SAI ultimately submit audit findings

The reporting relationship of the SAI’s with the three recognized pillars of government (legislature, executive and judiciary), and the level of independence therein, is particularly crucial in ensuring the effective implementation of audit recommendations, thereby contributing to improved governance and oversight.

Worldwide, SAIs provide the necessary information and audit evidence to any of the three branches of government. The reporting relationship provides an important venue for the use and discussion of SAIs’ findings and issued audit recommendations, as well as assists in facilitating remedial action and monitoring progress.

“SAIs also need to be an important catalyst for change; being a source of information about areas for corrective action as well as good practice”.¹

The key measure of the effectiveness of SAIs is the extent to which their actionable recommendations are implemented to improve accountability, transparency, and good governance of government activities and/or programmes. As stated in the *Lima Declaration*, *“Audit is not an end in itself but an indispensable part of a regulatory system whose aim is to reveal deviations from accepted standards and violations of the principles of legality, efficiency, effectiveness and economy of financial management “early enough to make it possible to take corrective action in individual cases, to make those accountable accept responsibility, to obtain compensation, or to take steps to prevent--or at least render more difficult--such breaches.”*²

¹ The Johannesburg Accords (XX INCOSAI) November 27, 2010 - page 30

² ISSAI 1 –Lima Declaration, section 1

2 Executive Summary

The WGVBS 4th task-group was charged with preparing a guideline to lay the foundation for improving the relationship with SAIs and the three arms of government. This will ultimately lead to enhancing the effectiveness of SAIs as well as improving their reputation, credibility and role.

The diversity within the SAI community resulted in grouping SAIs into four major categories based on their proximity to the three branches of government. These categories are:

- a) Parliamentary/Westminster Model
- b) Executive Model
- c) Court/Judicial Model
- d) Mixed Model

The guideline is supported by existing INTOSAI Standards namely ISSAI 1 – Lima Declaration of Guidelines and Auditing Precepts, ISSAI 10 – Existence of effective follow-up mechanisms on SAI recommendations, ISSAI 20 – Transparency and Accountability and ISSAI 12 – Values and benefits of SAIs. It describes how SAIs in today's world can collaborate with the three arms of government to achieve their objectives and provide practical examples.

3 Objectives and Scope of This Guideline

3.1 Objectives and Scope

The Working Group on the Value and Benefits of SAIs (WGVBS), established during the XIX INCOSAI in Mexico City was tasked to develop a framework and measurement tools for defining the value and benefits of SAIs. At the XX INCOSAI in Johannesburg, the congress resolved that the working group should develop instruments and tools for communicating and promoting the value and benefits of SAIs to all stakeholders for consideration at the XXI INCOSAI in 2013. The WGVBS has completed much of its work and is now finalizing this guideline, after the meetings in Lima (2013), Mexico (2014) and Nanjing (2015).

The WGVBS established the 4th task-group at its 4th meeting held in Montego Bay, Jamaica in 2011. The group included Jamaica (Team Lead), Canada, France, Namibia and Peru. The task-group was to prepare the guideline which would lay the foundation for:

- a) Promoting the effective use of available instruments, tools, and approaches for improving the relationship between SAIs and the arms of government (legislative, judicial, and executive).
- b) Enhancing the effectiveness with which the SAIs fulfill their role of holding government accountable for the use of public money by forging collaborative relationships with the legislative, executive and administrative arms of government.
- c) Enhancing the reputation and credibility of the SAI in its relation with the basic pillars in the community to clarify the important role of the SAI in protecting the public funds, its tasks and robust measures to co-operate with the Legislature, the Judiciary and the Executive.

The aim is to help SAIs in their efforts to promote accountability, integrity, and transparency in the administration of public funds, and to enhance the reputation, credibility and independence of the SAI.

The exercise focused specifically on identifying SAI practices in cooperating with the three arms of government in instituting sanctions or other corrective actions where instances of maladministration have been uncovered and reported. To accomplish this, a questionnaire was developed by Task Group 4 to solicit information from the INTOSAI community with the purpose of identifying good practices and to determine what inhibits effective practices of cooperation. The final questionnaire was distributed to the entire INTOSAI community in May 2012, with a request for the return of the completed document by June 2012.

However, based on feedback obtained at the 5th Working Group meeting in July 2012, an addendum was sent to all SAIs requesting additional information by August 2012. The Addendum sought to obtain information on whether each SAI has a legal basis for sanctions to be imposed for specific financial transgressions by government officials. It also sought to determine whether the Governments have a system to define sanctions to be imposed and control system mechanisms to ensure that government officials respond or act on the auditors' recommendations. To date, 75 INTOSAI member countries have responded to both the questionnaire and addendum.

The information obtained from the questionnaire and addendum highlighted varying SAI structures across the world based on culture, internal governance structure, and external environment.

SAI Models

There are various types of Supreme Audit Institutions (SAIs) reflecting the worldwide diversity and complexity of the systems of government and governance.

The definitions of SAI types as outlined in these guidelines were informed by responses received from SAIs to a questionnaire that was sent to the SAI community.

The following SAI general types were identified³ based on their more or less proximity with the three branches of government:

Parliamentary (or Westminster) Audit Model

The Parliamentary model (also known as the Westminster model) is characterized by the SAI's proximity with the Parliament. Under the parliamentary model, SAIs scrutinize public finance on behalf of elected and/or nominated members of the legislature: the SAI is tasked with assisting the legislature in exercising its oversight responsibility of improving accountability over public finances and/or to determine whether public expenditure is consistent with the wishes of the legislative body as embodied in various Laws, Acts, Codes or Decrees.

Under the Parliamentary Audit model, the SAI head is usually titled the Auditor General, in whom all rights, powers, and responsibilities are vested, and who is accountable to the legislature.

Responsibility and accountability for public funds rest with the "accounting officers" - usually the Permanent Secretaries or heads of departments and/or Public sector entities in charge of spending departments - who are required to control and direct expenditure after it has been approved by Parliament. The Auditor General conducts audits of government finances and submits audit reports to Parliament for review by a dedicated sub-committee of the Parliament, normally called the Public Accounts Committee (PAC). The PAC reviews the reports and makes recommendations to be implemented by the Permanent Secretaries or heads of departments and/or Public sector entities.

There are variations of this model: for example, there are countries which do not have a dedicated PAC of the Parliament to review the audited reports of the SAI. In this situation, there is a forum where the Auditor General submits the Audit report to.

Executive Model

Some SAIs may be regarded as Executive Models. Under this model, the relationship with the Executive is direct. These SAIs fulfill their mandates, through organizations led by an individual authority defined as a branch of the executive arm of government⁴. However, the SAIs have to maintain a regular business communication with legislative committees that deal with audit work. The SAIs have to scrutinize public

³ It could be possible in the future to try to map the variety of the 191 SAIs in the world: the first step for the INCOSAI is to try to characterize the main General Models.

⁴ The executive branch of the government that has its authority and responsibility for the day-to-day management of the country.

finance and to guarantee that public administration initiatives meet their stated objectives and respond to the needs of the citizen.

There are variations of this audit model depending of the local institutional organisation. SAIs under this model may be:

- a) close to the King;
- b) close to the Prime Minister and the Council of Ministers;
- c) close to the President of the Republic.

Judicial (or Court Audit) Model

Under the *Judicial Audit Model*, the SAI is equidistant of the executive and legislative branches. Under this model, the SAI forms part of the judicial system and operates completely independently. The head of the SAI is a Collegiate Board. The Judicial Audit model is comprised of magistrates. The SAI is dealing with financial matters, performance audits and the evaluation of public policies. The SAI can directly form judgments on the use of public funds by public managers.

Public managers are held personally and financially responsible for the sums involved in all unauthorized or illegal transactions. Hence, the Court can request that monies paid out unduly or not collected by a public body are recovered through a procedure called “judging of the accounts”. The managers are held responsible in front of a Disciplinary Court.

There are variations of this model in existence, namely:

- a) Judicial audit models that are closely aligned to the Executive
 - b) A Court that is closely aligned to the Parliament.
- Either variation may operate with or without the power to sanction.

Mixed Model (Other)

Some SAIs may be regarded as mixed models as these combine various characteristics of the Parliamentary, Judicial and Executive models.

These SAIs generally fulfill their mandate through organizations led by an individual authority, in some cases, defined as branches of the legislature or, in others, more closely related to the executive.

One such mixed model is the Board or Collegiate Audit Model. This model is similar to the Parliamentary model, but the internal structure of the SAI is different. In this case, the SAI has a number of members who forms its college or governing board, which makes decisions jointly (this is equal to the judicial model, but different from the parliamentary model, where the head of the SAI is held accountable by the legislature rather than by a Board or a Commission). On the other hand, the Board would report its findings to the legislature (this is different from the judicial model, where the Board is equidistant between Parliament and Executive): like in the Westminster model, the Public Accounts Committee reviews the reports and makes recommendations.

Some Boards are comprised of magistrates (others no), but have limited judicial function and sanctioning powers (in such cases, within the SAI, there is a Sanctions and Penalties Board, which functions like a court).

Legal Basis for Varying SAI Models

Despite the differences among SAI models and how they operate, SAIs are established by constitution, law, regulation or treaty.

4 Basis in INTOSAI Standards and Principles

These guidelines are supported by several existing INTOSAI principles.

Guiding principle ISSAI 1: Lima Declaration of Guidelines and Auditing Precepts - Section 16 – Reporting to Parliament and to the general public outlines some requirements for cooperation between an SAI and the Legislature:

4.1 Empowering the SAI

“The Supreme Audit Institution shall be empowered and required by the Constitution to report its findings annually and independently to Parliament or any other responsible public body; this report shall be published. This will ensure extensive distribution and discussion, and enhance opportunities for enforcing the findings of the Supreme Audit Institution.

The Supreme Audit Institution shall also be empowered to report on particularly important and significant findings during the year”.

Findings that require immediate action, such as misappropriation of public monies and abuse of powers, should be reported directly to the relevant authorities (the executive and judiciary), for immediate action.

4.2 Follow up Actively and Methodically

ISSAI 10 - Principle 7 - The existence of effective follow-up mechanisms on SAI recommendations

“SAIs should have their own internal follow-up systems in place to ensure that the audited entities properly address their observations and recommendations made by the SAI and the Legislature”. This should include tracking implementation of the recommendations.

“SAIs should submit their follow-up reports to the Legislature, one of its commissions, or an auditee’s governing board, as appropriate, for review and follow-up on specific recommendations for corrective action even if they have statutory powers for follow-up and sanctions”. The recommendations not followed up and resulted in the audit report should be made public.

SAIs should improve the feasibility and relevance of audit recommendations, with special focus on preventing repeated problems.

A key element of the follow-up regime is to hold a post-audit meeting with audited agencies, the ministry responsible for finance and budget and other relevant ministries, to discuss realistic ways to act on the audit recommendations.

4.3 Adding value to the lives of citizens

ISSAI 12 - The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens

The effective functioning of an SAI is closely linked to the relationship that it forges with the legislature, judiciary and the executive. Public perception that an SAI adheres to the highest levels of accountability and standards within its own organization ultimately determines the level of confidence that society has in the work done. An SAI that is effective will positively impact the lives of the citizenry and instill confidence in public sector financial management.

SAI's Demonstrate ongoing relevance to citizens, Parliament and other stakeholders by adhering to ISSAI 12:

- Principle 6: Communicating effectively with stakeholders.
- Principle 7: Being a credible source of independent and objective insight and guidance to support beneficial change in the public sector.

SAIs should make more use of new media and big data technology to improve their profile among stakeholders.

4.4 Enhancing and Maintaining Transparency, Accountability, Answerability and Enforcement

An SAI carries out external audits of public sector bodies and is one of the key links in the public financial management and accountability system in most countries. The relationship between the SAI, the legislature, the executive and the judiciary are critical to the effectiveness of the SAI⁵.

4.4.1 Transparency and Accountability

ISSAI 20 - Transparency

To maintain its credibility, the SAI needs to be as transparent as possible about the standards it adheres to and explain the process it uses to select areas to audit. The SAI should also explain how it deals with audit requests from individual legislators, Citizen, other government organizations and from legislative standing committees. It should be transparent about how the SAI operates. The SAI policy could include requirements for the public disclosure of assets and liabilities of its staff on annual basis. In addition, there could also be public disclosure of travel expenses for senior officers, contracts issued by the SAI, *et cetera*.

Where gaps are perceived in the legal framework, in practice, or in the relationship with the legislature, the executive, or the judiciary, the head of the SAI may prepare a proposal and seek audience with the relevant government body.

Many SAIs establish structured and fluid communication lines with the different arms of government, such as:

⁵ Parliament - in particular the Public Accounts Committee; the Executive -in particular the Ministry of Finance

- Maintaining day-to-day contact and communication with all the stakeholder groups
- Being aware of current stakeholder interests and concerns that need to be considered in developing the SAI's annual audit programme
- Keeping stakeholders up to date with information that may interest them
- Gathering information about the stakeholders' views regarding the SAI's work that can be shared with the leaders within the SAI
- Enquiring on a regular basis from those charged with governance regarding the status of the implementation of the audit findings and recommendations
- Communicating with new members, when there is a change in key persons to sensitise them as to the role of the SAI
- Promoting the work of the SAI through structured interaction with the media.

These practices should be also in place for SAIs that have the ability to impose fines and sanctions.

ISSAI 20 – Accountability

Accountability ensures that actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the citizenry they are meant to be benefiting, thereby contributing to better governance.

ISSAI 12

SAIs strengthen accountability, transparency and integrity of government and public sector entities by adhering to ISSAI 12:

- Principle 2: Carrying out audits to ensure that government and public sector entities are held accountable for their stewardship over, and use of, public resources
- Principle 3: Enabling those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action
- Principle 4: Reporting on audit results and thereby enabling the public to hold government and public sector entities accountable

4.4.2 Answerability and Enforcement

Accountability may involve two distinct stages for government and/or public institutions: *answerability* and *enforcement*.

Answerability refers to the obligation of the government, its agencies and public officials to provide information about their decisions and actions and to justify them to the public and those institutions of accountability tasked with providing oversight.

Enforcement suggests that the public or the institutions responsible for accountability can sanction the offending party or remedy the contravening behaviour, or by applying “formal pressure” through for example Parliamentary recommendations in which the AG findings are endorsed. As such, different institutions of accountability might be responsible for either or both of these stages⁶.

⁶ Accountability in Governance: World Bank – www.worldbank.org Accessed on November 11, 2012

In the interest of securing accountability, one way of enhancing SAI's effectiveness is by empowering them to impose sanctions for failure to implement recommendations. Mechanisms should be in place to ensure that when public officials' actions result in inappropriate and/or inefficient use of resources, the appropriate sanctions are imposed.

4.5 Fostering Independence

The resolution of the United Nations (A/66/209 of 22nd December 2011⁷) is right now the framework of the value and benefits of SAIs. Our watchword is Independence.

⁷ United Nations Resolution A/66/209: "the SAIs can accomplish their tasks objectively and effectively only if they are independent... SAIs [must] ensure that public administration is more effective and more efficient....".

5 General guidelines about enhancing Effectiveness through Cooperation

5.1 Guidelines for Cooperation with the Legislature

5.1.1 Forging Relationships

It is important to maintain close relationships with the legislature so that the Parliament/Congress will not only be interested in the work of SAIs but also be aware that enabling legislation/audit regulations are important tools for the SAIs performance.

1. Senior SAI officers should maintain a relationship with Chairs and Vice-Chairs of legislative committees that relate to their audit portfolios.
2. The SAI should ensure that strategic and sound contacts are made or informal meetings with Chairs and Vice-Chairs and the staff of legislative committees to review the work of the SAI and clarify its reports. These meetings can also be beneficial to gauge the legislators' interests and concerns.
3. The SAI can also provide information kits (printed or online) and conduct orientation sessions to explain the mandate of the SAI along with other useful information, such as how it ensures quality in its audits and how audits are selected.
4. A SAI can provide general previews to members of the legislature, as appropriate, just before audit reports are made public.
5. SAI auditors can meet with the main legislative committee research staff to explain audit findings.
6. SAIs may also periodically conduct surveys with members of the legislature to determine if audit reports add value to their work as well as their perceptions about the SAI. SAIs may pay attention to maintaining a responsive working relationship with parliamentarians who are active and influential.

Additional guidance can be found in:

- ISSAI 100 – Basic Principles in Government Auditing;
- ISSAI 12 : Communicating and Promoting the Value and Benefits of SAIs,
- INTOSAI Capacity Building Committee’s guide on “How to increase the use and impact of audit reports” (find on CBC website at <http://www.intosaicbc.org/document-library/?mdocs-cat=mdocs-cat-18>).

5.1.2 Effective Follow-up

1. The SAI should follow up actively and methodically on previous audit findings and inform legislative bodies’ of any patterns of inaction on important problems.

It is generally the SAI that will discover through subsequent audits, the poor implementation or complete disregard of audit findings and recommendations. The SAI can encourage the relevant oversight body to help the effectiveness of the SAI by instituting procedures such as the following:

- a) Regular follow-up with the audited entity to report on the progress of the implementation of recommendations.
 - b) Make results of follow-up meetings available to the media and the public.
 - c) Limit the time the executive has to implement audit recommendations and insist that this be done in a specific time-frame.
 - d) Follow up on sanctions imposed and ensure that they are carried out.
 - e) Request the responsible member of government or the appointed authorities to investigate and take appropriate action against public officials who do not apply recommended sanctions without justifiable reasons.
 - f) Improving the feasibility and relevance of audit recommendations with special focus on preventing repeated violations
2. It is important to ensure cooperation with the legislative arm of government, so that legislators can interact directly with SAI.

Additional guidance can be found in ISSAI 10: Principle 7 - The Existence of Effective Follow-Up Mechanisms on SAI Recommendations.

5.1.3 SAI Communication and Liaison Function

SAIs ability to communicate effectively with its stakeholders clarifies the role of the SAI, forges stronger relationships and instills confidence in the work undertaken by the SAI.

1. SAI can have regular meetings with legislative standing committee researchers to discuss SAI work and gain a better understanding of issues that are of interest to legislators. It can provide assistance, as required, whenever committees review legislation in situations where the SAI has done relevant audit work. SAI can also review best practices from other jurisdictions to ensure it remains relevant and useful to legislators.
2. SAI may conduct surveys of legislators and management of the audited entity (and where possible with the media) to obtain feedback on audits. These surveys are useful for gathering information about legislators' expectations and interests, as well as their perceptions about the SAI.
3. SAI can benefit from involving the legislature in determining areas for audit. This should be done with care to prevent any undermining of SAI's independence. SAI may, during their planning cycle, consider soliciting input from Legislative Committees.

4. It is good practice for SAI to have a permanent liaison function with a specific department within the SAI, which can facilitate communication between SAI and legislators in a cordial and efficient manner. The system of spokesperson may be used. The liaison unit also provides SAI senior management and audit teams with appropriate and relevant information about legislative activities on a timely basis.
5. SAI should value the use of new media.
6. Heads of SAI may meet with members of the legislature at their request to gauge their interests and concerns.

Additional guidance can be found in ISSAI 12- Communicating and promoting the value and benefit of SAI.

5.1.4 Offering Clarification

SAIs can make timely and strategic contact with chairs, vice-chairs and the staff of legislative committees to clarify audit reports.

Reporting

1. SAI should write clear, relevant and understandable audit reports, avoiding use of professional language in reports addressed to parliamentarians with no auditing background. Messages can be made available in a variety of formats such as media releases and executive summaries, which facilitate review by legislators, who do not often have the time to read entire audit reports.
2. In some systems, the SAI can notify the Speaker of the legislature of its intention to issue reports of special interest at least 30 days before issuance. The Speaker is given a short summary and a preliminary idea of each audit topic. At that time, the Heads of SAI also notify all members of the legislature.
3. SAI can inform other legislative committees of audit reports that could be of interest to them.
4. SAI can provide guidance material to legislators as a reference tool for examining public spending estimates.
5. Reports of the SAI are presented to legislature: the SAI meets with the Legislature at least two times a year. In communicating with the legislature, the SAI should maintain an unbiased position when relating to all political groupings.

Presentations

SAI may make presentations before different specialized commissions of Parliament, regarding specific topics such as: investigations, recommendations, identification of irregularities.

5.1.5 Cooperation with the Executive

SAI, particularly of the executive model, should consider maintaining a direct communication mechanism with the head of the executive.

Questions often arise about what the audited entities can expect from the SAI and what the SAI expects from them.

In order to provide answers to these questions and close the expectation gap, SAI could produce a guidance document that outlines the SAI's objectives, the principles governing interactions between auditors and auditees, and other administrative information.

The guidance must underline the professional obligation to communicate clearly with those charged with governance the responsibilities of the Auditor in relation to the financial statement audit, and the scope and timing of the audit and the information that need to be obtained from those in charged with governance.

The guidance document can be posted on the SAI's website and shared with the auditees.

5.1.6 Constructive Entity Relations

In the context of building constructive entity relations, the SAI could regularly survey the organizations it audits.

The entities may be asked to rate various aspects of the following audit elements: professional relations, audit value, audit communications, and management of the audit. They may also be asked to provide additional comments on their experience with the audit. The results could provide information that helps the SAI analyze its performance and plan for any necessary correction or improvements.

To foster the executive's participation, a SAI may:

1. Establish constructive relations during audit and reporting :
 - Ensure that reporting standards are documented and updated, and SAI is regarded by stakeholders as providing credible reports in order to stay relevant.
 - Be meticulous in ensuring that audit standards are particularly respected (devoid of jargon, subject to quality assurance, contain reliable evidence, informed by meeting with senior personnel, etc.).
 - Be sure that the reports of the SAI are communicated to the auditees.
 - Ensure that a time for response is stipulated. In some jurisdictions, the audit law specifies the period within which responses should be made by the audited entity.
 - Indicate the issues that it considers most important; make specific recommendations, and state who is responsible for taking actions. Not only will the requirements on audited

bodies be clear, but parliamentarians, the media, and civil society will be better able to focus and demand action on the key issues.

- Include in the report the impact or effect of the audit findings.
- Conduct surveys with audited organizations to obtain information about the clients' perception of the SAI covering various aspects such as: professional relations, audit value, audit communications and management of the audit.

2. Establish constructive relations after reporting and during follow-up:

- Ensure that reports are submitted to the appropriate level of personnel in the audited entity soon after the completion of the audit.
- Ensure that several meetings take place with the executive during a given year. The Government and the SAI can correspond (during the audit and afterwards to follow-up the implementation of the recommendations formulated by the SAI).
- Have documented communication policies to ensure that stakeholders are informed of the key audit findings. The SAI can organize briefings on demand to clarify its final decisions.
- Meet periodically the heads of government ministries, departments, agencies, organizations, etc., to discuss auditing concerns of both the SAI and the executive.
- Inform the executive of what to expect during the audit process through established communication protocols and guidance documentation and offer a briefing a few days before an audit report is made public.

Additional guidance is available in ISSAIs 400 (Reporting Standards in Government Audit) and 4100 (compliance Audit).

5.1.7 Discussion and Follow-ups

1. The head or president of the SAI discusses the SAI's recommendations with the concerned executive body and takes appropriate actions if the executive is reluctant to follow the recommendations. In some cases, issues are followed up in the next audit year, and actions are recommended.
2. SAI should follow-up audit reports on the status of matters raised in a previous audit. In one jurisdiction the Prime Minister's office established a high-level Management Integrity Committee to discuss audit issues raised by the SAI.

5.1.8 Securing Commitment

1. SAI may obtain commitments regularly from those charged with governance for the implementation of audit recommendations, and follow up on the progress on the

implementation of recommendations, and also encourage stringent measures to be taken in instances where the pace of implementing recommendation is stagnant or progressing slowly.

5.1.9 Co-operation with the Judiciary

SAI's collaboration with the Judiciary will serve to enhance the systems of transparency and accountability. To achieve effective partnership, it is important that SAI and the Judiciary enjoy a shared understanding of their procedures. This will foster cooperation between both, and will serve to enhance existing systems intended to hold responsible personnel accountable.

5.1.10 Sensitization Sessions and Training in Non-core Areas

1. SAI could conduct sensitization sessions with the Judiciary to share practices, roles, and procedures to ensure that supporting documents and information needed to facilitate the imposition of sanctions by the relevant authorities, are detailed and are in the required format.
2. SAI can organize training for members of the judiciary in order to make them aware of the role of the SAI and of the SAI's organization.
3. SAI may consider training existing personnel in technical areas such as fraud detection and law or consider engaging the services of persons with specialist skills, e.g., legal officers, to support the collaborative efforts between itself and the judiciary.
4. In some countries, the role of the Public Ministry (prosecutors) of the SAI is crucial: judges of the SAI and Prosecutors of the SAI have to work together in confronting fraud and corruption.

5.1.11 Direct Reporting (This Requires a Legal Obligation)

5. SAI should report to the relevant authorities, all findings that require immediate action. Acts such as misappropriation of public monies and abuse of powers, should be reported directly to the relevant authorities.

5.1.12 Preparation of Case Files

6. Where legislation permits, SAI should seek assistance from relevant bodies within the Judiciary to aid in its preparation of case files to ensure the successful imposition of disciplinary actions/sanctions against public officers who fail to implement its recommendations.

5.1.13 Fines and Sanctioning

7. Sanctioning depends on the legal framework and on the SAI's model

Some SAIs can recommend sanctions while others can actually impose them. These sanctions may be in the form of a fine or other means. The Judiciary, in some cases, can modify the sanctions applied by an SAI.

In some countries, legislative committees help to ensure that there is a forum for the audit results to be deliberated and to reinforce the audit recommendations. In other countries, it is with the

cooperation of the executive or with the judiciary that the cycle of accountability is complete when recommendations are implemented and/or sanctions imposed.

8. SAI, based on its legal framework, particularly under the Judicial/Court Model, can recommend or impose sanctions/fines directly.

SAI should ensure that they develop a plan of action with appropriate supporting evidence in cases where sanctions are applicable.

9. However, the legal framework of some countries does not allow the SAI to recommend and impose sanctions.

SAI under the Parliamentary (Westminster) Model usually can only recommend sanctions. SAIs cannot impose sanctions, but can refer audit findings to an appropriate authority that has the power to impose sanctions and fines.

In some countries, the SAI advises the Executive body of breaches and recommends an investigation and that appropriate action is taken. That body may also vary the sanctions on appeal if so desired.

SAI that fall under the Board or Collegiate audit model can recommend sanctions. An SAI may order the recovery of undue or irregular payments and may take action against other institutions to secure/guarantee the recovery of undue payments.

The Board of Audit can demand the Minister or Head of a relevant organization to take disciplinary action against an official of that organization. The result can be different from what the board demanded.

The SAI in some countries with these models can sanction in case of administrative responsibilities.

10. When the legal framework does not allow the SAI to recommend and impose sanctions, there exists a need to foster a relationship with the 'body' (legislative, judiciary/executive) empowered to do so.
 - Based on audit findings, an SAI can impose fines when a mismanagement of federal/government funds has been identified. These SAIs can also recommend actions before the relevant ministry or authority such as the Attorney-General, when administrative and legal faults, respectively, have been detected during an audit.
 - Also, some SAIs can set an obligation to the audited entity to take rectifying measures and report on which measures it has taken. In addition, in the case of fraud and irregularities concerning state financial management, the SAI may report the eventual fraud or wrong-doing for judicial investigation if the audited entity fails to do so.
 - When possible, SAI may impose fines if an audited entity limits the right of access to documents and information in audit or in the case of certain infringements of obligations concerning transparency of election campaign finances and political party finances.

- SAI may use its search and seizure powers by obtained the court order in the instances where officials of the state intentionally withhold information required by auditors for achieving their mandate.

Everywhere, SAI could focus on the improvement of methodology used in the execution of current audit tasks.

5.1.14 SAI and Anti-Corruption Agencies

11. SAI may form relationships with anti-corruption agencies holding high-level meetings to aid in the execution of their mandates. "Where SAIs liaise closely with enforcement officials in other government agencies, such as the police and specialist anti-corruption agencies, their capacity to detect corruption can be enhanced."⁸
12. SAI can secure commitments for improvement from the judiciary by forging collaborative agreements and sharing audit reports in order to promote public governance.
13. SAI can transmit its reports to the judiciary, sharing opinions and recommendations. SAI may organize meetings with representatives of the judiciary in accordance with its strategy/policy regarding the communications with stakeholders.
14. Some SAIs do not co-operate on a regular and scheduled basis with the judiciary. Contacts between the SAI and the legal authority depend on the findings of the SAI's audits. An SAI may need to refer the case to the legal authority for further enquiries.

⁸ The Role of Supreme Audit Institutions in Combating Corruption- U4 Anti-corruption Resource Centre

ANNEX Good Practices of SAIs

Some SAIs, based on their model and legal authority, have particular practices in relating to the three branches of government that leads to improved governance. Some of these specific practices are outlined below.

Name of Supreme Audit Institution	Good Practice
National Audit Office- Bahrain	An independent committee was formed to monitor and follow-up with the concerned government entities on the implementation of National Audit Office (NAO) recommendations. Also this committee is responsible for transferring to the Public Prosecution any cases found through NAO recommendations to be suspected as a crime.
Audit Board of the Republic of Indonesia (SAI of Indonesia)	<p>Indonesia has eight constitutional branches: the President; the House of Representatives, the People’s Consultative Assembly, the Regional Representative Council, the Supreme Court (MA), the Constitutional Court; the Judicial Commission; and the SAI. Each of these institutions is independent, and represents the different the branches of government as well as auditing. Each of them has equal constitutional position among others.</p> <p>Since 2010, the leaders of these institutions agree upon a convention to meet every 3-month to discuss strategic issues in the country. This method has proven effective for the Audit Board of the Republic of Indonesia to maintain coordination, relation, and to communicate its purposes, progress, even the audit results that need immediate handling and follow-up from related institutions.</p>
Austrian Court of Audit (ACA)	<p>The ACA prepares position papers on important matters on a regular basis, for example, on administrative reform and on the audit of internal control systems and corruption prevention systems.</p> <p>For parliamentary deliberations on audit reports; the ACA offers briefings on the audit results to the political groups represented in Parliament.</p> <p>The ACA organizes meetings with the ACA spokespersons of the political groups represented in Parliament and the participants discuss general questions regarding the cooperation between the ACA, the legislature and other relevant matters.</p> <p>The ACA transmits all audit reports to the Central Public Prosecution for Business Offenses and Corruption. The ACA also transmits individual reports to the law enforcement authorities if they, from the viewpoint of the ACA, contain facts that constitute grounds for criminal proceedings.</p>

Name of Supreme Audit Institution	Good Practice
SAI China <i>Co-operation with the Legislature</i>	<p>CNAO assists the National People's Congress (China's Legislature) to fulfill the functions of reviewing and supervising the preparation and execution of budget.</p> <p>CNAO supports the National People's Congress with amending proposals about laws and regulations which are not sound, complete, or in agreement with the findings of the audit.</p>
<i>Co-operation with the Judiciary</i>	<p>CNAO tables its reports to the National People's Congress. The Congress shall then request that all deficiencies identified be resolved and follow up on the implementation of audit recommendations.</p> <p>CNAO transfers evidence in cases to the Judiciary organs.</p>
The Federal Board of the Supreme Audit of the Republic of Iraq (FBSA)	<p>CNAO maintains routine contacts with prosecutorial and public security organs through the consultation channels and liaison officers.</p>
<i>Co-operation with the Legislature</i>	<p>Reporting general observations and results on all ministries and governmental sectors in the annual report and four quarterly reports.</p> <p>Submitting performance evaluation reports to the parliament and sending these reports to specialist committees of the parliament for example: financial, integrity, economical, investment committee, etc</p>
<i>Co-operation with the Judiciary</i>	<p>According to FBSA's by-law, a section of parliamentary affairs has been formed and connected to the FBSA's President. This section is responsible to co-ordinate the presentation and discussion of annual and other periodical reports of the FBSA in the parliament and following up on the procedures taken concerning audit observations there-in. The FBSA's employees are assigned as financial or accounting experts to provide the court with advice prior to the issuance of judgment concerning the claims of a technical nature.</p>
Cyprus	<p>The SAI of Cyprus can recommend measures for improvement or highlight mismanagement, weaknesses in systems or deviations from legal provisions. If the deviations from legal provisions are serious, or if there are suspicions of fraud, the Attorney General's Office is notified of the findings and may instigate an investigation or legal proceedings. The final sanctions are decided by court.</p>
Bosnia & Herzegovina	<p>The Parliamentary Assembly of Bosnia and Herzegovina publishes its reports and provides recommendations. The Parliamentary Assembly of Bosnia and Herzegovina has the authority to act according to the findings and recommendations of the SAI (reduce budget, dismiss officials, etc), while the reports are also delivered to the Office of the Prosecutor that will evaluate them and press charges if they find that there are elements of criminal accountability involved.</p>

Name of Supreme Audit Institution

Good Practice

Lithuania

The SAI of Lithuania did not have the authority to impose fines but instead could recommend that where unlawfully spent appropriations occurred these amounts may be required to be returned to the budget or a recovery made for damages. This SAI has three dedicated staff to facilitate communication with the Judiciary.

Peru

The heads of the Judiciary, Public Ministry and SAI Peru have informal meetings. SAI Peru formed an agreement with the Judiciary and the Public Ministry for training in Public Management and Anti-corruption Systems :

- a. Integration activity among Public Ministry, the Judiciary and SAI Peru to create synergies
- b. Signing of a specific tripartite agreement to set a multidisciplinary team in charge of proposing regulations and guidelines to process relevant cases. The impact of this initiative resulted in marginal improvements in the number of cases that were successfully prosecuted.

SAIs may sign agreements for detailed co-operation with the Judiciary and/or executive bodies. For instance, SAI Peru has a specific channel of communication with the legislature through the Department of Parliamentary Affairs. Such communication allows both parties to be aware of each other's interest, in terms of strengthening public management and to have a better awareness of the SAIs role. This channel permitted the SAI to obtain significant powers related to the fight against corruption and the capacity to sanction in administrative matters. This co-operation resulted in administrative sanctions being imposed on public officers and realized a 38% higher success rate than through the Supreme Court.

Georgia & Malaysia

Though not possessing the authority to impose sanctions maintains day-to-day contact with the judiciary. This effort is bolstered by the inclusion of dedicated staff to facilitate communication between the judiciary and SAI.

Other Good Practices

Another SAI is also empowered to impose sanctions for breach of unfulfilled recommendations as the implementation and monitoring of same is binding on the audited entity. The SAI can also recommend that the internal audit unit should be responsible for ensuring that the recommendations are implemented and is tasked with the responsibility to follow up on the recommendations.

The SAI also has a complementary role in fostering the efficacy of the Court's recommendatory role. Having the legislative power, the Legislature could legally sanction those entities that systematically disregard the Court's recommendations. For instance, it could legally impose negative budgetary measures (e.g. diminishing the available budgetary resources of those entities that continuously disregard the Court's recommendations) as a condition for the approval of the Annual State Budget. The SAI reported that 51-75% of recommendations and 76-100% of administrative/corrective sanctions are implemented.

Other Good Practices

In one SAI, under certain circumstances, there is the possibility for the recipients of the SAI's judicial decisions to ask for a revision by the Court's Plenary. The SAI employs several means to ensure that the recommendations are implemented. The SAI has the ability under law to impose & recommend fines, and impose & recommend sanctions. While the SAI is empowered to impose fines, the SAI has the option to decide which authority, whether the Supreme Court, the Attorney General and/or the Public Ministry is the best/most appropriate "body" to send recommendations for sanction to. Once a court has made a decision, only a higher court can vary the fines or sanctions.

In the court model an SAI may accept requests from Parliament, without relying on it, and they liaise regularly with parliament. For example, in one SAI, the general rapporteur of the Court or the president in chambers in charge of the audits and the first president make representations before the Finance Committee or the Committee on Social Affairs.

In the Westminster model, the SAI can rely on the PAC for ensuring that its recommendations are implemented.