

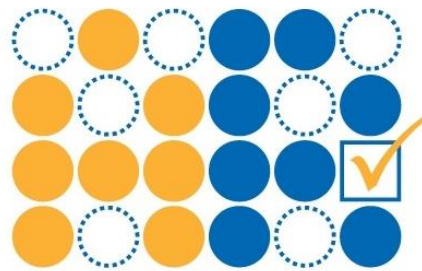


Targeting Superior Audit Impact

PRESENTATIONS

I to XIII

15 - 19 May 2022



Algemene Rekenkamer

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Day 2

Appendices I: (SAI PMF) Measurement Framework XII CAROSAI Congress

Presented by Mr. Ola Hoem

Deputy Director General/SAI Governance Dept.

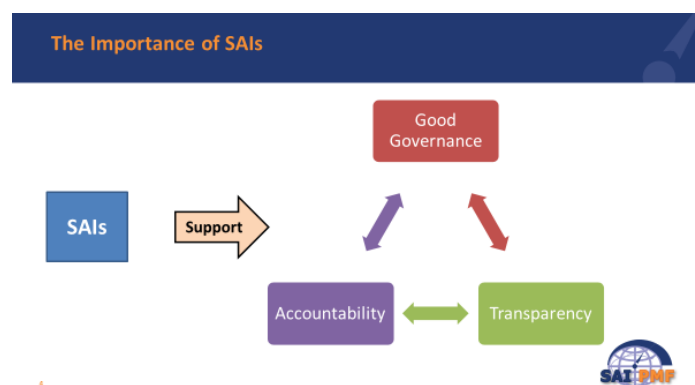
INTOSAI Development Initiative

Aruba, 16 May 2022

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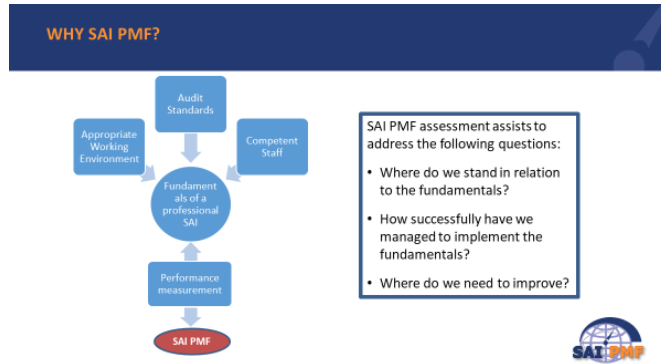
1. Why SAI PMF?
2. What is PMF?
3. Governance and Implementation Strategy
4. Status - Global Implementation and CAROSAI
5. Current Developments

The Importance of SAIs



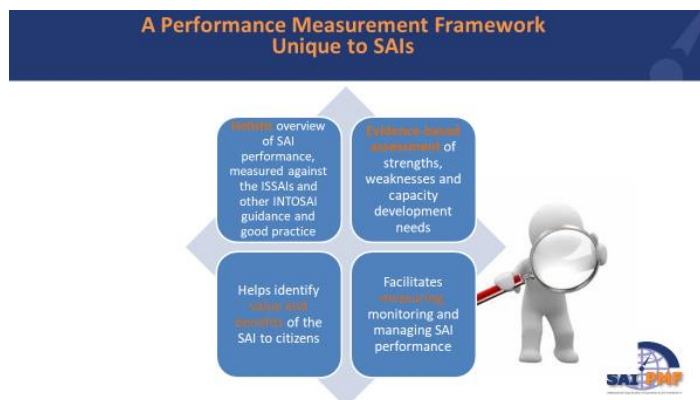
- Supreme audit institutions play a key role in supporting good governance, contributing to better accountability and transparency of the public sector.
- The management of public funds represents a trust between citizens and those to whom the governance of the country has been entrusted.
- Audit is therefore inherent in public financial administration as there is a need for an objective opinion from an independent party on how public resources have been applied by those in Government.
- To achieve this objective, it is indispensable that each country has a Supreme Audit Institution with a mandate to carry out public sector audits.
- INTOSAI-P 12 requires SAIs to contribute to making a difference to the lives of citizens by strengthening public sector accountability and transparency, demonstrating on-going relevance and leading by example in the promotion of accountability, transparency and good governance in the public sector.

WHY SAI PMF?



- This slide highlights the 4 fundamentals of a professional SAI, which should be in place for an SAI to deliver on its critical mandate elaborated in our two previous slides. These fundamentals include:
 1. An appropriate **working environment** for the SAI's mandate to be executed
 2. **Audit standards** which an SAI should follow when executing its mandate
 3. **Competent people** to follow the standards and execute the mandate, and;
 4. **Performance measurement** in order to demonstrate accountability as well as understand the institution's strengths and weaknesses
- Without the fourth fundamental, (performance measurement) the benefits and successes of the first three fundamentals cannot be determined. Hence, performance measurement enables an SAI to gain the insights needed to maximise its performance.
- Consequently, at the XXII INTOSAI Congress, the SAI PMF was approved as a universal and international tool for holistic and evidence-based measurement of SAI performance.
- A SAI PMF assessment assists SAIs to address the following questions:
 - ✓ Where do we stand in relation to the fundamentals of a professional SAI?
 - ✓ How successfully have we managed to implement the fundamentals of a professional SAI?
 - ✓ Where do we need to improve?

A Performance Measurement Framework Unique to SAIs



The first question people ask me about SAI PMF – once they know what it stands for of course – is what is it?

After today, I hope that you will all remember four things about SAI PMF.

- 1) First, it is **holistic**. That means it covers all common features of an SAI, and very importantly: the environment in which the SAI operates. SAIs do not exist in a vacuum, but as a part of a unique and complex country governance and political system, which shapes the SAI's role, its performance and its possibilities for improving the lives of citizens.
- 2) Second, it is an **evidence-based assessment**. As an auditor, I find it astounding that anything other than an evidence-based assessment exists. But they do. SAI PMF is not one of those. SAI PMF is all about collecting appropriate evidence to check whether defined criteria are consistently met across the SAI. In doing so, it helps identify the SAI's strengths and weaknesses, and capacity development needs.
- 3) Third, it is a communication tool which seeks to identify the **value and benefits** of the SAI to citizens. It draws heavily on INTOSAI's value and benefits framework, to allow the assessor to identify – and the SAI to communicate – how it is making a difference to the lives of citizens.
- 4) Fourthly, it places a heavy emphasis on **measuring** performance consistently over time. It seems strange now, but this was such a controversial idea when we started developing SAI PMF in 2011. There were many concerns, and quite rightly too. People worried about attempts to simplify complex measurements of varied aspects of an SAI into a single aggregate score. We resisted that. They worried about the creation of SAI performance league tables. We said never. They worried about being forced to publish performance scores that could undermine their credibility. We made sure the use, and publication, of assessment reports were decisions to be made by the Head of the SAI. But measuring performance brings a number of important benefits. It enables the SAI to monitor whether performance in every individual area of the SAI is improving or deteriorating over time. That's a very powerful management information system for the SAI's leadership. It allows the SAI to identify areas of concern on which to focus resources for reform. And it allows the SAI to demonstrate to its stakeholders, including Parliament and citizens, and those supporting it with funding, that its performance is improving: ultimately, that the resources being put into the SAI are contributing to sustainable improvements in the SAIs performance.

So please remember four things about SAI PMF.

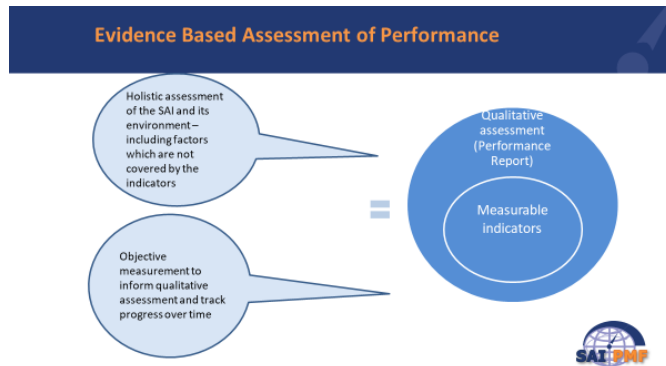
HOLISTIC.

EVIDENCE-BASED.

IDENTIFIES VALUE AND BENEFITS.

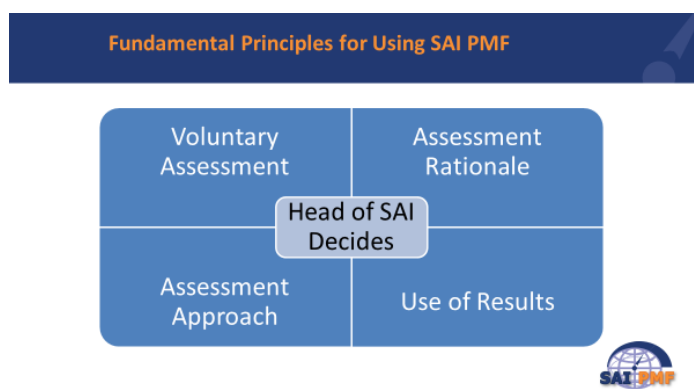
MEASURES PERFORMANCE.

Evidence Based Assessment of Performance



What makes SAI PMF such a powerful tool is the combination of quantitative and qualitative analysis. On picking up a SAI PMF report, users tend to turn first to the overview of indicator scores. A one-page numerical summary of up to 25 indicators based on 80-dimension scores. 105 numbers, all ranging from a 0 to a 4. And most likely, a few N/As for not applicable. Yes, it gives a very good and quick overview of the SAI. But alone, it doesn't tell you a story. It doesn't help the reader to understand **WHY** performance is the way it is. It doesn't show how strengths or weaknesses in one area contribute to good or poor performance in another. It doesn't show how the external environment – like weak accounting systems or a dysfunctional legislative – prevents even a strong SAI from making a difference to the lives of citizens. All this comes from the narrative assessment. Together, the measurable indicators and the performance report really do provide an excellent understand of the SAI's performance – and help the SAI to identify actions to strengthen its performance and its impact.

Fundamental Principles for Using SAI PMF



Voluntary Assessment

Head of SAI decides whether and when to conduct the assessment.

It should never be compulsory or a conditionality.

Assessment Rationale

Many possible reasons for conducting the assessment.

Assessment rationale drives the assessment approach.

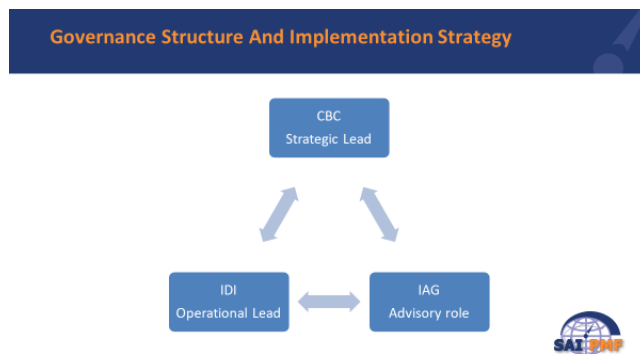
Assessment Approach

SAI decides on self-assessment, peer-review, external review or hybrid approach
 Use of Results
 Head of SAI owns the final performance report
 Head of SAI decides on its use and publication

GOVERNANCE AND IMPLEMENTATION STRATEGY

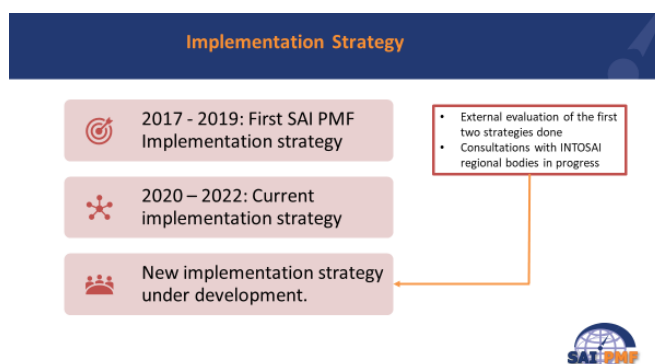
This section briefly highlights the SAI PMF governance structure and Implementation Strategy.

Governance Structure and Implementation Strategy



The INTOSAI Capacity Building Committee (CBC) is the strategic lead on the global implementation of SAI PMF. The IDI takes the operational lead on the global roll out and implementation of SAI PMF while the Independent Advisory Group, which constitutes voluntary donor organisations and SAIs, provide advice to both the CBC and IDI on the global implementation of the SAI PMF tool.

Implementation Strategy



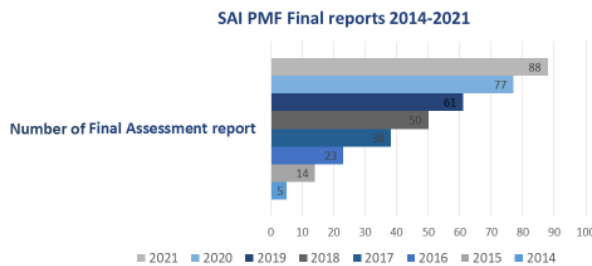
The first SAI PMF strategy covered the period 2017 – 2019. We are currently implementing the second strategy 2020 – 2022 which is expiring end of this year. We are already in the process of developing a new strategy for 2023 and beyond (we have not yet decided whether the new strategy will be a three-year strategy like the previous two or whether we want to align it with the INTOSAI strategic plan period of 6 years). An external evaluation of the implementation of the first two strategies has been done. Currently, we are in the process of making consultations with INTOSAI

regional bodies, including CAROSAI, on issues to be considered in the formulation of the next Implementation strategy.

STATUS - GLOBAL IMPLEMENTATION & CAROSAI

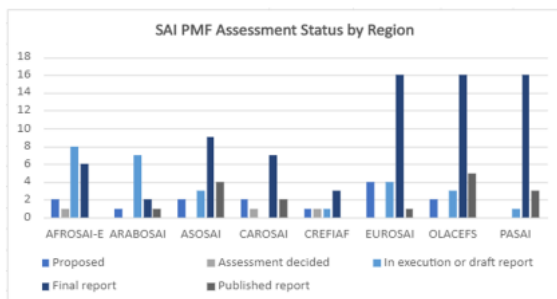
This section provides a summary status on global and regional implementation of SAI PMF as at the end of 2021.

STATISTIC ON THE FINAL REPORTS



Here you can clearly see that the number of SAI PMF reports has been increasing over time, which can be a good indicator that the INTOSAI community is becoming more focused on institutional development. It also entails more and more SAIs have seen the value in adopting the SAI PMF tool as a holistic and evidence-based assessment of SAI performance. As IDI, we encourage SAIs in the CAROSAI region that have not yet conducted a SAI PMF assessment to consider undertaking this exercise. Certainly, this is a worthwhile undertaking and SAIs that have gone through the process within CAROSAI can attest to this.

STATISTIC ON THE FINAL REPORTS— REGIONAL IMPLEMENTATION



This slide provides some statistical information about the number of finalised SAI PMF reports in 2021 at a regional level. As you can see EUROSAI, PASAI and OLACEFS have the highest number of SAI PMF final reports, but it is worth mentioning that many SAIs in

the rest of the regions are still in the process of conducting a SAI PMF assessment; we expect the number of SAI PMF final reports to increase in the other regions as well. This slide also demonstrates that the number of published SAI PMF reports is relatively low in all the regions. While it is up to the Head of the SAI to decide whether to publish the SAI PMF report or not, we highly encourage SAIs to publish or share the assessment results with key stakeholders since this underscores that the SAI is leading by example, is transparent and accountable in line with the requirements of INTOSAI-P 12.

STATUS OF SAI PMF IN CAROSAI

- Summary of assessments conducted
 - Published reports – 2
 - Final reports – 7
 - Independent Review – 1
 - Proposed – 2
 - Decision by Head of SAI – 1
- 39% of SAIs in the region have completed a SAI PMF assessment
- Facilitation programme conducted from May 2020 to June 2021: 4 SAIs participated and successfully completed the assessment - Aruba, Belize, Dominican Republic, St. Lucia
- A new facilitation programme planned to commence in the second half of 2022 - to include a focus on repeat assessments

CURRENT DEVELOPMENTS

E-SAI PMF, AN ONLINE APPLICATION SOFTWARE



The application will streamline assessment:

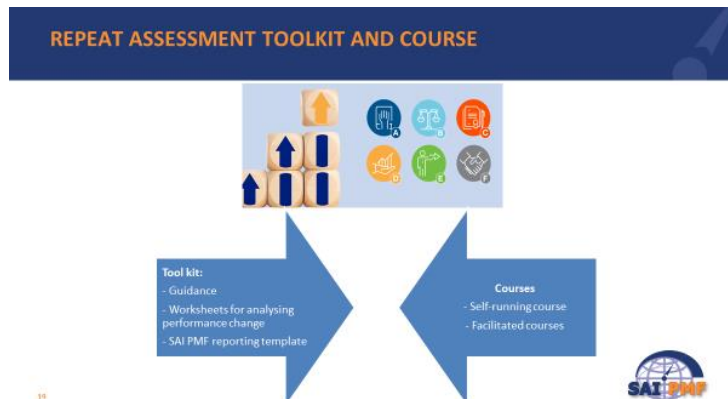
- Process
- Support
- Repeat assessments



E-SAI PMF, AN ONLINE APPLICATION SOFTWARE

- Since 2021, IDI has been developing an online application for SAI PMF. The application will support and streamline the assessment process, facilitate support to assessment teams, provide integrated guidance and enable the generation of sections of the report narratives.
- The application is currently being finalized in readiness for piloting. Further work to fully integrate repeat assessments in the application will be considered in due course.

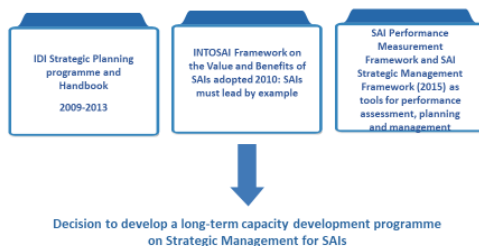
REPEAT ASSESSMENT TOOLKIT AND COURSE



- The SAI PMF Team has developed a SAI PMF repeat assessment toolkit to provide guidance to assessors on how to conduct a repeat assessment. The toolkit entails a Guidance for conducting a SAI PMF repeat assessment, Worksheets for analyzing performance change and a SAI PMF repeat assessment reporting template.
- Further, to assist assessment teams to improve their competence on conducting a repeat assessment, a SAI PMF Repeat Assessment Self Running course is being developed. Assessors can take this course online at any time. The course is yet to be launched at the start of July 2022. In addition, assessors will also have an opportunity to receive online or face-to-face training on conducting a SAI PMF repeat assessment through one off training programmes or as part of a facilitated programme.
- The SAI PMF repeat assessment self-learning course will certainly be of interest to the CAROSAI region considering that a number of SAIs have conducted their baseline assessment in the past 3 to 5 years and are due for a repeat assessment. Feel free to contact the SAI PMF Team in the IDI for any assistance regarding conducting a SAI PMF repeat assessment, and indeed for any other assistance you may wish to obtain

Strategy, Performance Measurement and Reporting (SPMR) Initiative

SPMR Background



Findings from 2017 and 2020 Global SAI Stocktaking Reports



- 91% of SAIs have a strategic plan, but only a third of those are public
 - 86% of SAIs have some form of operational plan in place
 - However issues with the SP's causal results chain
 - Plans often lack ambition or realism
 - Disconnect between strategic and operational plans, and between plans and budgets
 - Significant limitations in monitoring and reporting on performance
- 92% of SAIs have a strategic plan, and 79% of those are made public
 - 88% of SAIs have some form of operational plan in place
 - However issues with quality of strategic plans remain
 - Plans often lack ambition or realism
 - Disconnect between strategic and operational plans, and between plans and budget
 - Transparency and monitoring/ reporting issues remain
 - HR is often not sufficiently effective and supporting of the SAI's strategic performance objectives
 - Risk management, leadership development, professional development, gender are areas for improvement



SPMR Specific Objectives



SPMR at a glance

SPMR at a glance



- ✓ 5 components
- ✓ Methodology piloted in PASAI and CAROSAI
- ✓ 50 SAIs across 7 INTOSAI regions
- ✓ Mix of workshops, remote and in-country support

- SPMR in CAROSAI:**
- Cayman Island, Guyana, Jamaica, Suriname, Trinidad and Tobago (Pilot phase in 2018)
 - St. Lucia, Aruba (Phase 2)



The program's global objective is to have strategically managed SAIs and INTOSAI regions that deliver better results, ensure higher value and benefit positively the lives of citizens
 Improving the quality of the SAIs strategic planning process Supporting SAIs in establishing a sound Strategic Management process Strengthening INTOSAI Regions capacity to provide Strategic

Management support to SAIs Promoting the use of existing INTOSAI Global Public Goods throughout the Strategic Management Cycle

Development of Strategic Management Handbooks: As stated earlier, in 2017 will develop the guidance on Strategic Management for SAIs. This guidance will be piloted, finalized and published in 2018 as per the new IDI QA protocol on Global Public Goods. Likewise, the Guidance on Strategic management for INTOSAI Regions, which will now be a separate handbook given the uniqueness of these INTOSAI bodies, will be finalized in 2018 as per the IDI QA protocol. These two handbooks will provide detailed step by step guidance on the strategic management process which includes not only the development of a strategic plan, but its implementation, measurement and reporting on performance. The document will also be translated into Arabic, French and Spanish

The full scope of the program implementation at the SAI level, as per the IDI handbook on Strategic management will include:

1. Carrying out an evidenced-based assessment of their current performance as a basis for the development of their new strategic plan, using any relevant tool including SAI PMF.
2. Development of their Strategic plan and Setting up a performance measurement system.
3. Monitoring and Reporting on Performance during the first year of implementation.
4. Mid-term assessment of the implementation of the strategic plan as a basis for the development of the SAI’s next Strategic plan.

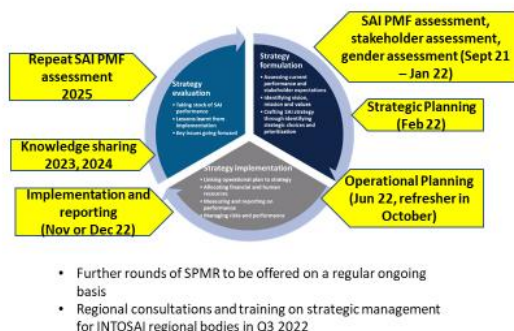
Participating SAIs will be offered the option to either be supported from steps 1 to 4, which is the full range of the SAI Strategic Management cycle, or when relevant (For example when the SAI has already carried out a SAI PMF or assessed its current situation through an evidenced-based process) supported in steps 2 and 3. Depending on the agreement between the IDI and the SAIs, the program will either delivered for an individual SAI or provided for a group of SAIs (Global or Regional level).

On the other hand, INTOSAI Regions will be supported on an individual basis, as it is currently the case for CAROSAI, ARABOSAI and CREFIAF.

The IDI will take stock in 2020 and document lessons learned. The IDI will also plan virtual exit meetings with different SAIs and regions after the review of the implementation of the first operational plan.



SPMR future plans



End of Presentation

Day 3

Appendices II: LEAD PAPER
TARGETING SUPERIOR AUDIT IMPACT
XII CAROSAI Congress
Presented by Ms. Carolyn Lewis
Deputy Auditor General, SAI Jamaica
Aruba, 17 May 2022

Introduction

1. Over the last decade, the role of SAIs has been brought into sharp focus, expanding beyond their traditional role of promoting public sector transparency and accountability, with some taking a more active stance in combating corruption. In 2011, the United Nations assembly adopted resolution 66/209 articulating for the first time, the UN's support of the Lima and Mexico Declarations by encouraging all member states to consider the independence and capacity of SAIs in the national context. Thereafter, in 2015, we saw the UN's adoption of the Sustainable Development Goals (SDG) which heralded a new era for SAIs, as bodies such as UNDESA, signaled SAIs to become integrally involved in monitoring governments' steps towards implementing the 17SDGs. Importantly, with the functionality of SAIs captured directly under SDG16- Justice Peace and Strong Institutions, there was need to ensure that SAIs had the capacity to provide robust oversight.
2. The International Organisation of Supreme Audit Institutions (INTOSAI) - P12 addresses the principle of SAIs remaining relevant and contributing positively to the lives of citizens. Importantly, the pronouncement underscores that SAIs exist to provide assurance to the citizens

that matters of governance and public spending are functioning as they should- where there are issues, these matters will be reported by the SAI. As a government evolves based on the economic and social environment, so should the SAI with the modality and focus of audits evolving in tandem with changes in the environment. An SAI audits should comply with high-quality standards and reflect the needs of the citizenry. To be impactful, SAIs must have constitutional and institutional structures and capacities to deliver. This paper will explore the tenets that are considered fundamental to SAIs fostering an environment conducive to delivering audit impact.

Independence

3. The foundation of an SAI's existence is its legislative framework. The IDIs 2020 Global Stocktaking (GS) Report states that "for SAIs to be effective, credible institutions that deliver on their mandate, they need to be independent from the audited entity (Executive) both in terms of de Jure and de facto SAI independence. Therefore, a well-defined legal basis is a critical prerequisite for the effective functioning of SAIs. It should cover the independence of the SAI versus the executive branch of the government and provide the SAI with sufficient operational powers to establish its role as the external auditor of the government". Equally, SAIs should be able to deliver their mandates without interference and fear of repercussions, a position also supported by the UN Resolution 66/209.
4. At the same time, whereas many SAIs in the Caribbean region have some elements of independence, few have control over their budget formulation. This issue was revealed in the latest Global Stocktaking Report (2020), which ranks CAROSAI with a score of 33, with 100 being the highest and only ahead of CREFIAF with 16 points. For many SAIs in the region, the impact of low budgetary influence may have affected their ability to function during the lockdown period of the COVID 19 Pandemic, as they were not technologically equipped. The survey - *Effects of the COVID 19 Pandemic administered by CAROSAI* showed that 9 SAIs (40 per cent of membership) were completely closed during the lockdowns. A number of SAIs also indicated that several audits were stalled and 8 SAIs lacked IT equipment; all SAIs responded that support was needed to build IT infrastructure and knowledge. It could be argued that if SAIs have greater control over their budgets, they could allocate scarce resources to high priority areas.
5. Additionally, with greater autonomy over their human resources, SAIs could better attract and retain competent staff. Engaging staff with complementary qualifications and experience, such as economists, engineers, professional investigators, could enable SAIs to enhance their audit products particularly in the area of performance audits and/or special audits. Equally important, the SAI would be agile to respond in a timely manner to the changes in its environment. More recently, related to the impact of the Covid-19 pandemic, SAIs with existing capacity have been encouraged to conduct real-time audits, especially under conditions where large sums are expended for social support in a short space of time.
6. Of note, CAROSAI received a high score of 92 on the independence element regarding discretion to discharge SAIs mandates. However, for Principle 1.7 in relation to whether SAIs have appropriate mechanisms for following up on audit findings and recommendations, CAROSAI was the worst performer with an average score of 35, suggesting that SAIs in the

region could benefit from mechanism /tools that track the implementation of their recommendations, an important gauge of the effectiveness of SAIs.

Relevant SAIs

7. “SAIs deliver value to all by exercising independent external oversight to ensure accountability, transparency, inclusiveness, ethical behaviour and effectiveness of public governance.”¹ SAIs undertake assurance and/or performance audits to deliver value, as the SAI’s constitutional mandate allows.

Assurance Audit

8. Assurance audits can be categorized into three broad audit types: compliance, financial statements and information technology. Many SAIs are limited by their constitution to undertake only compliance audits. While not desirable, this restriction should not limit the SAI from maximizing its impact of such audits.
9. *Compliance audits*, referred to as regulatory audits in some quarters, are undertaken to determine a public body’s adherence to laws, rules and procedures framed to govern prescribed activities. Governments, by their very nature, are rules-based. Whereas some may view the plethora of rules as cumbersome, the fact is that every cent is being spent on behalf of the citizens. Consequently, citizens need to be assured that all expenditures are undertaken with due regard to probity, transparency and accountability. Citizens must have confidence that where there is a departure from the rule(s), this will be detected and reported by the SAI in a timely manner. This will engender the trust of the citizens not only in the work of the SAI but also build confidence in government; high-quality compliance audit reports provide the means for the public to hold those charged with governance accountable. The impact of compliance audits can be enhanced by undertaking high-risk subject matter areas such as focusing on procurement or project management. Additionally, SAIs may choose to undertake cross-cutting compliance audits, which allow for the identification of common weaknesses and good practices across the central government and public sector entities. Therefore, cross-cutting audit findings and recommendations can influence policy or procedural changes at a macro level. CAROSAI undertook a collaborative compliance audit of procurement some years ago, which served to bring awareness to the ISSAI Compliance standard as well as examining an area of high priority to all SAIs that participated. The published compendium report on this project revealed that the audits produced meaningful findings and recommendations.
10. *Financial Statements* audits provide the same impact as do compliance audits. They not only provide a means to hold those charged with governance accountable for their financial stewardship but also facilitate informed decision-making. It is therefore imperative that entities have reliable, high-quality financial reports on which to base their strategic decisions and equally important, that these financial statements are audited in a timely manner. Further, that SAIs will undertake financial audits with due regard for and compliance with high-quality audit standards

¹ Reimagining SAI Audit Impact – A reflection paper

issued by INTOSAI. SAIs financial audits create impact through independent audit reports which are objective and reliable. SAIs can also add value by assessing the performance of an entity, through analytical reviews of financial statements, using ratio analysis. These reports can be useful to stakeholders, including parliamentarians who may be unfamiliar with financial statements and have difficulty interpreting same.

Performance Audits

11. *Performance audits* add significant value to the work of an SAI by assessing whether a public entity, activity or programme is achieving its mandate with due regard to economy, efficiency and effectiveness. An independent performance audit report also provides an unbiased and nonpolitical report on government operations and serves as an impetus to demand good governance and greater accountability in the public sector. Performance audits can so benefit citizens, public institutions, and the government in their decision-making processes. These types of audits add value and insight into government operations providing information to improve performance, financial management and operational efficiency in the public sector, while informing those charged with governance and oversight responsibilities of the critical need to improve performance. Performance audits also highlight important lessons by way of actionable recommendations for government that may be replicated to drive lasting improvement in the public sector. This can lead to better use of resources by public bodies while allowing the SAI to contribute to accountability in public sector management and the overall democratic process. For example, a good performance audit report enables the citizenry to effectively scrutinize public sector performance and influence decision-makers, such as parliament and the government, to make changes that lead to better value-for-money outcomes. The findings also facilitate decision making by executives charged with responsibility to oversee or initiate corrective action and improve operations. Actionable recommendations can lead to greater efficiency in service delivery for an effective and responsive public sector.

Professionalisation

12. A Supreme Audit Institution (SAI) is required by its mandate to produce high quality impactful audit reports through effective audit scrutiny intended to hold public officials accountable for the use of public funds. For the SAI to execute its mandate it must be seen as credible. Credibility within the SAI is often measured through its professionalism, which can be defined as behaviour that maintains audit quality. For any SAI to maintain credibility and audit quality, auditors' professional knowledge must be demonstrated through the application of the relevant audit standards that guide the planning, execution, and reporting, especially where agility has become the norm.

Emerging Competencies

13. An INTOSAI Capacity Building Committee Occasional paper entitled *The Future Relevant, Value Adding Auditor*, the emerging competencies for an auditor are centered around four broad

areas: Critical Thinking, Resilience, Collaboration and Digital Literacy. The last two years of operating within the context of COVID-19 and lockdowns, forced a review of auditing practices which required SAIs to strengthen the integration of technology into the audit processes and establish new norms in how they interact both with clients as well as their team members. In responding to these emerging competencies, it is important for SAI leaders to invest in their human capital, the SAI greatest asset. SAIs should therefore ensure that such investment is done in a structured manner to garner critical competencies whilst remaining relevant and adding value in the future.

14. Many SAIs have taken the first step by automating their audit processes but must now seek to develop the know-how of managing and analyzing data as a component of each audit undertaken and not limiting the use of data analysis to specific audit types.

Effectively leveraging our Human Resources

15. To be impactful, SAIs must seek innovative ways to manage and improve its resources in a sustainable manner. As a first step, SAI should effectively leverage its human resource towards an enabling environment where the future-relevant and value adding auditor can emerge. This will require a strategic shift which involves the implementation of a medium to long term capacity development plan that is aligned to the SAI strategic objectives. In crafting such a plan, SAI Leaders must take the following into consideration:
 1. What complementary skills do they need to add to their current capacity? These skills could include non-auditing such as economists, engineers, and information technology specialists.
 2. What changes are occurring within the public sector? Many public sector entities are embracing technology to improve efficiency. Others are pursuing sector policies which require significant adjustments in how business is conducted as a means of realizing the SDGs.
 3. How best can they support continual learning of their staff as a way of retaining critical skills and knowledge? Continuing Professional Development (CPD) is an important initiative in professionalization. It is the process by which professionals maintain, improve and broaden their knowledge, skills, experiences, and develop personal qualities and competencies required in their field. An important hallmark of CPD is the commitment shown towards self-improvement or development. This is required to survive and effectively function in a dynamic and agile auditing environment.
 4. How will performance be assessed, managed, and rewarded especially as compensation is not a component that SAIs can determine independently? Does the SAI have a profile of its staff members which provides insights into capability and or knowledge gaps?
16. SAIs' investing in the professionalisation is not just providing staff with knowledge and skills required for the job, but also influencing their attitudes and behaviours to make them more effective. This move will also enable the SAI to contribute to United Nations SDG 4-

Quality Education by ensuring SAI auditors acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles....²

Professionalisation through promoting learning and knowledge sharing³

17. SAIs can also maintain and improve professionalisation that will support auditors to effectively conduct impactful audits, through SAI participation in INTOSAI activities. This not only allows for the exchange of knowledge and experience but will also build networks with other SAIs and relevant institutions. This demonstrates that SAIs embrace the collaborative approach. Collaborative approach has been specifically developed within the Strategic Business Plan for CAROSAI, as the initiatives embarked on seeks to allow for a regional and global perspective to enhance the knowledge-base of participating SAIs. For example, within CAROSAI we have eleven (11) SAIs participating in the Professional Education for SAIs Auditors Pilot (PESA_P)⁴. Other collaborative programmes at CAROSAI level include a corporative compliance audit of procurement and Covid-19 expenditure, Transparency Accountability and Inclusiveness (TAI) and Performance audit on the audit of SDG 3 Health Audit. These programmes are intended to strengthen the full adoption of the relevant ISSAI standards and support continual professional development of our auditors.

18. Notwithstanding, as a Region more work needs to be done to level the playing field in the professionalisation of auditors. The result of the survey mentioned earlier reveal various degree of professionalisation across the region and showed that there was a lack of structured training at the local level among SAIs, and a less than desirable proportion of qualified staffed, which runs counter to the objective of professionalising staff. This underscores the need for SAIs to have independence in managing their human resources thereby ensuring the SAI recruits, develop and maintain the requisite skills and competencies that will enable the SAI to respond to emerging issues and create meaningful impact.

19. Therefore, it must be stressed that the professionalisation within an SAI, if effectively harnessed, will enable the SAI to achieve its goals. Leaders within a SAI must realize that they have a responsibility to allow audit teams to implement the vision and direction of the SAI. SAIs must be forward thinking, seeking to recruit the best fit and creating a multi-skilled and diverse team, open to change and demonstrative of the core values of the SAI. Operating within the new paradigm where the long-term staff member no longer exists, requires SAIs to know the capabilities of their teams and encourage a workplace culture that values and recognizing their contribution to the SAI achieving its state division and mission.

² UN SDG 4- Quality Education 4.7.

³ ISSAI 12- The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens: Principle 12

⁴ The PESA-P is part of the ISSAI Implementation Initiative geared towards developing the auditor's capability to not only talk about an audit but also execute an audit; as such, it links the education to the auditor's local environment

Engaging with Stakeholders

20. As SAIs, stakeholders are impacted by our audit work. Developing stakeholder relationships demonstrates a shared understanding and provides a foundation on which interactive communication can exist between the SAI and stakeholders whose interests are vested in the work of the SAI.
21. ISSAI12, The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens – Principle 6 speaks to SAIs “Communicating effectively with stakeholders”
- i. SAIs should communicate in a manner that increases stakeholders’ knowledge and understanding of the role and responsibilities of the SAI as an independent auditor of the public sector.
 - ii. SAIs’ communication should contribute to stakeholders’ awareness of the need for transparency and accountability in the public sector.
 - iii. SAIs should communicate with stakeholders to ensure understanding of the SAI’s audit work and results.
 - iv. SAIs should interact appropriately with them in order to facilitate communication with the citizens.
 - v. SAIs should engage with stakeholders, recognizing their different roles, and consider their views, without compromising the SAI’s independence.
 - vi. SAIs should periodically assess whether stakeholders believe the SAI is communicating effectively.
22. Considering these ISSAI requirements, in August 2017, INTOSAI Development Initiative (IDI) launched a Strategy Development Workshop to provide guidance to SAIs on these key principles of stakeholder engagement. While SAIs generally engage stakeholders, the IDI initiative was not only useful for participating SAIs to recognize the need to develop a systematic approach to communicate better with stakeholders, but also for SAIs to comply with relevant international best practices on stakeholder engagement, including the ISSAI.
23. The initiative allowed for SAIs to use various tools to assess the SAI’s legal and operating environment given their mandate. This was necessary to identify and analyze key stakeholders, their interests, and risks to develop work plans, which set out the strategies, techniques, tools and channels for communicating with stakeholders. SAIs were expected to develop and implement a formal framework to support the process of stakeholder engagement, both internal and external. Participating SAIs were able to understand the key concepts and benefits of engaging with stakeholders. Of the nine SAIs in CAROSAI that participated in the initiative, six submitted approved frameworks to ID. The implementation of the framework has contributed to positive out comes as SAIs increased their interaction and involvement with people and organisations who are either affected by or can influence the work of the SAI. At the last Congress held in Guyana, we learnt from Montserrat that stakeholder engagement was instrumental to its successful completion of the performance audit on Major Capital Projects and the Montserrat Social Security Fund. Today, Montserrat continues to interact with all stakeholders on various levels, communicate their findings to the citizens via the media. This engagement resulted in greater participation of various

stakeholders which has enabled the SAI to achieve their overarching goal of providing better value and benefits to the citizens of Montserrat.

24. Similarly, for Jamaica, at the level of individual audits, stakeholder engagement is a central theme throughout the audit process, with focus group discussions being a standard component of the audit planning phase. SAIs benefit from diverse perspectives from focus group discussions that often lead to obtaining qualitative evidence from a strategic standpoint on the study topic. In recent times, stakeholder satisfaction surveys are used to get feedback from specific groups or the general population to obtain their opinion on the study topic. The surveys have proven to be a powerful element in providing valuable insight and information to support the performance audit reports. These examples illustrate the effectiveness of stakeholder engagement in maximizing the impact and value of audit reports and contribute to stakeholders' awareness of the need for good governance in the public sector.
25. Similarly, post audit surveys have provided the audited entities with an avenue for anonymous feedback on the conduct of the audit and the level of professionalism demonstrated by the audit team, so that the necessary improvements can be made by the SAI to achieve best value from the audit process.

Well governed SAI

26. Effective governance is necessary for an SAI to remain relevant, credible and responsive to achieving the delivery of high-quality audits that impact its stakeholders. The key characteristic of *Well-Governed SAIs* is effective and inclusive leadership that implements policies to manage SAI performance at the strategic and operational levels. These policies should promote ethical and gender-sensitive behaviour, human resource development and growth, a robust quality management system and risk management.
27. The 2017 IDI Global Stocktaking report showed that while almost all SAIs have a strategic plan, there are substantial opportunities for improving their quality and for strengthening their implementation through sound strategic management processes. To provide effective support in this area, the IDI has been implementing two interrelated initiatives.
28. First is the SAI Performance Measurement Framework (SAI-PMF) assessment methodology, which provides a holistic and objective basis for developing relevant strategic plans and for measuring the resulting changes in SAI performance and capacity over time. Second is the Strategy, Performance Measurement and Reporting (SPMR) initiative, which supports SAIs in strengthening all aspects of their strategic management. SPMR aims at supporting SAIs to better assess, plan, monitor and manage their performance throughout an entire strategic management cycle. Through this, SAIs can significantly enhance their governance, act as model institutions, and deliver value and benefits to citizens. The SPMR approach covers carrying out a performance assessment using the SAI-PMF methodology, the development and implementation of a sound strategic and operational planning process, as well as the establishment of an effective monitoring and reporting framework.

29. Over the past 12 months, we have seen evidence of SAIs coming under increasing pressure by their legislature. In recent times, an Auditor General was suspended and was required to face a tribunal for circumstances which have not yet been determined. It was reported that there were concerns surrounding the objectivity of the Auditor General in under taking the audit. This is just one of many examples. Whereas instances such as the one aforementioned strengthen the argument for SAI independence, it also brings to sharp focus the need for SAIs to be well-governed. Governance arrangements of SAIs must be sufficiently robust to ensure not only that it is a model agency but that it can withstand scrutiny. – as scrutiny will come. To ensure its effectiveness, a SAI must put measures in place to ensure its resources are adequately managed. This requires that SAIs establish a formidable control environment, set appropriate strategic objectives and implement effective monitoring systems to measure performance.

CONCLUSION

30. The role of an SAI has evolved from the traditions of expressing an opinion on the financial statements to one that is instrumental in public sector governance to reduce waste, improve the quality of public services, and assess the achievement of public programs goals in accordance with the criteria of efficiency, effectiveness, and economy. With this evolution, stakeholders are looking to the SAI to report on audit results, thereby enabling the public to hold government and public sector entities accountable for the use of public funds. This requires the SAI to re tool and implement effective communication strategies to meet stakeholders' expectations. SAIs must therefore acquire different skills set and competencies to respond to the changing environment in order to remain relevant and value adding to the public financial management process.
31. As a region, the relatively low degree of independence as negatively affected SAI's ability to fulfil their mandate. Nonetheless, SAIs are encouraged to use the limited resources they have at their disposal to find innovative means to report independently on their work and implement appropriate mechanisms to follow up on audit findings and recommendations as a means to assess the impact of their work. Additionally, SAIs should not only seek to create impact through the audits conducted but they should also seek to become a model organisation that lead by example.

References

1. INTOSAI-P 12 The Value and Benefits of Supreme Audit Institutions –making a difference to the lives of citizens
2. INTOSAI Capacity Building Committee Occasional Paper –The Future Relevant, Value-Adding Auditor
3. INTOSAI global Stock Taking survey 2020
4. CAROSAI Profile of Member Countries

End of Presentation

Appendices III: Small Island Challenges

PASAI Experience

XII CAROSAI Congress

Presented by Ms. Sinaroseta Palamo - Iosefo

PASAI Director Practice Development

Aruba, 17 May 2022

Presentation Outline

- i. PASAI Context
- ii. Challenges – SAI PMF results
- iii. Post Pandemic challenges
- iv. Response to Challenges
- v. Summary

PASAI Context

Governance

- Congress – 27 members
- Governing Board
- Secretary General/Secretariat

Clusters with the Region

- Melanesia, Micronesia, Polynesia
- Supporting SAIs from developed countries – Australia and New Zealand

3 Government Models

- Westminster Parliamentary
- US Congressional
- Court of Accounts System

Challenges – SAI Independence

53% of SAIs in the region requires appropriate and **effective constitutional framework**

85% of SAIs do not have adequate **financial independence**

52% of SAI do not have adequate **organisational independence**

69% do not have **independence** in the appointment and removal of the **SAI head** and its members

Challenges – SAI Capacity and Capability

- Limited resources – human, financial, capital
- Limited/no pool of qualified people to recruit from
- Lack of strategic management capability
- Weak internal governance systems
- Limited engagement with wider stakeholder community
- IT infrastructure are not well established

Post Pandemic – New Challenges

- New audit risks
- Readiness to adapt during a crisis
- Competing priorities/overwhelmed
- Keeping up with technological changes
- New working arrangements

Our Response/Approach

- Develop training, manuals and guidelines, LMS
- Partnership – IDI, SNAO, Australasian Council of Auditors General (ACAG), other regional organisations, development partners
- Engage consultants – Australian DFAT and New Zealand MFAT
- SAI Portfolio – Build relationships with SAIs

Notes by rapporteur:

Small Island Challenges (Panel discussion with smaller SAIs) - Sinaroseta Palamo-Iosefo (PASAI)

Date and Time of Session: May 17, 2022 at 9:45 -10:15

Moderator: Sandra Stephens-Malcolm, AG Turks & Caicos Islands

Rapporteur: Lay Hing de Kort-Yee, Aruba

Summary of presentations: The challenges faced by the islands in the pacific was shared.

Provided a summary of the context of the SAIs in the PASAI regions.

There are 3 government models in the PASAI region;

The Westminster parliamentary

US congressional

Court & Account system

The smallest island has 2 staff. Few of the SAIs have more than 30 employees.

The challenges faced by the pacific SAIs:

- Lack of independence.
- 85% don't have adequate independence
- 52% of SAIs do not have organizational independence

The SAI needs resources to be able to execute its mandate without interference of the minister of finance nor the government in office. When leadership is appointed independently and can share results without the risk of persecution. Another challenge is SAIs capacity building including human resources. Limited resources – human, financial, capital. Including limited pool of qualified people to recruit from. Some islands don't have universities and because of that they go overseas and hopefully come back to contribute to their countries.

SAIs need to focus on their core business, but without leaving out the importance of strategic management capability.

Another challenge is weakness of internal governance. The importance of maintaining contact with stakeholder and civil organization society. IT infrastructure are not well established. Internet is unstable.

Post-pandemic new challenges;

There are new audit risks. The SAIs need to address new trends. Including that audit changed to audit remotely.

Competing priorities; there are different stakeholders and different types of demand. To be able to tap in new interventions needed to be introduced next to all priorities that SAIs already have.

Keeping up with technological advances;

New working arrangements – people working from home, for some country even could not work from home.

Capacity building as a challenge yet how do you fulfill that balance while maintaining SAIs mandate

Capacity building as a challenge yet how do you fulfill that balance.

Having meetings between the different SAIs and to discuss possible training opportunities between SAIs and work around their plan. Try to advise the SAIs and consider prioritizing their trainings.

Which trainings have priority in a way to maximize participation from the SAIs. Regional training online provided by different SAIs through the use of consultants.

PASAI case: One secretary and 4 directors.

The directors can take a closer look to specific regions in the Pacific region. Australia and New Zealand funds this, which differs from CAROSAI in that respect.

End of Presentation

Appendices IV: Small Island Challenges

ARUBA

INCLUSIVENESS

Leave no SAI behind

XII CAROSAI Congress

Presented by Mrs. Xiomara Croes-Williams

Chairwoman Court of Audit Aruba

Aruba, 17 May 2022

INCLUSIVENESS

LEAVE NO SAI BEHIND

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Chapter 1 – Introduction

Targeting Superior Audit Impact

Chapter 2 - Small Island

Aruba Demographics Data, Economy and Finance

Chapter 3 - SAI PMF Aruba

Summary Main Findings

Chapter 4 - Discussions & Share Experiences

Chapter 1 - Introduction

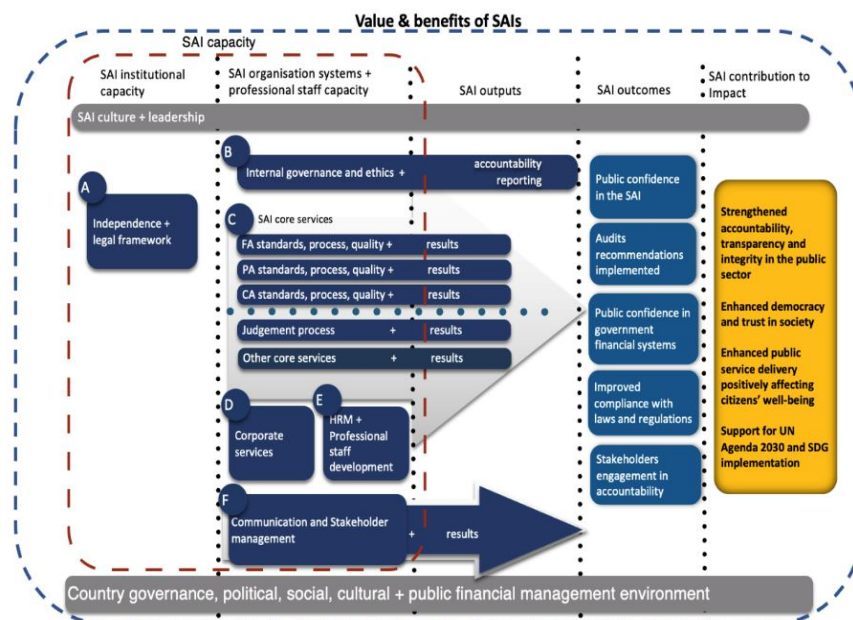
Targeting Superior Audit Impact

What is it that the Supreme Audit Institution (SAI) is ultimately aiming to achieve as an institution?

SAI's contribution to Impact:

- 1) Enhanced democracy and trust in society
- 2) Strengthened Accountability, Transparency and Integrity in the public sector
- 3) Enhanced public service delivery positively effecting citizen's well-being
- 4) Support for UN Agenda 2030 and SDG implementation

Management Framework



SAI Impact

- A SAI can only sustainably improve its performance if it defines this same performance in terms of the long-term, lasting societal changes it aims to influence (but cannot control or directly influence)
- What is it that the SAI is ultimately aiming to achieve as an institution?
 - Strengthened accountability, transparency and integrity in the public sector
 - Enhanced democracy and trust in society
 - Enhanced public service delivery positively affecting citizen' well-being
 - Support for UN Agenda 2030 and SDG implementation

SAI Outcomes

- Medium to long term changes in the SAI's immediate environment that the SAI can substantially contribute to, but which are still not within the full control of the SAI as they involve the behaviour of other stakeholders.
- How can we make sure we are regarded as a credible and independent institution, our audit reports make a difference, and our stakeholders engage and support our cause?
 - Parliamentary follow-up and executive implementation of audit recommendations
 - SAI as a model organization for transparency, accountability and integrity
 - Enhanced relevance and stronger public confidence in the Sai
 - Public confidence in government financial systems
 - Improved compliance with laws and regulations
 - Stakeholder engagement in accountability

SAI Outputs

- Direct products of SAI Processes, which the SAI is mostly responsible for
- What is the best way in which the SAI can exert influence and facilitate the achievement of the outcomes which are not entirely under the SAI's control?
 - Accountability reporting: Annual performance reports, peer reviews, evaluations, audited financial Statements
 - Results of audits and other core work: Coverage, quality timeliness
 - SAI communication and stakeholder engagement results.

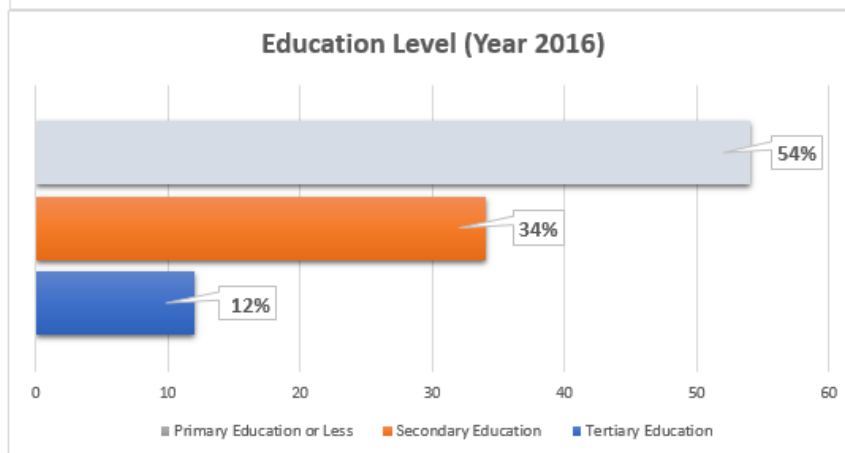
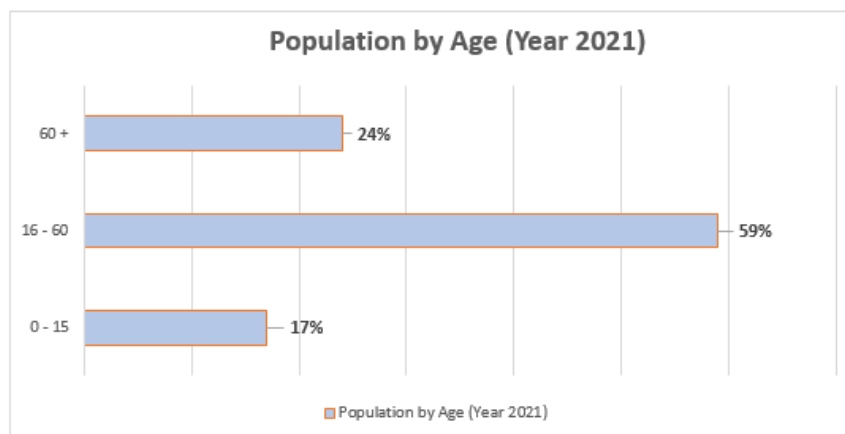
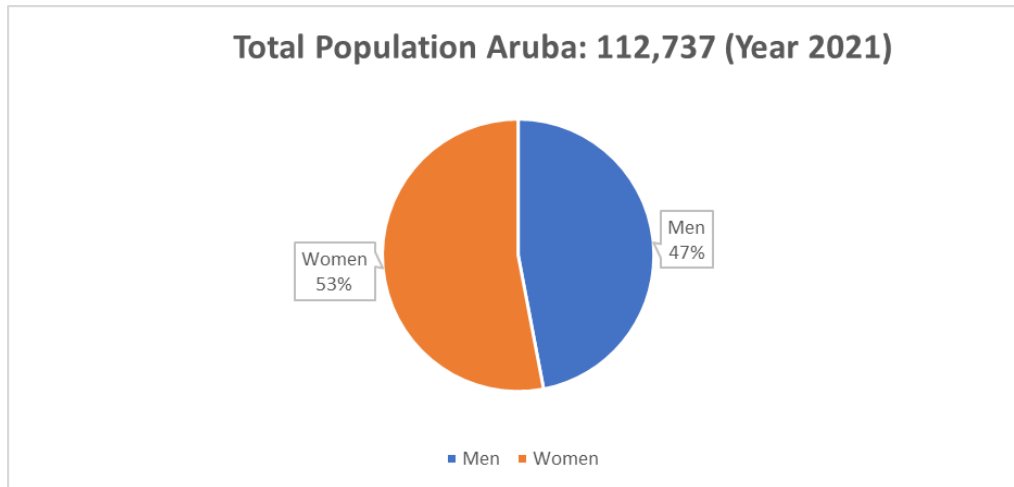
SAI Capacities

- The degree of ability of the SAI to effectively mobilize its professional and financial resources, processes, systems and operations, towards the achievement of its intended outputs.
- Which institutional, organisational and professional aspects of the SAI need to be strengthened in order to achieve the desired outputs?
 - Institutional capacity: independence and legal framework
 - Organisational systems capacity: SAI governance, audit methodologies and processes, quality assurance, SAI support systems
 - Professional staff capacity: number, competencies motivation, development of staff

Chapter 2 – Small Island State

ARUBA

Data demographics



Economy and Finance
Income Level 2021 (total per year)



Economic Sectors (Year 2021)



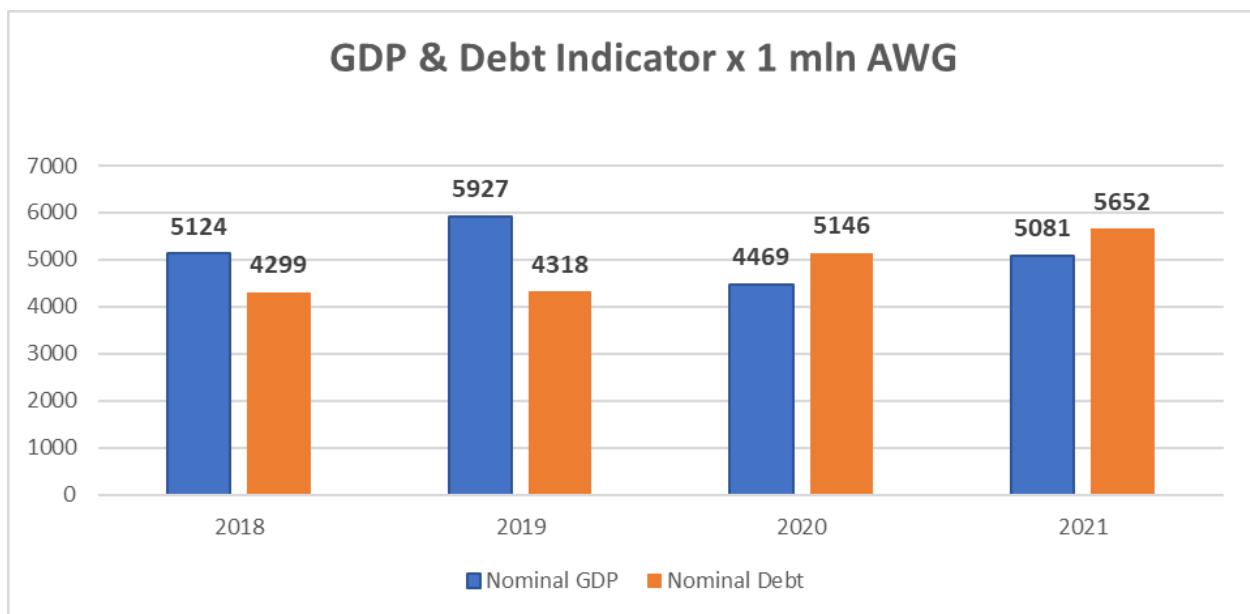
Tourism and Hospitality



Petroleum Bunkering



Financial Services



Chapter 3 – SAI PMF Aruba

Assessment of the performance of the Court of Audit Aruba against the requirement of the International Standards for Supreme Audit Institutions

SUMMARY MAIN FINDINGS

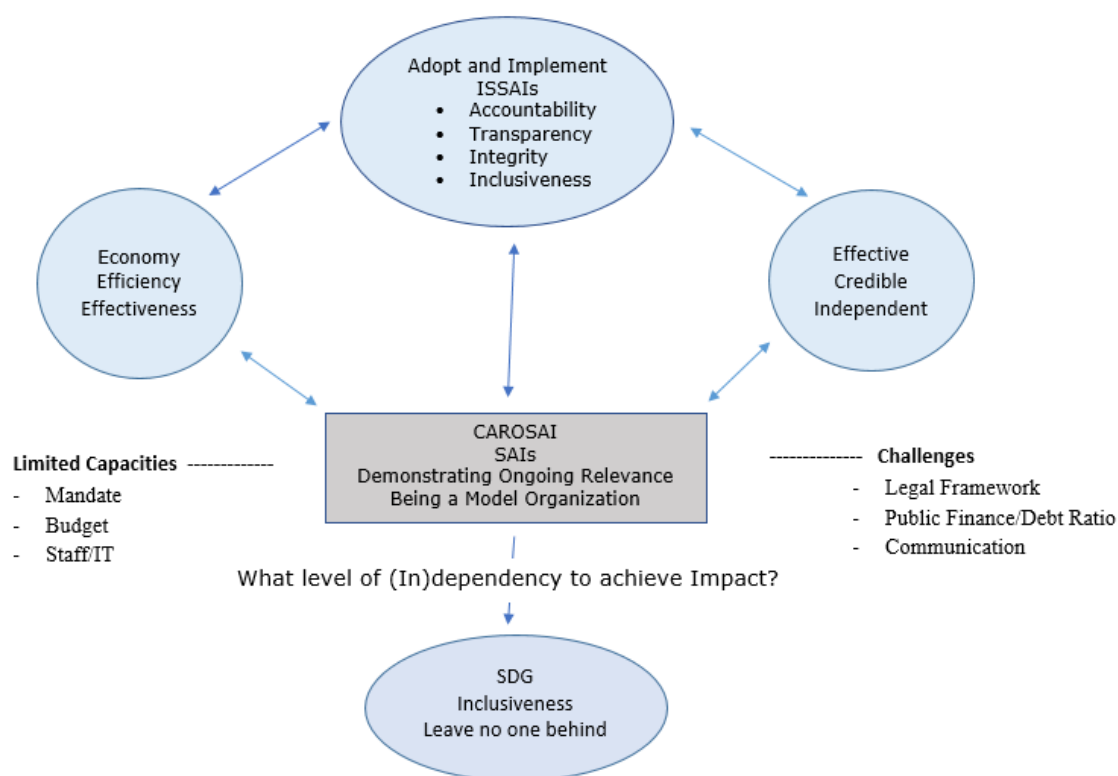
- Low audit coverage
- No guarantee on the quality of audit reports and recommendations
- Follow-up on audit recommendation does not take place regularly
- The SAI has limited engagement with their stakeholder management
- Limited Independency in the legal framework
- Moderate audit publication

SAI Outputs

Low Audit coverage	Topics selection during monitoring does not follow the ISSAI principles for audit coverage.	Lack of a SMART strategic/operational plan that addresses the importance of monitoring for topics selection.
	Lack of a SMART strategic plan that translate the SAI's strategic goals into concrete actions to increase audit coverage.	Strategic planning cycle not in place.
No guarantee on the quality of audit reports and recommendations	Lack of audit policies and standards.	ISSAIs standards not adopted and implemented.
	No quality control process.	Lack of a quality control and assurance system.
	Inadequate staff training.	No HR strategy in place to ensure auditors have the required knowledge and skills.
Follow-up on audit recommendation does not take place regularly	Follow up is not part of the annual audit plan and no follow up system is in place.	Follow up audit is not defined as part of the audit cycle.

The SAI has limited engagement with their stakeholder management	SAI Aruba does not have a communication procedure and appropriate tools.	Lack of a communication plan and strategy.
	There is no proper communication throughout the audit process.	ISSAIs standards are not adopted and implemented.
Moderate audit publication	SAI Aruba does not engage and reach all stakeholders.	Lack of a well-defined communication strategy.
	Lack of monitoring of the media's coverage:	lack of a well-defined communication strategy.

Chapter 4 – Small Island Challenges (Small SAIs)



Discussion & Share Experiences

How many SAIs who are members of CAROSAI are small and do not have independence?
 How many SAIs who are members of CAROSAI having similar challenges as ARUBA?

Lead a discussion on the issues that are *outside the SAI's control* and have *larger SAIs* share if they had those issues and how they overcame those issues.

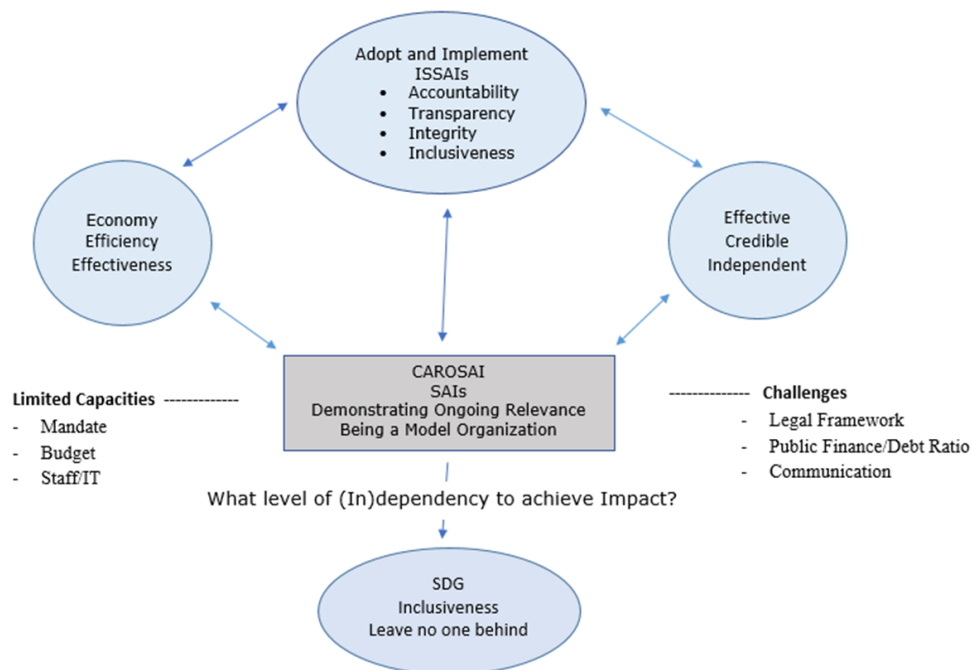
SAI Outcomes

1. Lack of time for follow up (SAI Aruba does not have a legal mandate to appoint staff);
2. The SAI is dependent on the government when it comes to organizational matters (Lack of decision-making regarding revision/update of legal framework);
3. SAI Aruba does not conduct financial audit (Parliament and the government has not decided on an acceptable financial reporting framework)

Lack of time for follow up (SAI Aruba does not have a legal mandate to appoint staff).
The SAI is dependent on the government when it comes to organizational matters (Lack of decision-making regarding revision/update of legal framework).

INCLUSIVENESS

Leave no SAI behind



End of Presentation

Panel Discussion
Small Island Challenges & Proposals
SAI Perspective
St Lucia, St. Kitts, St Vincent, Grenada, Dominica, Montserrat

Introduction

- ▶ The Small SAIs of the OECS follow the Westminster Parliamentary System
- ▶ Our Audit Mandate Conscripted by our Respective Constitutions
- ▶ SAIs led by Directors of Audit/Auditor Generals
- ▶ Small SAIs staff compliment of less than 35
- ▶ Conduct at least 3 Audit Types

Administrative, Financial & Legal Autonomy – Challenges

- ▶ Absence/Outdated Audit Act Impedes Audit Institutions’ Work
- ▶ SAIs not Fully Independent of the Executive Arm of Government
- ▶ Many SAIs are not Statutory Agencies but another Government Department
- ▶ Insufficient Capacity
- ▶ Inability to Independently Recruit and Retain Auditors
- ▶ SAIs inability to set their own budget/Inadequate Funding
- ▶ Our Budgets Approved by our Ministry of Finance
- ▶ Staff Recruitment, Retention, Disciplinary & Development Matters Addressed by Central Government Human Resources Office
- ▶ Many Newly Recruited Lack the Requisite Audit Knowledge and Skills

Operational Challenges

- ▶ Limitations to Implement the Full IFRS, ISSAIs and IPSAS
- ▶ Poaching of Trained Auditors
- ▶ Reduction in Budget Allocations
- ▶ Travel Budget withdrawal due to the onset of COVID-19 pandemic
- ▶ Non-functioning Public Accounts Committees
- ▶ Heavy Reliance on Paper Documentation
- ▶ Some Auditors disinterest in upskilling

Technological Challenges

- ▶ Inability to Work Remotely
- ▶ Internet Connectivity Issues with increased use to virtual meetings/conferences/webinars etc
- ▶ Auditing Tools & Software outside Budgetary Allocations
- ▶ Lack of in-house I.T. Personnel

Proposals to Overcome Identified Challenges 1

- ▶ Advocacy by INTOSAI & CAROSAI to Champion Change with Governments for Full/Almost Full Independence
- ▶ Continued Dialogues with Central HR Offices
- ▶ On-going Requests for I.T. Assets to enable remote working
- ▶ Continuous Training to Upskill Auditors
- ▶ Increased Networking/Communication between Small SAIs

- ▶ CAROSAI to develop Programmes to Address Nuances
- ▶ Continue to Develop Cross-cutting Programmes for Capacity Building

Proposals to Overcome Identified Challenges 2

- ▶ Increased Bilateral Support/Increased Peer-Reviews from Larger SAIs
- ▶ Pooling of Resources for Technological Enhancements to benefit from EoS
- ▶ Linkages with Colleges/Universities
- ▶ Develop Templates, Review & Roadmaps to become ISSAI Compliant
- ▶ Further training and Capacity Building by INTOSAI more so CAROSAI Tailored to SAIs Unique Challenges
- ▶ Development Partners Providing Financial Support
- ▶ Improved Stakeholder Engagement with Executive to Encourage Accountability
- ▶ Fully Functioning PAC/Increased Scrutiny by PAC

Proposals to Overcome Identified Challenges 3 – Consideration

- ▶ Name Change – Audit Departments/OAG/Audit Offices to National Audit Offices
- ▶ Name Change - Directors of Audit to Auditor Generals

Conclusion

Our shared vision is to be Independent and well-respected Supreme Audit Institutions conducting innovative and efficient audits to advance transparency and accountability in Government Operations.

To achieve this:

It is imperative that the foregoing challenges be addressed quickly some requiring a unified approach perhaps at CARICOM Level from INTOSAI and CAROSAI-led

Small SAIs Thank you!

Panel Discussion

End of Presentation

**Appendices V: Enhancing Accountability through
Independent SAIs in the Caribbean**

XII CAROSAI Congress

Presented by Ms. Patricia Mc Kenzie

Interim Practice Manager, World Bank Group

Aruba, 17 May 2022

Flow of presentation

- 2021 SAI Independence Index launched by the World Bank in April 2021
- Country Fiduciary Reviews completed by the World Bank in March 2022 for the four Caribbean countries in the OECS – Dominica, Grenada, Saint Lucia; and Saint Vincent and the Grenadines; and important challenges of SAIs
- Listening to SAIs in 2021 points to a way forward

2021 SAI Independence Index: The Broader context

- ✓ Independence of SAIs
- ✓ The Ten Major dimensions:
 - ✓ **Constitutional and legal framework**
 - ✓ **Financial autonomy**
 - ✓ **Operational Autonomy**
 - ✓ **Audit Mandate covering all revenues and expenditure**
 - ✓ **Access to Records and Information**
 - ✓ **Transparency in the process for appointing the SAI head**
 - ✓ **Types of Audit covering compliance, financial and performance**
 - ✓ **Staffing Autonomy**
 - ✓ **Autonomy in determining audit scope, nature and extent**
 - ✓ **Audit Reporting Rights and Obligations**
- ✓ Assessments in 118 countries and Quality Assurance (11 Caribbean countries were included).
- ✓ <https://openknowledge.worldbank.org/handle/10986/36001>

2021 SAI independence INDEX: The bigger Picture

Grade	Category	Definition	Score	Number of Countries
A	Very High	All independence indicators were met	10	2
B	High	Most independence indicators were met	9.0 – 9.5	17
C	Substantial	Several independence indicators were met	8.0 – 8.5	33
D	Moderate	Some independence indicators were met	6.0 – 7.5	37
E	Low	Few independence indicators were met	0 – 5.5	29

Most countries have significant opportunities to improve SAI independence

2021 SAI Independence Index: Results in the Caribbean

Grade C: Substantial (several independence indicators were met)

- **Guyana, Jamaica**

Grade D: Moderate (some independence indicators were met)

- Belize, Dominic Republic, Grenada, Haiti, St. Lucia, Sint Maarten

Grade E: Low (few independence indicators were met)

- Dominica, SVG, Suriname

Challenges for SAI

Country Fiduciary Reviews completed by the World Bank in March 2022 for the four Caribbean countries in the OECS – Dominica, Grenada, Saint Lucia; and Saint Vincent and the Grenadines; and important challenges of SAIs

Main challenges for SAIs:

- Delayed Audits of the Public Accounts
- Constitutional Independence of SAIs for placing the Annual Audit Report directly to the Parliament
- Non-Functional Public Accounts Committees
- Non-responses from Executives on the Audit observations
- Staffing issues: Understaffing as well as availability of qualified staff
- Strengthen Performance Audits and Procurement Audits

Opportunities for improvement World-wide

- Financial Autonomy and Staffing Autonomy remains a matter of concern.
- Transparency in appointment of Head of SAI not at acceptable level more than 50% of countries surveyed.
- Improvements in independence through constitutional and legal provisions possible more than 50% of countries surveyed.

2021 SAI INDEX: The Caribbean

InSAI Assessor - Summary Caribbean											
Parameter	BEUZ	Dominica	Dom Rep.	Grenada	Guyana	Haiti	Jamaica	St. Lucia	St.Maart	SVG	Suriname
1. Constitutional framework: Is the establishment of the SAI and term, removal/dismissal and independence of the head of SAI (and members in case of collegiate bodies) enshrined in appropriate constitutional provisions and is implemented?	1	0.5	1	0.5	0.5	0.5	1	1	0.5	0.5	0.5
2. Transparency in the process of appointment of head of SAI: Is the head of SAI appointed in a transparent and objective manner consistent with the requirements of legal framework?	1	0	1	0.5	0.5	1	1	0	1	0.5	0.5
3. Financial autonomy: Does the legal framework and operational practices ensure that SAI is free to propose its budget requirements to the public body deciding the national budget, and is able to make use of allocated budget without any constraints imposed by Ministry of Finance or other body (except those that are generally applicable to all the ministries)?	0	0	0	0.5	0	1	0.5	0	0.5	0	0
4. Types of Audit: Does the SAI in actual practice conduct financial audits, compliance audits and performance audits?	0.5	0.5	0.5	1	1	0.5	1	1	1	0	0
5. Operational autonomy: Does the legal framework and operational practices ensure that SAI is operationally independent from legislature and executive in performance of its functions and management of offices?	0.5	0.5	0.5	1	1	1	0.5	0.5	0.5	0.5	1
6. Staffing: Is the SAI free to decide on all the human resources matters required for its effective functioning and within the available budget resources, has the powers to engage external experts and pay for their services?	0	0	0.5	0	1	0.5	0.5	0.5	0.5	0	0
7. Audit mandate: Does the legal framework and operational practices ensure that the SAI has the mandate to audit all revenues and expenses in the country's budget including all central government activities?	1	0.5	1	1	1	1	1	1	1	0.5	0
8. SAI to decide on the audit scope: Does the SAI have full and unrestricted authority to decide on the nature, scope and extent of audit; and selection of entity for audit in a particular time period?	1	0.5	0.5	1	1	1	0.5	1	1	0.5	1
9. Access to records & information: Does SAI have unrestricted access, established in law and practice, to all information, records, explanations necessary in the conduct of audit, supported by appropriate recourse in case of being denied with legitimate requests for access?	1	0.5	1	0.5	1	0.5	1	1	0.5	0.5	0.5
10. Right and obligation on Audit Report: Does the SAI have constitutional right and obligation to report to parliament, at least annually, its findings in an Audit Report, the content, form and timing of which is entirely determined by the SAI (except to the extent laid down in law)? Does the SAI make the audit reports public?	1	1	1	0.5	1	0.5	1	0.5	0.5	0.5	0.5
Aggregate score	7	4	7	6.5	8	7.5	8	6.5	7	3.5	4

Public Financial Management Cycle

Auditing as envisioned at the Lima Declaration:

- Can have **influence**
- Influence creates **impact** and **value**
- Impact can enhance **independence** within a legal framework and justify legal expansion



Influence in the IDI SAI Strategic Management Handbook

The SAI Strategic Management Framework (SSMF) describes the value chain through which an SAI delivers value and benefits to citizens and the SAI environment that influences this value chain. A sound understanding of this framework is a prerequisite for the strategic management of an SAI.

The SSMF distinguishes between impact, outcomes, outputs and capacities. Their attainment is influenced internally by SAI culture, leadership, inclusiveness and gender. Externally, the country governance, political, socio-economic and public finance management environment are main explanatory factors.

mendations. However, if public sector officials do not read the audit reports, are not held accountable for their actions or comply with judgments, enhanced compliance may not happen, despite high-quality audit reports. Such changes are therefore not within the SAI's direct sphere of control, but the SAI can nevertheless have a significant degree of influence over the process, especially regarding its judgements' execution. The column on "SAI Outcomes"

Excerpts from Chapter 2: SAI Strategic Management Framework

Lima Declaration (INTOSAI, October 1977)

Section 1. Purpose of audit

The concept and establishment of audit is inherent in public financial administration as the management of public funds represents a trust. 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.

Section 7. Financial independence of Supreme Audit Institutions

1. Supreme Audit Institutions shall be provided with the financial means to enable them to accomplish their tasks.

Section 14. Audit staff

1. The members and the audit staff of Supreme Audit Institutions shall have the qualifications and moral integrity required to completely carry out their tasks.
2. In recruiting staff for Supreme Audit Institutions, appropriate recognition shall be given to above-average knowledge and skills and adequate professional experience.
3. Special attention shall be given to improving the theoretical and practical professional development of all members and audit staff of SAIs, through internal, university and international programmes. Such development shall be encouraged by all possible financial and organisational means. Professional development shall go beyond the traditional framework of legal, economic and accounting knowledge, and include other business management techniques, such as electronic data processing.

Section 16. Reporting to Parliament and to the general public

1. 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.

Section 17. Method of reporting

1. The reports shall present the facts and their assessment in an objective, clear manner and be limited to essentials. The wording of the reports shall be precise and easy to understand.

Section 22. Audit of electronic data processing facilities.

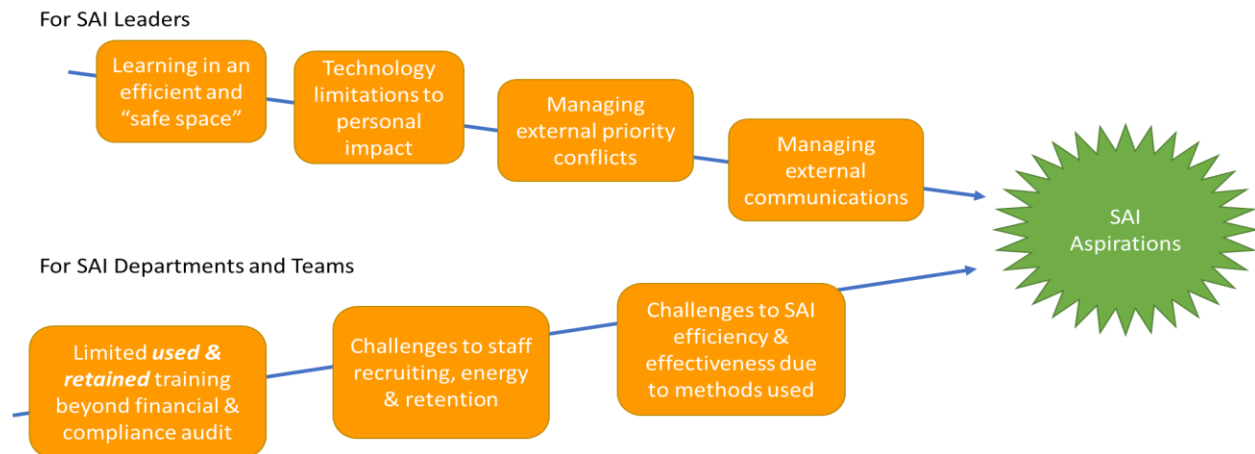
The considerable funds spent on electronic data processing facilities also calls for appropriate auditing. Such audits shall be systems-based and cover aspects such as planning for requirements; economical use of data processing equipment; use of staff with appropriate expertise, preferably from within the administration of the audited organisation; prevention of misuse; and the usefulness of the information produced.

IDI's SAI Strategic Management Handbook (December 2020)

SAIs face challenges in operationalizing sections of the Handbook that require the most operational and tactical improvement in daily SAI life. Also for ACCA's pandemic auditing initiative with IDI.

PART A	FUNDAMENTS AND PRINCIPLES OF STRATEGIC MANAGEMENT FOR SAIs	15	PART B	STRATEGIC PLANNING	39	CHAPTER 6	Identify Strategic Issues	68
CHAPTER 1	SAI Performance and Strategic Management: Concepts, Process and Principles	16	CHAPTER 3	Planning the Plan	42	6.1	SWOT analysis	69
1.1	SAI performance	17	3.1	Purpose and context	44	6.2	Identifying strategic issues	72
1.2	SAI strategic management	18	3.2	Strategic planning period	45	6.3	Prioritising strategic issues	73
1.3	SAI strategic management process, stages and tasks	19	3.3	Roles and responsibilities for strategy development	45	CHAPTER 7	Drafting the Results Framework of the SAI Strategy	75
1.4	SAI strategic management principles	22	3.4	Key stakeholders and consultation process	48	7.1	The results framework and other key elements of an SAI strategic plan	76
CHAPTER 2	SAI Strategic Management Framework	26	3.5	Drafting the project plan	48	7.2	Determining the desired impact	78
2.1	SAI Strategic Management Framework Logic	29	CHAPTER 4	Assess the SAI's Current Situation	50	7.3	Formulating outcomes	79
2.2	SAI Contribution to impact	30	4.1	Evidence-based assessment of performance and capacity	51	7.4	Selecting outputs	80
2.3	SAI Outcomes	32	4.2	Stakeholder analysis	57	7.5	Determining capacities	81
2.4	SAI Outputs	34	CHAPTER 5	Articulate Vision, Mission and Values	63	CHAPTER 8	Prioritisation and Finalisation of the SAI Strategy	83
2.5	SAI Capacity	35	5.1	Vision, mission and values: concepts	64	8.1	Feasibility analysis and prioritisation	84
2.6	SAI leadership, culture, gender and inclusiveness	37	5.2	Process for developing vision, mission and values	66	8.2	Estimating human and financial resource implications of the strategic plan's priorities	86
2.7	Country governance, public financial management and socio-economic environment	37				8.3	Defining the assumptions and risks of the results framework	90
						8.4	Performance measurement and reporting arrangements	90
						8.5	Drafting and communication of the SAI strategy	91

In Lima context, World Bank listened as SAI leaders shared challenges

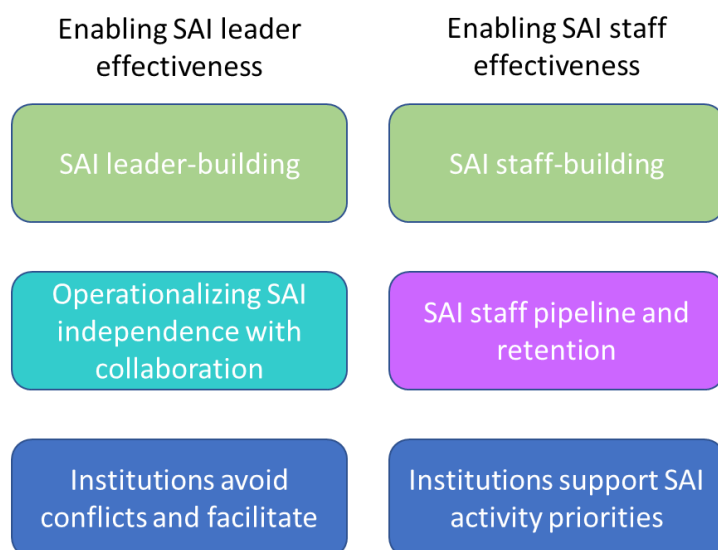


Nuances varied by country due to legal and historical influences...

For example, some nuances included...

- Relative pay levels across government departments can add to "brain drain"
- SAI staff can be disengaged with public service as they are working other jobs to improve earnings, divided in their attention, or not giving the best of themselves because they don't see advancement potential
- Statutory penalties for SAI leaders not completing audits on time
- Government information technology policies removing SAI laptops without replacement
- Path to publishing reports and engaging public

SAI leader expressions of daily limitations and challenges...

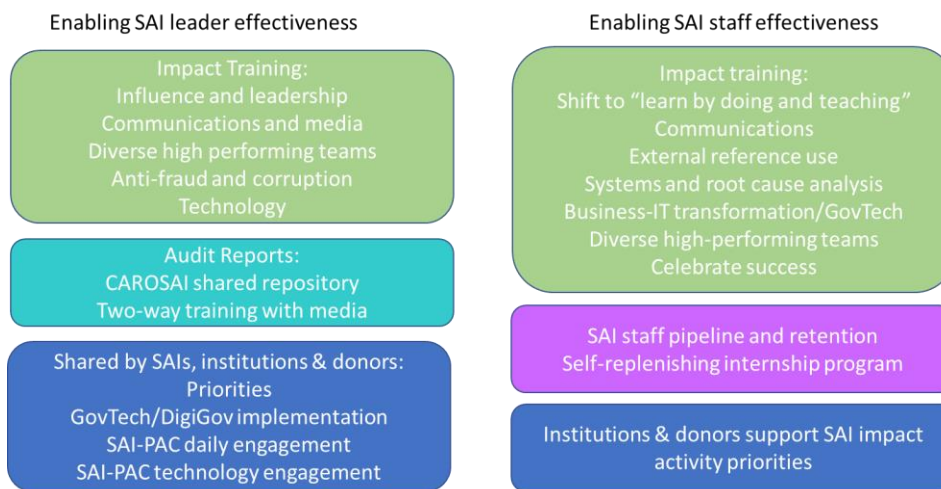


Considering root causes of challenges pointed to paths to solutions...



Start by maximizing existing legal independence to grow value and impact (Lima), then growing in collaboration with supporters...

Pragmatic paths to grow independence, each already has momentum...



Notes by rapporteur:

Enhancing accountability through independent SAIs (World Bank) – Patricia Mc Kenzie

Date and Time of Session: May 17, 2022 at 11:15-11:45

Name of moderator: Leigh Trotman, AG Barbados

Name of rapporteur: Lay Hing de Kort-Yee, Aruba

Summary of presentations: How we see enhancing of accountability through independent SAIs – three different moves

1. Talked about the SAI independence index done in 2021 by the World Bank
2. Country fiduciary reviews completed by the World Bank for 4 countries in the OECS
3. Listening to SAIs in 2021 points to a way forward

Ten major dimensions were assessed in the SAI independence index, which included assessments in 118 countries and quality assurance (incl. 11 countries) – what did we find out – the bigger picture. Only two countries had a high index of independence, the majority were in moderate / some independence or needed improvement. The big take away: globally most countries have significant opportunities to improve SAI independence.

Country fiduciary reviews completed by the WB in March 2022 in four Caribbean countries in the OECS –

Opportunities for improvement

1. Financial autonomy and staffing
2. Transparency in appointment of Head of SAIs
3. Interviews – open conversations between SAIs

Influence, value and impact - the more independent a SAI is more influence, value and impact. Influence of the SAI must be extremely important and must be a strategic objective.

SAIs need support on how they communicate. SAIs have challenges to training and efficiency. All this converge into high level of aspiration.

Shared about the daily challenges of a SAI. What are the paths towards solutions was shared.

Key Issues raised - How can the WB support the CAROSAI region on independence. WB has a toolkit / toolbox that include technical assistance. Pipeline of technical assistance of the WB is not as strong as it used to be. Country Partnership Framework – that needs to be requested by the SAIs, but it needs to be requested from a country basis. Bring all SAIs together under one umbrella and see if can come with different themes to address the challenges and submit technical assistance.

SAI leaders penalized by the not submitting their report on time. It's not about penalizing by understanding that there is a supply chain and making everyone responsible.

The process to train the staff takes time at the World Bank.

Recommended actions - How can the WB support the CAROSAI region on independence. WB has a toolkit / toolbox that include technical assistance. Pipeline of technical assistance is not as strong as it used to be. Country Partnership Framework – that needs to be requested by the SAIs, but it needs to be requested from a country basis. Bring all SAIs together under one umbrella and see if can come up with different themes to address the challenges and submit technical assistance.

SAI leaders penalized by the not submitting their report on time. It's not about penalizing by understanding that there is a supply chain and making everyone responsible.

End of Presentation

**Appendices VI: Script for HC Video SAI Independence
Presented by Hon. Helen Clarke
IDC Goodwill Ambassador for SAI Independence
Aruba, 17 May 2022**

Why does independent oversight matter?

Independent oversight is just so critical in any system. It is essential for building and keeping the trust of citizens in their governments. The trends we're seeing of curbing the independence of institutions sadly are linked to the increased authoritarianism we're seeing in governments across regions of the world. So of course, I fully support the mission of the Development Initiative and its work to enhance the independence of the world's Supreme Audit Institutions.

What can we say about the current trends affecting SAI independence?

Recent research by the INTOSAI Development Initiative, IDI for short, and the World Bank shows that the Supreme Audit Institutions globally increasingly face interference from the executive arm of government. That could range from perhaps the more subtle interference with regard to the level of oversight they have over budgets and organisations, or restrictions of access to information, but it could run all the way to very direct interference with the Audit Office's role. We saw this recently in Sierra Leone, where the Auditor General and her deputy were both suspended from office shortly before the release of their annual report. This is very disturbing. Independent oversight is just so critical in any system, in democratic systems it absolutely has to be taken as read that this will happen. And it's essential for building and keeping the trust of citizens in their governments. The trends we're seeing of curbing independence of institutions sadly are linked to the increased authoritarianism we're seeing in governments across regions of the world. So of course, I fully support the mission of the Development Initiative and its work to enhance the independence of the world's Supreme Audit Institutions.

How can we as a community advocate for greater SAI Independence?

First, I think we can refer back to the set of principles which was established by INTOSAI and also recognized by the United Nations through two resolutions. And those principles include the principle of security of tenure for the statutory officials, Auditor Generals, the deputies, and independent appointment and removal processes of them. They include the principle of having unrestricted access to information and able to use their discretion in how they discharge their mandates. And they should have the ability, the freedom themselves to select the scope and the timing of the audit reports. Now, a recent Stocktaking report published by the INTOSAI Development Initiative shows that the independence of our world's Supreme Audit Institutions has been declining across most indicators in those kinds of areas that I just mentioned. And most notably, the institutions' ability to access information that they need freely has declined a lot in recent years, as has their financial autonomy from the executive arm of government.

Can we also respond to emerging threats to SAI independence?

The INTOSAI Development Initiative is also seeing a lot more requests for support through its rapid advocacy mechanism. That's a tool which can help respond to threats to supreme audit office independence. The regional variation of these requests coming from around the world highlights the global nature of the pressure that Supreme Audit Institutions are under. So, when I am advocating on

this, I will want to highlight specific cases, as well as always drawing attention back to these principles of Supreme Audit Institution independence, going from where it's working very well to where it's clearly been put under threat. And I'll be keen also to draw parallels with and connections to other relevant topics of global importance. For example, corruption. How are our Supreme Audit Institutions able to expose that problem? How are they grappling with the issues of auditing for climate change impacts, gender equality, other issues? An independent Supreme Audit Institution able to freely pick the scope and type of its audits clearly underpins examination of all these issues.

For more on the role of the IDC Goodwill Ambassador for SAI Independence, go to intosaidonor.org.

End of Presentation

Appendices VII: SAI Brazil (Incoming Chair of INTOSAI) Presented by Mr. Vital dō Rego Filho Minister Federal Court of Accounts (TCU) Brazil Aruba, 17 May 2022

Greetings to all. In the presence of my colleagues, Mrs. Xiomara Croes-Williams and the Court of Audit Aruba, congratulations for your new position. It is an honor to participate in such an important event in a place of such privileged natural beauty. I am completely delighted with the island. After these first days in Aruba, I noticed that besides its natural beauty, the joy, the kindness and the hospitality of the people are the real assets here.

Minister Marcos Bemquerer Costa, my colleague at the Supreme Audit Institution of Brazil, is also here representing our country in this important event. Starting with the theme of CAROSAI Congress, *Targeting Superior Audit Impact*, we note how important and necessary the reflections presented here are. Control institutions are increasingly faced with the challenge of actions more and better in order to meet the ever-increasing demands of society. The search of the optimizations of the working methods with more efficient audits and the monitoring of the impacts and changes provided, are measures that cannot escape the routine of each of the Supreme Audit Institutions.

In this line of seeking to value control, I would like to take a moment and mention the important part that brings together SAIs from all over the world, the international organization of the Supreme Audit Institutions - INTOSAI. In November this year, the Brazilian Federal Court of Accounts will take over INTOSAI's chairmanship for the next three years. We aim to get out a participatory, inclusive and innovative presidency.

Along this line, I would like to highlight five main objectives for our initial plan, which we understand to be a global demand and which are in line with the issues to be dealt with in the CAROSAI Congress. Not only to improve INTOSAI, but also to develop individually the Supreme Audit Institutions as well as the Judicial Public Institutions, without losing focus on the receiving end of

our work as a society and that we must always act independently, as stated in the Lima Declaration of 1977.

The five objectives addressed in our plan are:

1. Strengthening the INTOSAI global voice.
2. Encourage the process of digitalization, digital transformation and innovation of Audit Institutions and the public institutions.
3. Encourage the actions of environmental, social and economic sustainability of the Audit Institutions and their jurisdictional bodies.
4. Increase INTOSAI's international and external communications.
5. To train and qualify our institutions.

The strengthening of the global voice, which will be one of the themes of the 2022 INTOSAI Congress, appears as our first legacy, because we believe it is essential that INTOSAI represent with more vigor the need for international organizations, the work developed by its members and the relevance of its performance. In turn, digital transformation is not only a necessity, but can also be a way out of the economic crisis we are experiencing, especially after the COVID-19 pandemic. In addition, technological tools enable real-time follow-ups and real-time audits, as will be discussed in this Congress. On the one hand, conducting digital transformation which will bring immediate benefits to the current generations. On the other hand, we can't forget about the future generations. We believe that the sustainability policies should start with our example, with the implementation of sustainability plans and the adoption of international actions made to reduce the environmental impact of our activities. This suggests an overview of our plans when Brazil takes over the presidency of INTOSAI.

Always remember that we are still in the planning phase and that now ideas are welcome. We came from Brazil motivated to bring the Caribbean SAIs, a word that represents the hopes and expectations of the Brazilian presidency at INTOSAI. Seeing the topics that are discussed here at the Congress, we are happy to learn that our perceptions and objectives are in harmony. On behalf of the president and vice president, I invite all of you to attend the event that will take place in Rio de Janeiro. We have prepared a very special event with the necessary security. We are aware of the international importance of Caribbean countries and the challenge to recover and to face the social and economic causes of the pandemic. The need to resume employment and the combative rising prices, especially of energy and food. I see how important the threat was for the small island challenges on the panel of this event. Aware of the difficulties we need to bring INTOSAI closer to the Caribbean countries with a voice that can represent them and make them feel represented. Caribbean and Latin American countries, which include Brazil, I am here representing the future leader of INTOSAI, go hand in hand with OLACEFS.

Dear colleagues, we want to invite you to work together in this great project. In favor of our global entity, our institutions and the good use of public resources for the benefits for your citizens. I hope that you will also be enchanted by the local people and Brazilian people joy. The same way that I experienced these wonderful days of CAROSAI.

Thank you very much.



XXIV
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22

End of Presentation

Appendices VIII: Real Time Audit

Sharing experience

XII CAROSAI Congress

Presented by: Miriam de Cuba

Audit Leader SAI Aruba

Aruba, 17 May 2022

Content

- Background Information
- Audit Topic
- Methodology
- Audit Results
- Challenges
- Discussion

Background Information

- First Real Time Audit for SAI Aruba
- Audit took place during the pandemic
- Ways to stay relevant as a SAI
- Short period of pre-study

It is important to give some background information, to explain **the context** to the **choice of audit** and the **situation we were experiencing**.

First of all, I would like to say that this was the **first time that SAI Aruba conducted an Audit in Real Time**, which was partially an effect of the COVID-19 pandemic.

The audit took place **during the pandemic**, when **all over the world restrictions were put in place** and **times were uncertain**.

As was mentioned before, Aruba went into lockdown and we as a SAI **were given the opportunity to continue to work from home**.

In order to stay **relevant as a SAI**, we started looking for possibilities by using **guidelines and manuals** that were available online from **other SAI's** and from **the IDI** for example.

We made a complete list by doing a risk analysis and identified the financial aid to be given to citizens as a potential audit topic.

Although there were **many uncertainties** and **not too much information was available** at the time, the **FASE emergency aid was approved** by the board as **one of the most relevant topics** on our list. We did a **preliminary study in the month of June** and the Audit **started in the month of July 2020**.

This means that a **short period of a preliminary study** was applied.

We tried to **gather information without standing in the way of aid being given to the community** at the time.

Last but not least, we **did receive guidance from the Court of Audit of the Netherlands**, for this audit.

Audit Topic

Audit of the efficiency and effectiveness of FASE Emergency Aid

What is FASE?

- Financial Social Emergency Aid
- Given to citizens who lost income as a result of the pandemic
- Intention: to be granted for 3 months – actual period was 20 months

FASE is a **financial social emergency aid**

It was given to citizens who **lost income as a result of the pandemic**

The intention of the Government was that FASE would be given as emergency aid for a period of **3 months**. The granting of the aid was extended several times and **ended in December 2021**, this means that the aid was eventually given **for 20 months!**

The total amount involved over this time period was **almost 80 million Aruban Florin**, which would be an **equivalent of US\$ 45 million**

Focus of the investigation

- a Was the aid accessible for the citizens?
 - Awareness of its existence
 - Easy access
 - Help with application
- b Was the granting process effective and were goals reached?
 - Clear requirements
 - Safeguards to prevent misuse and improper use
 - Evaluation and accountability
 - Targeted group and stipulated goals were reached

We divided our question in two parts. Being:

1. Was the aid accessible for citizens?

This meant: were the citizens **aware** of its existence? Did they have **easy access** to the aid? Were citizens provided with **help to fill out the application**?

The second question was:

2. Was the granting process effective and were the stipulated goals reached?

By this we checked: Were there **clear requirements for FASE**? Did the Government have **enough safeguards in place to prevent misuse and improper use of the aid**?

Were there **evaluations done** in relation to **the decision to extend the aid** and was there **accountability**?

Last but not least, was the **targeted group** and **were the stipulated goals reached**?

Aim:

The aim was to **improve the SAI's relevance to citizens, Parliament** and also the **Government** by:

1. Being a **watchdog for citizens**, ensuring that the aid will end up with the people in need.

2. **Identifying possibilities for improvement in the granting process, which could be tackled by the Government** when identified.
3. Minimizing risks of **misuse and improper use of the aid.**
4. **Supporting the control of Parliament, by providing relevant information**

Scope:

First 6 months that FASE was granted:

Original period of 3 months + one extension of 3 months.

March - August 2020

With this audit we covered **the first 6 months that FASE was granted.**

This being the **original period that FASE was intended to be provided,** and **one extension period of 3 months.**

The Audit was planning to start in **July with the reporting FASE to be ended in October of 2020.**

Due to many challenges along the way, I must say that this report was just published about **2 weeks ago, on the 5th of May 2022.**

Methodology

Approach

Combined approach of gathering and analyzing information:

- Document study
- Conducting interviews
- Case studies:
Sample of 375 randomly selected files → based on 15.439 applications
- Analysis of data
- Reconciling information from different sources

- Note: Right to be heard was applied during the whole process

We used a combined approach of gathering and analyzing information, being:

Document study;

We **interviewed various departments** that were involved, and **requested information.** This was **done mostly by virtual meetings.**

We did **case studies:** we **randomly selected** 375 files to **check the granting process** and the **internal controls** that were applied.

We **reconciled the information** from **different sources** to **validate the information.**

During the whole process, from the interviews till the presentation of the draft report, we **gave the opportunity for comments and feedback on our reports.**

The response of the responsible minister is included in our **final report** as a **standard procedure.**

Audit Results

Conclusions in a nutshell

FASE was granted generously and in an accessible manner.

Not enough guarantees that equal cases are judged equally.

Breaches in the legal protection of citizens.

Economical use of FASE not guaranteed adequately.

Lack of structural improvements:

- No legal framework has been established till this day
→ the granting of FASE is deemed unlawful
- No increase in measures taken to cover the risks that were identified during the granting process.

I will briefly present the **conclusions of our investigation** which are:

1. The government **made a lot of effort to ensure that FASE was known to the public**. The **submission of an application was also organized in an accessible way**. **By granting FASE in such a manner, the Government had an important contribution in preventing serious poverty**. This being said, there were **many deficiencies in the granting of FASE** which were **not or insufficiently tackled** by the Government

For example:

2. There were **not enough guarantees that equal cases were judged equally**. This was mainly due to **changes in the conditions and targets along the way**, which meant that **petitions were reconsidered**. The case studies indicated that this did not happen for all the applications. That brings me to the third conclusion
3. There were **breaches in the legal protection of citizens**. Citizens were not able **to formally appeal a decision of the Government** in case **he or she did not receive FASE**. This was because the **granting of FASE was not embedded in a legal framework**, with all the **rights and obligations** being set. (The Aruban law does have a process of appeal when the Government does not respond to a petition of a citizen, but this is a long process which is not commonly known in the community.)
4. The **economical use of FASE was not adequately guaranteed** due to for example **lack of internal controls**. Also: there was no **income assessment**, to determine the amount of wage that was lost. It didn't matter if someone lost 300 guilders or his whole monthly income. The same amount of FASE was granted. Furthermore, case studies show, that in many cases there was lack of proof of loss of income, but citizens were still granted FASE. This without any information to the public beforehand to caution the public and point out that controls could be taking place afterwards in which cases the aid could be demanded back.

Challenges

1. Lack of Information
 - Not receiving the requested information in a timely matter.
 - Requested information not complete/fragmented.

2. Limitations of COVID-19
 - Lockdown/social distancing:
 - Lack of personal contact and face to face meetings.
 - Not able to be present on location → delay in case review.
 - Uncertainties regarding the COVID-19 situation.
3. Delay in establishing a legal framework and conditions for FASE
The legal framework was set to be established early on in the pandemic. However, this framework has not been established till this day in time.
4. Changes in granting process during the audit
Several changes in the way the aid was granted, changes in the targeted group and the requirements to be eligible to receive aid.
5. Low Data Quality
Errors in data provided by citizens and no data match between departments. This resulted in manual data entry of each department, with little to no data security.

1. The first challenge we encountered was a **delay in receiving the requested information, or receiving fragmented information.**

Some departments were very forthcoming with information, while some lack of information **caused a delay in the investigation.**

We had to put a **lot of effort in follow up** and **escalate to higher levels**, but still so, **some information was never received.**

2. At the time of investigation we were **all living in uncertain times.** There were **many restrictions in place**, which is why we were very much dependent on **virtual meetings**, **in our experience the lack of personal contact did have an effect on the forthcoming of information.**

We were unable to **perform a file review in the early stages of the investigation** to be absolutely sure the chosen methodology was feasible.

We were also **cautious** as to not interfere with the **help being provided to citizens.** This did however have an **impact on the investigation.**

3. The granting of FASE should have been **laid down in a legal framework**, which in turn should have **provided clarity on the rights and obligations of all parties involved.**

However, **till this day in time**, the legal framework has **not been established.** This means that the **basis, the clear rules and uniform conditions for FASE are lacking.**

4. The **lack of uniform conditions and requirements** meant that there were **many changes along the way**, which was explained by the Government as a result of dealing with a **dynamic process.** However, this means that there were **changes in the targeted group**, in the **requirements** and in the **amount that was provided to different groups of employees.**

5. Throughout the investigations, the **poor quality of data was a bottleneck.**

The team spend many hours to **match and analyze the data provided.** Through the process, we did **identify security risks** with the transfer of data transfer in between departments.

End of Presentation

Appendices IX: Special Audit
Ministry of Education
“BECAUSE WE CARE”
Cash Grant Distribution
Presented by Ms. Fiona Kingston
Audit Manager, SAI Guyana
Aruba, 17 May 2022

The government of Guyana through the Ministry of education paid a “Because We Care”, Cash Grant during the period July to November 2021.

This Grant Initiative benefited every child attending Public and Private Schools within the Ten Administrative Regions of the country.

The Grant was for \$19,000 and comprised a \$15,000 Cash Grant and a \$4,000 School Uniform Grant. The Grant was paid to Nursery, Primary and Secondary Schools with the exception of students who wrote the CXC and CAPE exams and would not return to school for the September term of 2021.

Objective

The objective of the audit was to establish that the grant was properly managed and paid to eligible, registered students of schools.

Methodology

the internal control systems and operational procedures were reviewed before the commencement of this audit.

The distribution listing of schools was obtained, and we then selected a sample of schools with large, medium, and small enrollment numbers to Observe the payment process.

We observed the opening of the sealed containers, money received, serial numbers on envelopes, and distribution of the cash.

The auditors verified closing balances and recording of transactions at the end of each day.



Sealed container and packages inside container



Verification of opening cash and envelopes by the auditor

Findings and observations

There are 1,168 schools in Guyana which comprise 945 Public Schools and 223 private schools. prior to the cash distribution exercise, the ministry of education received enrollment details from every public school for each child. This information was verified by the Regional Educational Officer of each District and verified at the Ministry of Education before being used to compile the distribution list database for every school.

With respect to Private Schools, when approval was given for payment of the Grant, the Ministry of Education then requested information from these schools. As such, there was no prior information for the Ministry to verify the submissions against. This could have led to payment to persons that were not qualified to be in receipt of such a grant.

The payment of the grant was done according to districts, with a number of schools collecting at one location or school called the distribution point. This was recorded, with each Headmaster or Headmistress signing as receiving on behalf of their school.

Cash to the value of \$19,000 was sealed in individual envelopes with serial numbers and placed in sealed containers and handed over to the Headteacher of each school.

On receipt, the Headmaster/Headmistress counted the envelopes in the presence of the auditor and education officials and recorded the same on a control form.

The envelopes were then given to individual teachers, based on the number of pupils listed on their class register, which was verified and approved, for distribution to parents/guardians.

Each parent/guardian upon identification by the class teacher, or with the provision of an authorization, and identification card, signed A prescribed form and uplifted their cash grant.



Opening of the Sealed container



Handing over the Envelopes to the Headteacher

At the end of each distribution exercise, the total amounts received and distributed were tabulated and all unused sums were recorded, verified, and returned to the Ministry of Education.



Observing of Tallying at the close of the day

Results

As of 31 December 2021, the Ministry of Education distributed \$3.569 billion in Cash Grants to 187,857 students within the 11 school districts of the country. Of the 187,857 students receiving

grants, 172,866 attended Public Schools and received amounts totaling \$3.284 billion, while 14,991 attended Private Schools and received amounts totaling \$284.829M.

Of the 187,857 children receiving grants, 35,867 were from the Nursery Level, 99,655 from the Primary Level, and 52,335 from the Secondary Schools.

In addition, of the 1,168 schools, the auditors were able to observe the payment of cash grants at 659 schools.

Experiences

At the beginning of the cash grant distribution, the education officers were nervous when the audit teams arrived (a culture of people generally scared of the auditors).

Due to the high risk, because it was a cash distribution, some headteachers were very nervous. Some Teachers were not acquainted with their roles on the day of distribution. Hence, there were delays at the start of the day. On the spot, training was immediately done in those instances.

There were instances where the parent who is not looking after the child showed up to uplift the grant. The headteacher had to intervene.

Audit wise we were able to ensure the objective of the activity was achieved, and beneficiaries received their grants without our view being prejudiced by any minor documentation issues. However, this involved putting our Auditors at risk since they had to endure late travels, dangerous terrain, and uncertain climatic conditions.

Nevertheless, it provided us with an opportunity to witness firsthand the process, and there is no better audit evidence than first hand witness.

End of Presentation

Day 4

Appendices X: SAI IMPACT (Audit of the SDGs)

XII CAROSAI Congress

Presented by Mr. David Rogelio Colmenares Páramo

Superior Auditor, SAI Mexico

Aruba, 18 May 2022

The Sustainable Development Agenda

- Adopted by all UN Member States in 2015.
- The **17 Goals** are a universal call to action to **end poverty, protect the planet and improve the lives and prospects** of everyone, everywhere.
- A 15-year plan was set to achieve the Goals by 2030 through **169 targets**



Sustainable Development

- Achieve a level of development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
- Concerted efforts towards building an **inclusive, sustainable and resilient** future.
- Harmonization of three core elements: **i)** economic growth **ii)** social inclusion and **iii)** environmental protection.

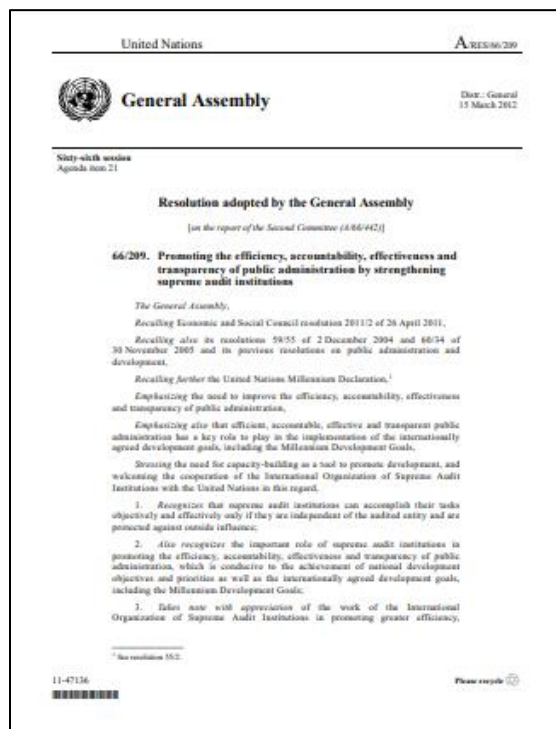
The importance of Supreme Audit Institutions in the accomplishment of the 2030 Sustainable Development Agenda



Supreme Audit Institutions and the Sustainable Development Goals

Resolution A/66/209. Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions.

Approved on December 22, 2011

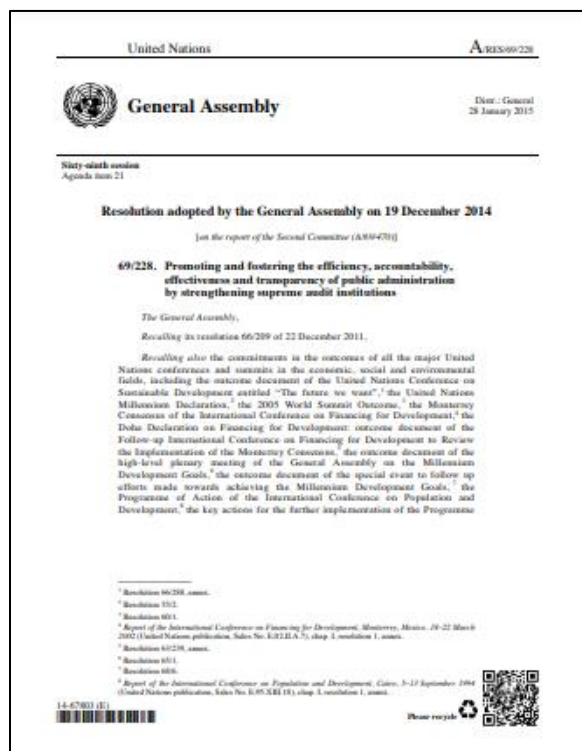


- **Recognizes** that supreme audit Institutions can accomplish their tasks objectively and effectively only if they are independent of the Audited entity and are protected against outside influence;

- [...] **Recognizes** the important role of supreme audit Institutions in promoting the efficiency, Accountability, effectiveness and Transparency of public Administration, which is conducive to the achievement of National development objectives and priorities as well as the internationally agreed development Goals, including the Millennium Development Goals;
- **Takes note with appreciation** of the Work of the International Organization of Supreme Audit Institutions [...];
- **Takes note with appreciation** of the [...] Mexico Declaration on Supreme Audit Institutions Independence of 2007 [...];
- **Encourages** Member States and relevant United Nations Institutions to continue and to intensify their cooperation [...] with the International Organization of Supreme Audit Institutions in order to promote good governance by ensuring efficiency, Accountability, effectiveness and Transparency through strengthened supreme audit Institutions.

Resolution A/69/228. Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening Supreme Audit Institutions.

Approved on December 19, 2014.



- Emphasizing [...] that **efficient, accountable, effective and transparent public administration** has a **key role** to play **in the implementation of the** internationally agreed development **Goals**, including the Millennium Development Goals;

- Stressing the need for Capacity Building as a tool to promote development, and welcoming the *cooperation of the International Organization of Supreme Audit Institutions with the United Nations* in this regard;
[...]
- *Acknowledges* the role of supreme audit Institutions in fostering governmental accountability for the use of resources and their performance in achieving development goals;
- *Takes note* of the interest of the International Organization of Supreme Audit Institutions in the post-2015 development agenda.

**XXII Congress of the International Organization of Supreme Audit Institutions
United Arab Emirates
December 5 – 11, 2016**



“SAIs can, through their audits and consistent with their mandates and priorities, make valuable contributions to National efforts to *track progress, monitor implementation, and identify improvement opportunities* across the full set of the SDGs and their respective nations sustainable development efforts”.

Input and role of SAIs regarding the observation and track of United Nations SDGs
4 approaches

- ✓ **Assessing** the preparedness of National governments to implement the SDGs.
- ✓ **Undertaking performance audits** in the context of SDGs.
- ✓ **Contributing** to the implementation of SDG 16.
- ✓ Possibilities for SAIs to act as **models of transparency and accountability**.



SDGs implementation by INTOSAI

- ❖ **Viewpoint** of Auditors.
- ❖ **Comprehensive audit approach.**
- ❖ Inclusion of **external stakeholders** in audits.
- ❖ **Stimulus** for the implementation of the SDGs through audits.
- ❖ Application of **Indicators.**
- ❖ **Cooperative / Coordinated audits.**

Coordinated / Cooperative regional audits

- In the last 11 years (2011 – 2022), **27 Coordinated / Cooperative audits** have been pursued in OLACEFS.
- **Cooperative audits** are those pursued under the INTOSAI Development Initiative guidance.
- **Coordinated audits** are those pursued under the leadership of a SAI OLACEFS member.
- Most of them are performance audits.
- The Supreme Audit Institution of Mexico has participated as of today in **20 regional audits.**





Participation of the Mexican Supreme Audit Institution

Subject	Year	Objective
Hydrological Resources	2013 - 2014	Examine the management of the national states of the region (OLACEFS) to guarantee the sustainable use of the hydrological resources .
Biodiversity	2014- 2015	Examine the management of public entities responsible of taking take of the protected areas in a national level and the management of biodiversity of such areas.
Protected areas in Latin America	2014-2015	Evaluate if the terrestrial protected areas in Latin America possess the institutional, normative and operational conditions to reach the objectives for which they were created.
Housing projects	2015 - 2016	Audit the construction of housing projects undertaken by OLACEFS members based on the Guidelines on Social Housing of the United Nations, 2006 .
Roads	2015- 2017	Evaluate the construction and maintenance of roads under the direct administration of the government, from the preliminary studies undertaken to its construction.
Education indicators	2015 - 2016	Verify the construction and the quality of the indicators that are related to the objectives of the Education for All (EFA) UNESCO Program .



Subject	Year	Objective
Environmental Liabilities	2015 – 2016	Evaluate local care in the wholesome management of Environmental Liabilities .
Fight Against Poverty	2016 - 2017	Support SAIs in the execution of cooperation audits regarding fight against corruption.
Gender	2017 – 2018	Evaluate the readiness of the systems set out for the protection and care of gender related issues (SDG 5) .
ODS implementation in Latin America	2017 – 2018	Enforcement of the tracking and evaluating systems of SDGs by SAIs (ODS 2) .
Governance of the Policies in Frontiers	2017 - 2018	Evaluate aspects of public policy applies within the frontiers of OLACEFS countries members in order to produce joint and individual diagnosis regarding the efficiency of the implemented public policies .
Coordinated Audits regarding Renewable Energies in the Energy Sector.	2018 – 2019	Produce a diagnosis regarding public policies and investments regarding the expansion of the use / incorporation of renewable energies in the energy sector to contribute to the compromises accepted with the SDGs and the Paris Accord .



Subject	Year	Objective
Coordinated Audits of Protected Areas	2018 - 2020	Evaluate the progress of the countries involved in the implementation of the SDGs 14 and 15 related to biodiversity aligned to the Aichi Biodiversity Targets and the Agreement on Biological Diversity .
Audit on the Institutional Frameworks on the Fight Against Corruption	2020 - 2023	Provide SAIs with tools to enhance their effectiveness in the Fight Against Corruption through the implementation of the ISSAI 30 (formerly known) and the Audit on the Institutional Frameworks on the Fight Against Corruption .
Public Infrastructure for the Wholesome Management of Mining Environmental Liabilities	2019 - 2021	Strengthen the role of SAIs in the implementation of SDGs 12 and 15 .
Cooperative Audits on Sustainable Public Acquisitions	2019 - 2021	Strengthen SAIs Contribution in the achievement of sustainable public acquisitions .
Compliance Audit regarding Transparency, Accountability and Inclusiveness in the Use of Emergency Funds	2020 - 2022	Support SAIs in achieving an independent external control regarding Accountability, Transparency and Inclusiveness in the use of Emergency Funds associated with COVID-19 .



Subject	Year	Objective
Coordinated Audit regarding SDG 3 "Good health and well being"	2021 - 2022	Support SAIs in activities regarding investigation and development of vaccines and medications for transmissible and non transmissible diseases to protect public health and provide access to medicines for all .
Coordinated Audit in the SENDAI Framework for Disaster Risk Reduction	2022 – <i>to be defined</i>	Foster the resiliency of sectors of the population living under wage as well as those living under vulnerable conditions looking to reduce their exposure and vulnerability to external phenomena related to climate and other economic, social, health related and environmental disasters.
Coordinated Audit to strengthen SAIs compromise with the eradication of violence against women	2022 – <i>to be defined</i>	Contribute to the compliance of the goals consistent with eliminating all forms of violence against women and girls both in the public and private sector, narrow all forms of violence and strengthen the corresponding institutions .

¡Muchas Gracias!
Thank you!

End of Presentation

**Appendices XI: Mapping of Needs and Initiatives in
Digital Technology, Data and Innovation in CAROSAI
Presentation to the **XII CAROSAI Congress**
By Ms. Deborah Sprietzer, Ms. Allizon Milicich and Mr. Osvaldo Rudloff
Inter-American Development Bank
Aruba, 18 May 2022**

Background

IDB and SAIs in Latin America and the Caribbean (LAC)

- Worldwide Focus in Technology
- New IDB President (Oct 2020), Senior Management. IDBs Vision 2025 promotes Activities that strengthen value chains, improve processes and support regionalization.
- Requests from various IDB Member countries and SAIS to implement technology.
- Lack of an inventory on the use of Digital Technology and Data in SAIs in the LAC Region, a digital transformation framework, and an opportunity to identify IT needs and share best practices among SAIs.
- Started with OLACEFS mapping, published July 2021

Scope and Methodology

- Conducted in 2021-22 time period
- Contracted a technology firm to assist – OneTree
- Coordination and Collaboration with CAROSAI
- Prepared a survey instrument – 20 of 23-member countries responded
- Virtual visits and follow-up interviews with some SAIs to obtain additional information and/or identify some good practices (CAROSAI and outside of the Region)
- Report in process

Data Collected

Survey

- Basic SAI organizational and human resources data, including number of staff, IT experts, type and number of audit conducted, training.
- Interoperability in the Region and the SAI's (direct) access to data of auditee, without limitation
- Use of digital technology, Big Data, data analytics, artificial intelligence, machine learning, and the use of drones, social networks, chat bots, etc.
- SAIs and the COVID-19 crisis

Menti Survey - Menti.com

Password/code 12345

What % of SAIs stated that at times they had difficulty on accessing information?

- a. 50%

- b. 65%
- c. 80%

Results and Highlights from 20 CAROSAI Countries

- There are low levels of interoperability in the Region and 50% of SAIs have no access to interoperability mechanisms.
- About 30% of SAIs uses digital tools for conducting at least 50% of key processes.
- Approximately 80% of SAIs stated that at times they had difficulty in accessing information.
- Approximately 20% of SAIs stated they have trained their staff in matters related to innovative technology

Results and Highlights from 20 CAROSAI Countries Survey

- When obtaining information from State institutions, approximately 50% of the SAIs responding to the survey stated they do not have the capacity to access information from their auditees, from places outside of the traditional workplace/office.
- Relationships with citizen and other civil society groups are generally via personal means and technology.

Menti Survey - Menti.com Password/code 12345

What % of the SAI uses data analytics or decision making or to improve control processes

- a. 15%
- b. 35%
- c. 55%

Results and Highlights from 20 CAROSAI Countries Survey

- In relation to the implementation of state-of-the-art technological solutions:
- 35% of SAIs uses data analytics for decision making or to improve control processes
- 10% of SAIs are implementing a Wide Area Network to improve information exchanges with other entities.
- Cloud regulation is in the process of implementation in 50% of the countries.
- Artificial Intelligence has not yet been implemented in the Region. One SAI is starting this process.

Menti Survey - Menti.com Password/code 12345

What % of SAI conducted remote audits during the pandemic?

- a. 20%
- b. 50%
- c. 75%

Results and Highlights from 20 CAROSAI Countries Survey

In relation to the COVID-19 pandemic:

- All SAIs expanded their IT infrastructure to perform remote work.
- 65% of SAIs used remoted access to information during the pandemic.
- 20% of SAIs conducted remote audits.
- There is still a need to implement technological solutions that would allow remote access to data of auditees.

Sample of Initiatives in Digital Technology and Use of Data CAROSAI

- The report includes a sample of initiative implemented in some SAIs in the Region, as part of the path to digital transformation.
- IDB continues to provide support to SAIs in the Region, as part of their digital transformation processes. The IDB also promotes knowledge sharing, for further exchanges of experiences and lessons learned amongst SAIs, not only within CAROSAI but between and among the other INTOSAI regions.
- Cayman Islands – Advanced implementation of software and data analytics
- Grenada – Positive interoperability scenario (regulation and tools that allow data exchange)
- Jamaica – Hyper-converged infrastructure to scale infrastructure and incorporate new services and technologies for management
- St. Kitts and Nevis – WAN (Wide Area Network), to allow interoperability through Application Programming Interfaces (APIs)

Sample of Initiatives in Digital Technology and Use of Data OLACEFS

- Brasil – Big Data and various Robots to identify red flags in procurements
- Chile – Big Data Unit to help support audits
- Colombia – The Office of Information, Analysis and immediate response (DIAR) and Project Oceano
- Costa Rica – Integrated Oversight transformation Project, using data science
- Mexico – Data analytics and a program application that uses algorithms and parameters to detect anomalies
- Peru – Various data analytics projects

Sample of Initiatives in Digital Technology and Uses of Data SAIs in other Regions

- Estonia – Automation of Financial Audits Big Data and Interactive Visualizations Artificial Intelligence to detect irregularities
- India – Geographic Information Systems Machine Learning Curated datasets to audit entities

- United Arab Emirates – Digitalization strategy for the public analytics to fight against corruption
- United States of America – Cloud strategy Innovation Lab and Innovation strategy Anti-fraud platform
- South Africa – Data Analytics strategy Pilots projects implementation Power BI for Visualization and reports

Technology for Everyone

Steps that any SAI can take

Step 1: Infrastructure

- Stage and processing capacity
- Connectivity Information security

Step 2: Process digitization

- End to end processes for data consistency
- Government framework

Step 3: Dedicated team

- Auditor
- Data Analyst
- Data Scientist
- Data Engineer

Step 4: Pilot Project

- Process selection
- External support
- Pilot example

Step 5: Training plan

- Basic topics

Step 6: IT Strategy

- Preparing an IT plan
SAI and technology
Final thoughts
- SAIs conducts their work in control, in dynamic environment, where sometimes the only constant is change – political power, changing legislation and mandates, natural disasters, pandemics or sudden changes in technology and innovation that cause the current thinking, tools and policies to be obsolete.
- Meanwhile, the SAI must continue its mandate to oversee and report on the work and management of promote the highest level of integrity and transparency.
- Technological solutions may assist the SAI in its oversight function, when properly implemented and the SAI Staff embrace digital transformation and continual change.

- As a region, CAROSAI is working to implement digital technology – Electronic workpapers, data interrogation tools and data analytics, but there is still much to do, so that all members are at the same level.
- We saw that during the pandemic, despite the obstacles, the CAROSAI members worked diligently to adapt to the situation and overcame these obstacles.
- We encourage all of you to reach out to each other, INTOSAI and other regions to share experiences. The IDB stands ready to continue its collaboration with CAROSAI in its digital transformation journey.

Menti Survey - Menti.com

Password/code 12345

What do you see as your greatest, most-immediate need for technical support?

- a. Electronic workpapers data interrogation tools
- b. Data analytics
- c. Unlimited. Direct access to auditee data
- d. Interoperability, connectivity, security
- e. Other (specify)

Thank you!

End of Presentation

Appendices XII: Demystifying Data Analytics

XII CAROSAI Congress

Presented by Mr. Brian Barnier

Director/Head of Analytics, Value Bridge Advisors

Aruba, 18 May 2022

Data analytics – our discussion today to empower you to lead your department

- Defining
- Using for impact

Defining “Data Analytics”

Other terms

Big Data

Data Science

Think about it, what’s the point of data?

- To make better decisions
- “Data analytics,” statistic and related are a part of the field of “Decision Science’ – or the older term, “epistemology”

How can you best guide your team?

Begin at the beginning

- Origin story – you already use in daily life
- Purpose – decision science today
- Pitfalls – when the goal is unclear. What is the real problem to be solved? Problem we need to solve v. Problem we know enough to solve: Problem, decision, analytics, data curation, data. Data needed for analysis v. data available
- Pathway – Russell Ackoff – Data Information – Understanding – Knowledge – Wisdom

Data analytics – our discussion today

- Defining
- Using for Impact

Starting with the objective in mind – your impact

What is your impact objective?

- Citizens gain value
- Government implements findings/recommendations
- Government makes better decisions for people
- Specific audiences – government, parliament, PAC, civil servants, citizens, investor, visitors and more

For example, for civil servants, making work easier, less ambiguous, more accurate and less tempting

And for your own engagements and audits

- Speed
- Quality
- Public understanding
- Actionable insights

What needs to be improved in what order to more easily achieve your desired impact through data analysis?

Stairsteps to impact

Analysis

- Tools/software
- Methods

Business Process

- Management/Analysis
- Governance

Data

- Management Mechanics

- Governance
- Sufficiency for decisions- If not, get more
- Existence

Stairsteps for both SAI team and

- Engaged ministries, department and agencies
- Ministry of Finance
- Information technology department
- Analytics team(s)

What are they missing? How can you help?

Assess ... What data gaps impede your team?

- Existence
- Sufficiency for decisions? If not, get sufficient
- Data governance (business level)
 - Clear view of how data fits together?
 - Quality (see next page?)
- Data management mechanics
 - How data elements are managed in paper and IT Systems?
 - Cloud versus internal storage
 - Building storage space – “data lakes?”
 - Tagging, extracting, transforming, transporting and more?

Data quality dimensions

- Accurate
- Complete
- Standard (format)
- Timely
- Unique (no duplicates)
- Authentic/reliable (known source, not tampered)

What business process gaps impede your team?

- Governance
 - Clear view of flows and decision/business rules?
- Management/Analysis (depending on team)
 - How a process really works?

Assess ... What analysis gaps impede your team?

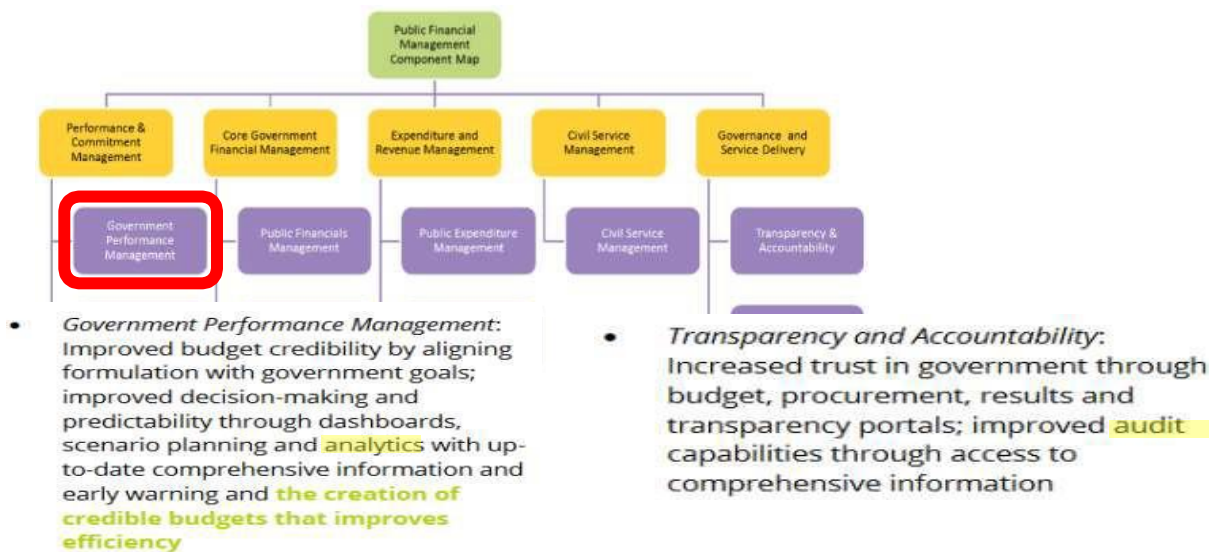
- **Methods**
 - Context (system, then real problems and questions)
 - Decision criteria
 - Statistics (appropriate use and limitations)
 - Interpretation

- **Software**
 - Microsoft Excel
 - Analysis module with government financial management software
 - Audit software, including electronic working papers

SAI team benefits from other resources...

- What tools and talents do other areas of government already have?
- Does the SAI team have access to tools?
- Does the SAI team have access to training?
- Does the SAI team have read-only remote access to data?

Is your team fully trained on financial software?



Your opportunity

- Follow the stairsteps
- Otherwise, projects will suffer and impact opportunity will be lost

Engagement planning

Type?

- Performance improvement advisory
- Compliance and/or accuracy audit

Scope?

- External interactions (e.g., service touchpoints)
- Internal reporting

Real question should be clear to clarify data needed

- For example, consider basic fraud detection...
 - Transaction level (not aggregated)?
 - Activity tag (rough proxy for cause)?
 - Special activity and approval (COVID)?
 - Time stamp (unusual speed or delay)?
 - Amount (both high and low)?
 - Authorizer (standard or exception)?
 - Payee? Individual or aggregated? Part of controlled group?
 - Cause of transaction (time or trigger such as inventory level)?
 - More?
- Other analytics are more complex


Making it easier for you to increase impact...

- For audits, external references for “audit criteria”
- Shifting to more performance/advisory engagements
- For engagements, systems and root cause analysis capability
- Clarity of report design to cause action


For example,
increase your impact with data visualization

Combination of insight and visualization means greater impact for...

- Government
- Parliament
- PAC
- Media
- Citizens
- More easier for all to ask better questions



OAG
Office of the Auditor General



Report Summary

Performance Audit
Children's Protective Services (CPS)
Investigations
Michigan Department of Health and
Human Services (MDHHS)

Report Number:
431-1285-16

Released:
September 2018

Michigan's Child Protection Law (CPL) requires that MDHHS investigate allegations of child abuse and/or neglect (CA/N). MDHHS's CPS investigators are responsible for conducting CPS field investigations in compliance with CPL and MDHHS policy requirements and taking appropriate action(s) to ensure the child's safety. Investigators are compelled to follow these requirements to help ensure that (1) allegations of CA/N are promptly and appropriately addressed, (2) the current safety and future risk of harm to a child are properly assessed, (3) appropriate protective interventions are put in place, and (4) preponderance of evidence conclusions are supported by a systematic and objective examination of facts and evidence. CPS investigators completed approximately 206,000 investigations between May 1, 2014 and July 31, 2016, and determined that a preponderance of evidence of CA/N existed in 26% of investigations.

Audit Objective	Conclusion		
Objective #1: To assess the sufficiency of MDHHS's efforts to ensure the appropriate and consistent application of selected CPS investigation requirements.	Not sufficient		
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS did not appropriately commence 17% of reviewed investigations within the CPL-required 24-hour time			

Use of COBIT and FISCAM as external referents for credibility and impact

The State of Michigan has adopted COBIT as a generally applicable and accepted standard for good practices for controls over IT.

AUDIT OBJECTIVE

To determine the effectiveness* of MDHHS's efforts to accurately capture data used to report its compliance with selected CPS investigation timeliness requirements.

CONCLUSION

Moderately effective.

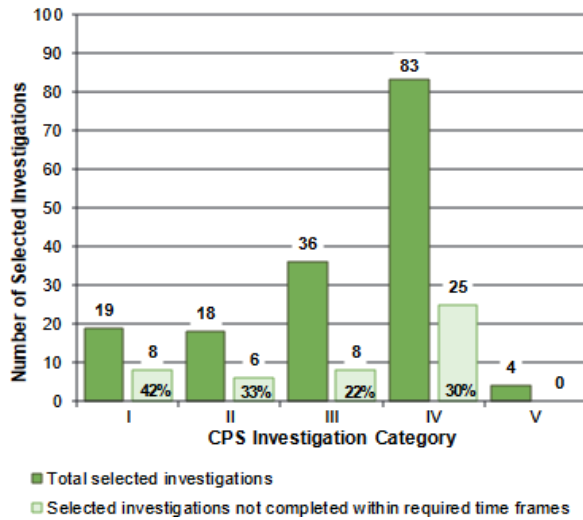
- Federal Information System Controls Audit Manual* (FISCAM) states that systems should include controls to ensure that data processing is complete, accurate, and valid. In addition, COBIT indicates that data should be validated to ensure that information is accurate, complete, and valid and that management should obtain regular confirmation of compliance with internal policies from business and IT process owners.

Illustrative Example
In one investigation, the complaint alleged that a child, who was less than 2 years old, was very thin and small for his age. There were two other siblings under the age of 8 living in the household. MDHHS policy requires a medical examination of the alleged victim and all other children in the household when there are allegations of malnourishment. However, the CPS investigator did not obtain medical examinations of any of the children associated with this investigation or document why.
See Exhibit #4, Investigation Example Case #4, for additional details related to this investigation.

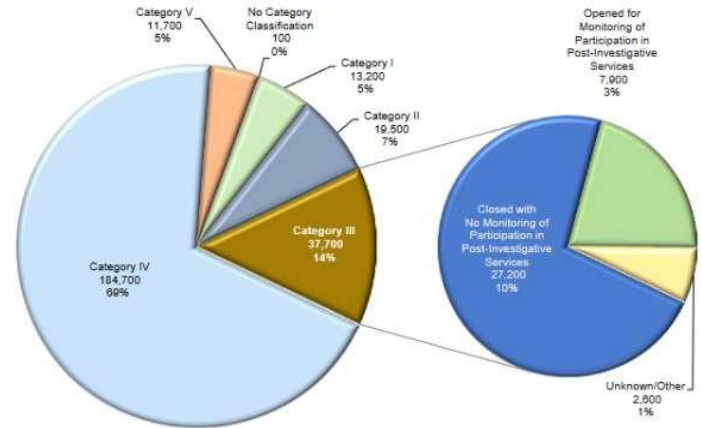
Examples throughout for impact

Illustrative Example
In one investigation, the complaint alleged medical neglect because the parents repeatedly missed scheduled eye specialist appointments for the reevaluation of their young child's poor vision. The reporting source alleged that, if the child did not receive glasses and treatment, the child could become blind in one eye. There was no documentation in the CPS investigation casefile indicating that the child's vision had been reevaluated by a medical professional at any time during the investigation. Therefore, we concluded that MDHHS would have needed to monitor the family's participation in post-investigative services to determine whether the family was progressing toward alleviating the child's risk level and to determine whether it should reclassify this investigation to a Category II and add the parents to the Central Registry. However, the CPS investigator concluded that there was a preponderance of evidence that the parents had perpetrated medical neglect and closed the investigation classifying it as a Category III CPS investigation with no monitoring of post-investigative services.

CPS Investigations Not Completed Within Required Time Frames



B. Category Disposition for Completed CPS Investigations (Rounded)



Source: The OAG created this exhibit using data obtained from MDHHS's CPS annual legislative comprehensive reports.

Create your training plan

Stairsteps	Where are we now?	Where do we want to be?	Training priority?
Analysis			
• Tools/software			
• Method			
Business Process			
• Management/ analysis			
• Governance			
Data			
• Management mechanics			
• Governance			
• Sufficiency			
• Existence			

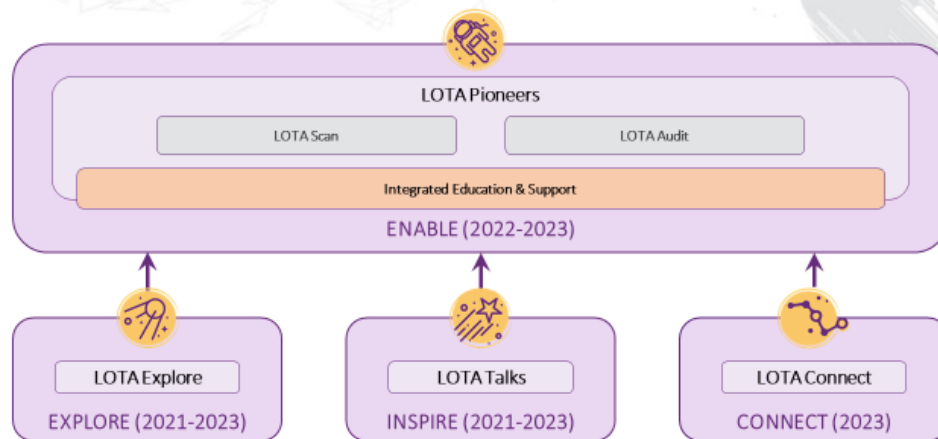
What would most help you enable your team?
Please let us know what you think

End of Presentation

Appendices XIII: LOTA/pICTURE
Supporting SAIs in strengthening their ICT governance
XII CAROSAI Congress
Aruba, 18 May 2022

Leveraging on technological advancement (LOTA)

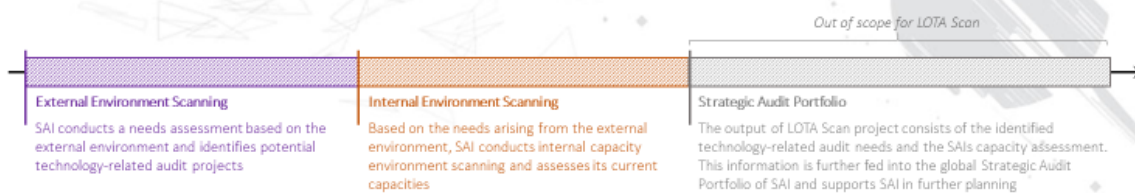
SAIs stay relevant by a) leveraging on and b) auditing technological advancements



2



LOTA Scan



- LOTA Scan is a tool for SAIs that will help the SAIs in collecting and analysing data about the technological advancements in their external environment e.g., level of digitalization in different areas of governance.
- The tool will also help SAIs in understanding their own mandates, processes, and professional capacities of people for leveraging on technological advancement.
- The global core and review team were working on the tool from Sept 2021 to May 2022. The tool should be finalized and published on IDI homepage in 4 languages in June 2022.

3



LOTA Pioneers



LOTA Pioneers

Technology-enabled SAI Auditors enabling SAIs audits of technology

- Launch for 15 SAIs during INCOSA Nov 2022
- Twin tracks of completing LOTA scans or conducting LOTA audits
- A syllabus for LOTA Auditors, professional education, reflection and support for completion of LOTA assignment

LOTAScan

Track #1: LOTA Scan

- Integrated education providing knowledge and skills required for running LOTA Scan
- The LOTA Pioneer will run LOTA Scan at SAI as a final mandatory assignment
- Outcome is LOTA strategic audit portfolio and assessment of SAI's technology-related audit capacities from the LOTA Scan

LOTA Audit

Track #2: LOTA Audits

- Integrated education providing knowledge and skills required for running LOTA Audit project
- The LOTA Pioneer will run LOTA Audit at SAI as a final mandatory assignment
- Outcome is LOTA Audit report on the specific technology-related audit topic (topics to be provided)

4



Why pICTure

Why it is importance to embark in this journey

pICTure is the initiative to enable SAIs by strengthening their ICT Capabilities.

This will eventually help SAIs to:

- Produce high-quality and timely products that contributes to improving the public sector, example:
 - Audit report; scalability to conduct audits
 - Reliable reporting on the SAIs own performance
 - Engagement with stakeholders

Why pICTure

The internal production chain in the SAI

CROSS-CUTTING

- Decision-making
- Transparency
- Ensuring business continuity

How to get there

Support from IDI in setting s strategic direction and develop realistic plans,

Key SAI outputs that will be developed through pICTure:

- **Assessment of SAI's current situation:** knowing where you stand, and which areas to address.
- **Risk assessment:** to guide planning and decision-making
- **ICT strategy:** setting the strategic direction through long-term planning.
- **Costed and realistic action plan:** ensuring short-term planning and implementation
- **Monitoring system:** to monitor implementation and realization of value.
- **Value proposition to donors (voluntary):** if the SAI seeks additional funding.

How to get there...

Component 1

- Structures modules to support development of key outputs

Component 2

- Network for learning and sharing

Overview of the pICTure initiative

Component 1 Strategy and Implementation

Phase 1: Outlining the path ahead, defining strategic direction and plan implementation

Phase 2: Implementation of the plan

M0: Preparation

M 1: Understanding the pICTure initiative

M 2: Assessment of current situation

M 3: Developing the ICT strategy

M 4: Developing the action plan

M 5: Implementation and follow-up



Activities in 2022

Feedback from SAI and Regional Body on the Concept Note and Overview of modules

Necessary improvement of materials based on inputs

Pilot Component 1 of the initiative for a small number of SAIs in English

Initiate the global roll-out of Component 1 in English and French taking the lessons learning from the pilot round

Explore the concept for Component 2 further

Completed – Repairing to start the pilot



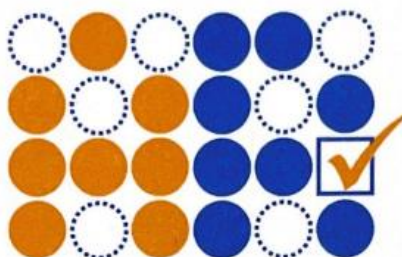
Thank you!

End of Presentation

END OF CONGRESS



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